

U . S . G E N E R A L A C C O U N T I N G O F F I C E

S E R V I N G T H E C O N G R E S S A N D T H E N A T I O N



*Performance  
Plan*      Fiscal 2004



**G A O**

Accountability • Integrity • Reliability

# SERVING THE CONGRESS

## MISSION

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

## SCOPE OF WORK

GAO performs a range of oversight, insight, and foresight-related engagements, a vast majority of which are conducted in response to congressional mandates or requests. GAO's engagements include evaluations of federal programs and performance, financial and management audits, policy analyses, legal opinions, bid protest adjudications, and investigations.

## CORE VALUES

### *Accountability*

We help the Congress oversee federal programs and operations to ensure accountability to the American people. GAO's analysts, auditors, lawyers, economists, information technology specialists, investigators, 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.

### *Integrity*

We set high standards for ourselves in the conduct of GAO's work. Our agency takes a professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced approach to all activities. Integrity is the foundation of reputation, and the GAO approach to work ensures both.

### *Reliability*

We at GAO want our work to be viewed by the Congress and the American public as reliable. We produce high-quality reports, testimony, briefings, legal opinions, and other products and services that are timely, accurate, useful, clear, and candid.

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# *From the Comptroller General*

July 2003

This annual performance plan reflects the General Accounting Office's (GAO) fiscal 2004 budget proposal, which is now pending before the Congress. While it is based on our current strategic plan, which spans fiscal 2002 through 2007, we are in the process of updating our strategic plan now. As the research and discussions with the Congress proceed during the update, we may revise the goals and targets for fiscal 2004 described in this annual plan.

About 90 percent of our resources are devoted to current and anticipated congressional mandates and requests for our work. Consequently, this performance plan includes work on long-standing challenges of continuing interest to the Congress, such as the security of our nation and homeland, the educational needs of the nation's children, the long-term viability of Social Security and Medicare, the rising cost of health care and the millions of Americans who are uninsured, and the vulnerability of the government's computer systems to sabotage. At the same time, the plan recognizes the impact of new and unprecedented challenges for the federal government, such as securing the safety of Americans at home and abroad and monitoring the ability of government to effectively oversee financial markets in an era of diminished public confidence in certain corporate institutions. We also factored in information required for appropriations and oversight by the Congress and for major current and emerging congressional and executive branch initiatives. Furthermore, we plan to invest a small percentage of our resources in important discretionary research and development work to identify and help the Congress address emerging issues facing the nation and its citizens.

As detailed in our strategic plan, our work falls under the following four strategic goals:

- To provide timely, quality service to the Congress and the federal government to address current and emerging challenges to the well-being and financial security of the American people.
- To provide timely, quality service to the Congress and the federal government to respond to changing security threats and the challenges of global interdependence.
- To help transform the federal government's role and how it does business to meet 21<sup>st</sup> century challenges.
- To maximize the value of GAO by being a model federal agency and a world-class professional services organization.

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In achieving the first three of those strategic goals, our scope of work will include conducting evaluations of federal programs and performance, financial and management audits, policy analyses, legal opinions, bid protest adjudications, and investigations. We will achieve the fourth goal by engaging in a variety of initiatives that focus on significant internal management areas. All of our efforts will be driven by our three core values: accountability, integrity, and reliability. By subjecting the data we collect on GAO's performance to the verification and validation procedures this plan describes, we are confident that we will be able to provide complete and reliable data in our performance and accountability report for fiscal 2004.

In summary, fiscal 2004 promises to be a challenging year for us. I believe that our planned work will, as in past years, result in an excellent return on the taxpayers' investment in GAO.

David M. Walker  
Comptroller General  
of the United States

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## *Part I:*

# *Performance Measures and Goals*

In this first part of GAO's performance plan for fiscal 2004, we lay out the agency's performance goals and measures for what we intend to do to fulfill the agency's mission. Later parts of the plan discuss how we plan to achieve the goals and how we will verify and validate the data used to assess our progress. The Web guide at the end of this plan lists Internet addresses for one-click access to the various documents referred to in this performance plan—including the agency's current strategic plan and our most recent performance and accountability report on GAO's operations for fiscal 2002.

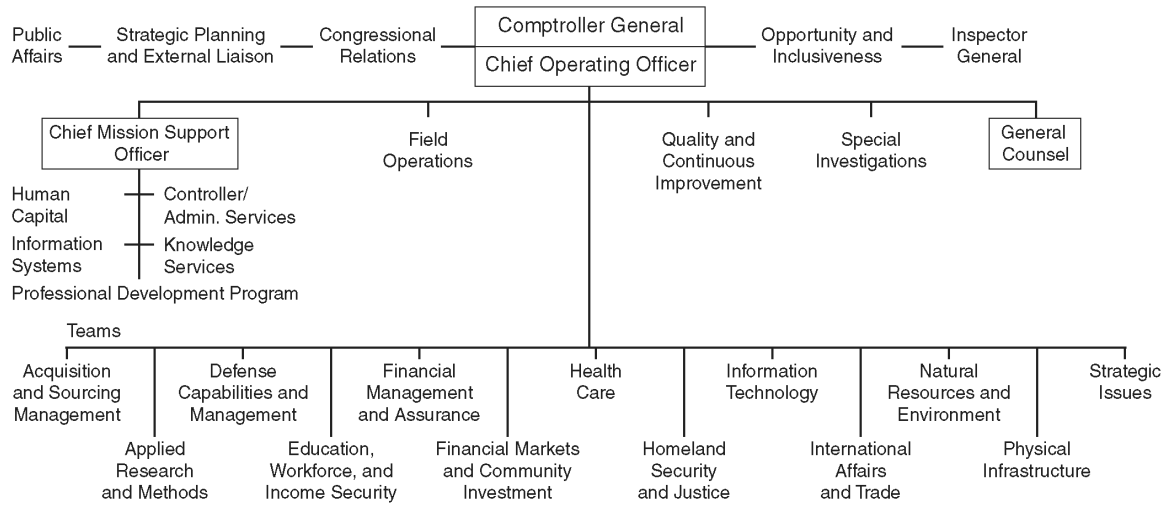
## GAO Overview

An independent, nonpartisan, professional services agency in the legislative branch, GAO is commonly regarded as the audit, evaluation, and investigative arm of the Congress. We examine the full breadth and scope of federal activities and programs, publish thousands of reports and other documents annually, study national and global trends to anticipate their implications for public policy, and provide a number of related services to aid decision makers and the general public. In the course of our work, we make recommendations to improve the accountability, operations, and services of government agencies, thereby contributing not only to the increased effectiveness of federal spending, but also to the enhancement of the taxpayers' trust and confidence in their government.

Unlike large executive branch departments that manage federal lands or maintain extensive facilities and systems across the country and, in some instances, around the world, GAO is a small agency that depends almost totally on one type of resource to achieve strategic goals and objectives: our people. GAO's staff, numbering about 3,300, are arrayed in 13 research, audit, and evaluation teams that are backed by several staff offices and mission support units (see fig. 1). Approximately three quarters of GAO's staff are based in the Washington, D.C., headquarters. The rest are deployed in field offices across the country (see fig. 2).



**Figure 1: Organizational Structure**



**Figure 2: GAO's Offices**



Source: GAO.

Given the almost limitless number of highly complex issues the Congress must deal with each year, GAO's work is aligned under broad strategic goals that span both domestic and international issues that affect the lives of all Americans as well as the issues specific to governance that influence how well the nation's current and future interests are served by the U.S. government:



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***Strategic Goal 1***

Provide Timely, Quality Service to the Congress and the Federal Government to Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People

***Strategic Goal 2***

Provide Timely, Quality Service to the Congress and the Federal Government to Respond to Changing Security Threats and the Challenges of Global Interdependence

***Strategic Goal 3***

Help Transform the Federal Government's Role and How It Does Business to Meet 21<sup>st</sup> Century Challenges

To achieve these three external strategic goals, GAO must maintain a workforce of highly trained professionals with degrees in many academic disciplines, including accounting, law, engineering, public and business administration, economics, and the social and physical sciences. To maximize their productivity and to help them develop and maintain the knowledge and skills the agency needs, GAO must make steady investments in information technology, training, and human capital practices. We must also ensure the safety and security of the agency's people, information, and assets. The strategies we will use to ensure that GAO has the human capital the agency needs to carry out our responsibilities and that our human capital, business processes, information technology, and other resources are well managed and secure are covered under the fourth strategic goal of this plan:

***Strategic Goal 4***

Maximize the Value of GAO by Being a Model Federal Agency and a World-Class Professional Services Organization.

We revisit the focus and appropriateness of these four strategic goals at 2-year intervals as we update GAO's strategic plan, reassessing the needs of the Congress and the nation in light of rapidly changing trends and developments here at home and around the world. Guided by the strategic plan, we then develop three annual tactical documents to help us achieve our goals: a performance plan, a budget justification, and a performance and accountability report that compares our results for the fiscal year just ended with the expectations laid out in the performance plan and budget justification for that year.

## Performance Measures

The hierarchy of elements in our strategic plan establishes the structure we use in discussing our agency's performance (see fig. 3). At the top of the hierarchy are the four broad strategic goals just discussed. Each of the strategic goals is supported by a set of more specific strategic objectives—21 strategic objectives in all for the four strategic goals. Each strategic objective is, in turn, supported by performance goals that provide the specific strategies our staff will use to achieve the higher-level strategic goals and objectives. These performance goals, numbering

roughly 100, are assessed every 2 years by determining how adequately the more than 400 key efforts they call for have been addressed. The next assessment will be conducted at the end of fiscal 2005.

**Figure 3: Strategic Planning Elements and Performance Measures**



Source: GAO.

In addition to the biennial assessment of our 2-year performance goals, we also assess the agency's performance in meeting the strategic goals and objectives with seven annual measures. These measures show the degree to which our work is benefiting the Congress and the American people and whether we are laying a foundation for future benefits by providing the Congress with the most imminent and high-profile information it requests, developing ways to improve government, and tracking whether those improvements are made.

The following are GAO's current annual performance measures:

- *Financial benefits*—GAO produces financial benefits when the agency's work contributes to actions taken by the Congress or the executive branch to (1) reduce annual operating costs of federal programs or activities; (2) lessen the costs of multiyear projects or entitlements; or (3) increase revenues from debt collection, asset sales, and changes in tax laws or user fees. The funds made available in response to GAO's work may be used to reduce government expenditures or may be reallocated by the Congress to other priority areas. To claim that financial benefits have been achieved, staff must document the connection between GAO's work and the financial benefits reported. Staff must also obtain estimates of the benefits' value from independent third parties. The length of time over which benefits can accrue before they are claimed varies with the nature of the benefits themselves. GAO's work can, for instance, lead to reductions in the costs of projects and entitlements over a multiyear period or to increased revenues from asset sales or changes in tax laws or user fees. Staff can claim up to 5 years of benefits accruing from this type of work. For other

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types of accomplishments, however, GAO believes the 5-year period is too long. Experience has shown that the impact of some changes is less sustained than that of those placed under the 5-year limit. Consequently, staff can claim no more than 2 years of benefits generated by changes made to federal agencies' operations. Financial benefits are presented in net present value terms because \$1 next year is not worth the same as \$1 today. Present value accounting converts future and past values into current values for accurate comparison. (We set targets for this measure for each external strategic goal—that is, goals 1, 2, and 3—and for the agency as a whole.)

- *Other benefits*—We also tally the benefits for the American people that flow from our work but that cannot be measured in dollar terms. To do so, we document the instances in which we (1) provided information to the Congress that resulted in statutory or regulatory changes, (2) recommended actions that cause federal agencies to improve services to the public, or (3) improved core business processes throughout the government. (We set targets for this measure for each external strategic goal and for the agency as a whole.)
- *Past recommendations implemented*—One way we measure our impact in improving the government's accountability, operations, and services is by tracking the percentage of recommendations that have been implemented. Because the implementation of our recommendations paves the way toward more benefits for the American people in future years, we monitor agencies' progress on an ongoing basis. We then assess the implementation rate at the end of 4 years. Thus, the fiscal 2004 implementation rate is the percentage of recommendations made in fiscal 2000 products that were implemented by the end of fiscal 2004. We use the 4-year interval because experience has shown that while agencies need time to implement recommendations, if a recommendation has not been implemented after 4 years it is not likely to be. (We set targets for this measure for each external strategic goal and for the agency as a whole.)
- *New recommendations made*—Because developing recommendations that can be implemented is an important part of our work for the Congress and helps to improve how the government functions, we track the number of new recommendations made each year. (We set targets for this measure for each external strategic goal and for the agency as a whole.)
- *New products with recommendations*—This measure recognizes that a report containing a single broad recommendation may have as much impact as a report containing a dozen specific ones. We also understand that our congressional clients often want products that are purely informational and contain no recommendations. Hence, the target provides ample leeway for responding to requests for informational products. (We set targets for this measure only for the agency as a whole.)
- *Testimonies*—One essential way through which we seek to fulfill our mission of supporting the Congress is by providing information directly to congressional committees that are conducting oversight or deliberating legislation. We assess our

ability to meet that challenge by tracking the number of hearings at which GAO experts testify in response to committee requests. Responding to requests for testimony requires us to rapidly prepare relatively brief but information-rich presentations that are useful to experts but understandable to the general public. To do so, our people must be truly in touch with our congressional clients' upcoming needs because they must have a body of relevant work completed or well on the way to completion before hearings are even scheduled. (We set targets for this measure for each external strategic goal and for the agency as a whole.)

- *Timeliness*—Because our work is more valuable if it is timely, we chart the percentage of our products that are delivered on the date arranged with our congressional clients. (We set targets for this measure only for the agency as a whole.)

Table 1 shows how each of the annual measures serves to answer an important question about how GAO is performing.

**Table 1: Annual Performance Measures**

Measure	Question measure answers
Financial benefits	Has our work provided financial benefits for the American people in the form of reduced costs or higher revenues?
Other benefits	Has our work produced tangible benefits for the American people in the form of better government operations or services?
Past recommendations implemented	Are most of our recommendations being implemented?
New recommendations made	Do we develop ways of improving the conditions we uncover in our work?
New products with recommendations	Does an appropriate percentage of our products provide recommendations for improvements while we continue to meet our congressional clients' requests for purely informational products?
Testimonies	How many times did we meet our congressional clients' information needs by filling requests for what typically is high-profile, fast-turnaround, expertly distilled information?
Timeliness	Do we deliver most of our products to our requesters when agreed?

To establish targets, we assess what we have been able to achieve in the past and the external factors that influence our work (those factors are discussed in part III of this plan). The teams and offices that are directly engaged in the work forward their views of what must be accomplished in the upcoming fiscal year to GAO's top executives, who then establish targets that may closely track with the teams and offices' views, but at times, may require them to reach higher than they proposed. Once approved by the Comptroller General, the targets become final and are published in GAO's annual performance plan. If circumstances require that we adjust the targets after they are published, we post the modified targets on the Internet in a revised final performance plan.

In the next sections, we look at how GAO's hierarchy of strategic planning elements and performance measures play out for each of the agency's strategic goals and then, collectively, for the agency as a whole. The diagram below provides an at-a-glance summary of the strategic goals and objectives.

## 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 ensure the accountability of the federal government for the benefit of the American people.



Source: GAO.

Fiscal 2002-2007

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## Strategic Goal 1:

### Provide Timely, Quality Service to the Congress and the Federal Government to Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People

In keeping with our mission to support the Congress in carrying out its constitutional responsibilities, our first strategic goal focuses on several aspirations of the American people that were defined by the founders: to “establish justice, insure domestic tranquility, . . . promote the general welfare, and secure the blessings of liberty to ourselves and our posterity. . . .” The nation’s aging and more diverse population, rapid technological change, and Americans’ desire to improve their quality of life have major policy and budgetary implications for the federal government. In particular, growing commitments to the elderly will crowd the capacity of a proportionately smaller generation of workers to finance the competing needs and wants brought to the federal doorstep. GAO’s objectives for this strategic goal are to support congressional and federal efforts on—

- the health needs of an aging and diverse population;
- the education and protection of the nation’s children;
- the promotion of work opportunities and the protection of workers;
- a secure retirement for older Americans;
- homeland security and justice;
- the promotion of viable communities;
- the responsible stewardship of natural resources and the environment; and
- a secure and efficient national physical infrastructure.

These objectives are discussed in more detail in the sections that follow; the 2-year performance goals for each objective are listed as well. The results achieved for strategic goal 1 under GAO’s annual performance measures during the last 4 fiscal years are shown in table 2, along with the goal’s targets for fiscal 2003 and 2004.

**Table 2: Strategic Goal 1’s Annual Performance Results and Targets**

Performance measure	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Target	2004 Target
Financial benefits (dollars in billions)	\$13.8	\$14.1	\$8.9	\$24.1	\$21.2	\$21.3
Other benefits	140	182	210	226	208	216
Past recommendations implemented	72%	72%	71%	72%	77%	77%
New recommendations made	350	435	396	524	363	363
Testimonies	123	131	73	111	85	90

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Note: We changed our methodology for tabulating financial benefits after fiscal 2001 to ensure that criteria were uniformly applied and to use net present value in calculating benefits. These changes in methodology resulted in part from the increase shown for fiscal 2002, increasing the agencywide total by about 11 percent.

## The Health Needs of an Aging and Diverse Population

Several issues form the context of our work on health care. Federal health care spending has grown at an average annual rate twice that of the rest of the federal budget over the last 20 years. Expenditures on health-related programs are now one of the largest components of federal spending, totaling about \$433 billion in fiscal 2001, about 23 percent of all federal spending. The Medicare Hospital Insurance Trust Fund is projected to begin running a deficit in 2016 and to be depleted by 2029. The Department of Veterans Affairs' (VA) \$21 billion-a-year health system has many obsolete facilities with excess capacity, and the size and requirements for the Department of Defense's (DOD) health system also are at issue.

The efficiency and effectiveness of the government's public health programs are other areas of concern, including those administered by the National Institutes of Health, the Food and Drug Administration, the Centers for Disease Control and Prevention, and the Health Resources and Services Administration. These programs support and conduct research and provide grants to states for public health programs, such as maternal and child health services and acquired immunodeficiency syndrome (AIDS) prevention and treatment. They also conduct regulatory oversight of the United States' new drug and medical device research.

The number of bioterrorism incidents, some of them hoaxes, increased following September 11, 2001, and included reports of anthrax in Florida, New York, and Washington, D.C. Concerns about preparedness for bioterrorism have placed additional strain on a public health infrastructure that was already experiencing difficulties in responding to community demand for public health services, heightening concern about the adequacy of trained personnel, laboratory capacity, disease surveillance systems, and coordinated communication systems among state and local emergency responders.

Finally, the baby-boom generation will undoubtedly place increasing pressure on the federal/state Medicaid program to help pay for nursing home and other community-based forms of long-term care services. At the other end of the population spectrum are millions of uninsured children whose families have no health insurance. Accounting for and overseeing Medicaid and the State Children's Health Insurance Program, which help cover the health insurance costs of these low-income Americans, represent a formidable challenge for the federal government because of the variation in state policies, procedures, and delivery systems.

To support efforts by the Congress and the federal government to address these issues, GAO has adopted the following 2-year performance goals:

- evaluate Medicare reform, financing, and operations;
- assess trends and issues in private health insurance coverage;



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- assess actions and options for improving VA's and DOD's health care services;
  - evaluate the effectiveness of federal programs to promote and protect the public health;
  - evaluate the effectiveness of federal programs to improve the nation's preparedness for the public health and medical consequences of bioterrorism;
  - evaluate federal and state program strategies for financing and overseeing chronic and long-term health care; and
  - assess states' experiences in providing health insurance coverage for low-income populations.

## The Education and Protection of the Nation's Children

Educating and protecting children are key to the continued vitality of the nation's democratic society and to its long-term ability to compete in a global marketplace. To this end, the federal government invests more than \$90 billion a year on programs that foster the development, education, and protection of children from childbirth through postsecondary education. In spite of these investments, there is concern about program fragmentation, overlap, and effectiveness. The United States places a high priority on educating its children at the elementary and secondary levels and has increased the federal investment from over \$20 billion in fiscal 2000 to nearly \$30 billion in fiscal 2002. The increased investment is accompanied by an increased emphasis on accountability for schools to raise all students to proficient levels in math and reading. With reauthorization of the Elementary and Secondary Education Act, the Congress has placed additional requirements on states, beyond those in the 1994 act.

There are also concerns about protecting children and ensuring families are financially able to provide for their needs. While responsibility in these areas falls primarily to state child protective service agencies, the federal government invests approximately \$6 billion annually in related areas.

Beyond preparing for basic educational needs, a competitive national economy depends on effectively preparing workers to compete in the labor workforce. To this end, the federal government currently supports over \$50 billion annually to enhance students' access to postsecondary, vocational, and adult education. A major concern with the nation's investment in postsecondary education is its exposure to significant losses. To support the Congress and the federal government in addressing these matters, our 2-year performance goals are to—

- analyze the effectiveness and efficiency of early childhood education and care programs in serving their target populations;
- assess options for federal programs to effectively address the educational and nutritional needs of elementary and secondary students and their schools;

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- determine the effectiveness and efficiency of child support enforcement and child welfare programs in serving their target populations; and
  - identify opportunities to better manage postsecondary, vocational, and adult education programs and deliver more effective services.

## The Promotion of Work Opportunities and the Protection of Workers

A strong national economy depends, in part, on effectively preparing workers to compete in the labor force, efficiently helping employers locate qualified job candidates, providing a work environment that promotes productivity, and finding ways to help workers when they become underemployed. To this end, the federal government currently invests more than \$50 billion annually to help new entrants to the workforce, support those who have become dislocated from their jobs and assist them to become reemployed, rehabilitate disabled and injured workers, help employers obtain adequate supplies of high-quality skilled labor, as well as protect employees' rights to fair and safe workplaces without unduly burdening employers. In addition, federal policies for providing income support for the low-income population have increasingly focused on promoting work in exchange for government assistance.

Technology is redefining the labor market for workers and employers, and federal employment support and worker protection programs must deal with these new challenges. New technologies, increased marketplace competition, and very tight labor markets have prompted employers to downsize, change employment patterns, move abroad, or seek qualified foreign workers to meet their needs. To support the Congress and the federal government in addressing this challenge, our 2-year performance goals are to—

- assess the effectiveness of federal efforts to help adults enter the workforce and to assist low-income workers;
- analyze the impact of programs designed to maintain a skilled workforce and ensure employers have the workers they need;
- assess the success of various enforcement strategies to protect workers while minimizing employers' burden in the changing environment of work; and
- identify ways to improve federal support for people with disabilities.

## A Secure Retirement for Older Americans

Social Security has long served as the foundation of the nation's retirement income system. About 39 million people receive Social Security retirement and survivor benefits, and for nearly one-fifth of the elderly, Social Security is the sole source of retirement income. Yet, Social Security expenditures are expected to exceed payroll tax revenues beginning in 2017, with the trust fund being depleted by 2041. Also, tens of millions of U.S. workers have no individual pension coverage. Of those with pensions, some workers are increasingly being enrolled in a

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new kind of plan—defined contribution plans. Further, some employers are shifting to “hybrid” systems that retain the defined benefit structure while adopting certain features of defined contribution plans. These changes pose new challenges to workers, government regulators, and policymakers. Accordingly, to help the Congress and the federal government provide a secure retirement for older Americans, our 2-year performance goals are to—

- assess the implications of various Social Security reform proposals;
- identify opportunities to foster greater pension coverage, increase personal saving, and ensure adequate and secure retirement income; and
- identify opportunities to improve the ability of federal agencies to administer and protect workers’ retirement benefits.

## Homeland Security and Justice

The November 2002 legislation creating the Department of Homeland Security (DHS) provides a historic and unique opportunity for government to transform a disparate group of agencies with multiple missions, values, and cultures into a strong and effective cabinet department to protect U.S. borders, improve intelligence and information sharing, and prevent and respond to potential terrorist acts. DHS combines 22 agencies specializing in various disciplines, such as law enforcement, aviation security, and disaster mitigation, to create the third largest government agency with an anticipated fiscal 2003 budget of almost \$40 billion and over 170,000 employees. Yet with this opportunity come significant risks and challenges, particularly since implementation of DHS will take considerable time, key component agencies already face a wide array of existing challenges, and failing to effectively carry out DHS’s mission exposes the nation to extremely severe consequences.

Recognizing the significant change in priorities and reallocation of resources for homeland security, and the critical importance of DHS’s mission, we realigned our own resources to create the Homeland Security and Justice Team. With this combination of our existing expertise from the former Tax Administration and Justice team, the former National Preparedness team, and the Physical Infrastructure team taking the lead, our 2-year performance goals are to—

- assess efforts to strengthen the justice system to more effectively address crime, illegal drug use, illegal immigration, and judiciary and prison operations;
- assess progress in securing the nation’s borders and citizens against terrorists and weapons of mass destruction;
- facilitate information sharing and analysis to enhance coordination among governments, the private sector, and communities;
- evaluate efforts to protect critical infrastructure; and

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- identify ways to increase emergency preparedness and capacity to respond to and recover from natural or man-made disasters, through effective use of federal tools of government, including grants and training programs.

## The Promotion of Viable Communities

Federal commitment to strong and stable communities is demonstrated through the diversity of federal economic development assistance programs. More than 100 federal programs provide direct economic development assistance in the form of grants, loans, loan guarantees, and other types of assistance for community and economic development involving billions of dollars each year. The federal government supports housing finance through various programs, incentives, and requirements. America's small businesses also play a critical role in the nation's economy. In addition, the federal government also provides assistance to victims of disasters and emergencies. To aid the Congress and the federal government in the decision-making process on these issues, our 2-year performance goals are to—

- assess federal economic development assistance and its impact on communities;
- assess how the federal government can balance the promotion of home ownership with financial risk;
- assess the effectiveness of federal initiatives to assist small and minority-owned businesses;
- assess federal efforts to enhance national disaster preparedness and capacity to prevent and respond to natural or man-made disasters; and
- assess how well federally supported housing programs meet their objectives and affect the well-being of recipient households and communities.

## Responsible Stewardship of Natural Resources and the Environment

The nation's natural resources and the systems associated with their use are under unprecedented stress, generating intense debate and posing daunting challenges to policymakers at all levels of government. In part, this is the consequence of the country's growing population and economy, but other stress factors exist as well, such as the globalization of the world's economy and political tensions. Most glaringly, the tragic events of September 2001 revealed the nation's vulnerability to hostile acts, mandating heightened protection of its critical natural resources, including the air we breathe, the water we drink, the food we consume, and the energy supplies that keep the economy going.

Even before 2001's tragic events, however, part of the country faced an energy crisis. The chaos in California's electricity market underscored the difficulties of crafting energy policies and regulatory approaches that adequately protect against price volatility and supply disruptions. Stress is also evident in the management of the country's lands and waters, where difficult

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choices must be made on balancing the demands of often competing objectives—namely, economic growth for today versus natural resource protection for the future. Food safety lies at the forefront of concerns about the country’s agricultural resources, an urgent matter given the potential for agricultural bioterrorism.

The increasing globalization of natural resource issues also affects pollution control matters, as seen in the federal government’s discussions with other governments about global warming and what should be done about it. Such discussions add a new layer of complexity to the already difficult question of how to sustain economic growth when the engines of that growth—factories, cars and trucks, fertilizers, electricity generating plants—can adversely affect our air and water quality. Finally, significant challenges remain in cleaning up the country’s hazardous and nuclear waste sites. To support the Congress and help the federal government carry out its land management and environmental protection responsibilities, our 2-year performance goals are to—

- assess the nation’s ability to ensure reliable and environmentally sound energy for current and future generations;
- assess federal strategies for managing land and water resources in sustainable fashion for multiple uses;
- assess federal programs’ ability to ensure a plentiful and safe food supply, provide economic security for farmers, and minimize agricultural environmental damage;
- assess federal pollution prevention and control strategies; and
- assess efforts to reduce the threats posed by hazardous and nuclear wastes.

## A Secure and Effective National Physical Infrastructure

The nation’s economic vitality and the safety of its citizens are heavily dependent on a physical infrastructure comprising, among other things, transportation networks, telecommunications systems, water supply systems, wastewater treatment and solid waste disposal facilities, and postal facilities. The nation faces important infrastructure challenges as federal, state, and local governments confront aging systems, new demands created by changes in demographics, technology, and life-styles and the infrastructure’s vulnerability to terrorist threats. How the nation responds to these challenges holds important consequences for our future because of the effects on our quality of life and the significant costs. To support the Congress in addressing these challenges, our 2-year performance goals are to—

- assess strategies for identifying, evaluating, prioritizing, financing, and implementing integrated solutions to the nation’s infrastructure needs;
- assess the impact of transportation and telecommunications policies and practices on competition and consumers;

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- assess efforts to improve safety and security in all transportation modes;
  - assess the Postal Service's transformation efforts to ensure its viability and accomplish its mission; and
  - assess federal efforts to plan for, acquire, manage, maintain, secure, and dispose of the government's real property assets.

## Strategic Goal 2:

### Provide Timely, Quality Service to the Congress and the Federal Government to Respond to Changing Security Threats and the Challenges of Global Interdependence

As the world grows increasingly interconnected through more open markets and rapidly developing technology, the globalization of markets has created new opportunities for the nation as a whole and for American producers and consumers. At the same time, the United States is facing threats to its security and economy from sources that range from terrorism to regional conflicts to instability sparked by adverse economic conditions, corruption, ethnic hatreds, nationalism, and disease. Consequently, while seeking to anticipate and address diffuse threats to the nation's security and economy, the federal government also tries to promote foreign policy goals, sound trade policies, and other strategies to advance the interests of the United States and those of U.S. trading partners and allies in every corner of the world. In light of the globalization, technology, and security trends, our second strategic goal is to help the Congress and the federal government respond to changing security threats and the challenges of global interdependence. GAO's specific strategic objectives are to support congressional and federal efforts to—

- respond to diffuse threats to national and global security,
- ensure military capabilities and readiness,
- advance and protect U.S. international interests, and
- respond to the impact of global market forces on U.S. economic and security interests.

These objectives are discussed in more detail in the sections that follow; the 2-year performance goals for each objective are listed as well. The results achieved for strategic goal 2 under GAO's annual performance measures during the last 4 fiscal years are shown in table 3, along with the goal's targets for fiscal 2003 and 2004.

**Table 3: Strategic Goal 2's Annual Performance Results and Targets**

Performance measure	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Target	2004 Target
Financial benefits (dollars in billions)	\$3.0	\$5.5	\$10.5	\$8.4	\$6.8	\$5.6
Other benefits	80	129	188	218	200	200
Past recommendations implemented	65%	84%	81%	83%	77%	77%
New recommendations made	255	376	618	618	521	521
Testimonies	37	56	34	38	36	43

## Respond to Diffuse Threats to National and Global Security

The United States and other nations face increasingly diffuse threats in the post-cold war era. Adversaries have demonstrated that they are more likely to strike vulnerable civilian or military targets in nontraditional ways to avoid direct confrontation with U.S. military forces on the battlefield. Porous borders and rapid technological change make such threats more viable. At risk are the nation's values, way of life, and the personal security of its citizens. In response, the Congress has established the Department of Homeland Security to develop and coordinate a national homeland security strategy. This strategy will require a concerted effort to improve threat information from foreign and domestic sources, to understand the nature of the threats to vulnerable assets and processes, and to protect the nation's population and most critical infrastructures—including computer and telecommunications systems. Internationally, the United States and its allies will have to bolster their efforts to prevent the proliferation of dangerous weapons that can be used to carry out threats to security. To support the Congress and the federal government in addressing these important issues, our 2-year performance goals are to—

- analyze the effectiveness of the federal government's approach to providing for homeland security;
- assess U.S. efforts to protect computer and telecommunications systems supporting critical infrastructures in business and government; and
- assess the effectiveness of U.S. programs and international efforts to prevent the proliferation of nuclear, biological, chemical, and conventional weapons and sensitive technologies.

## Ensure Military Capabilities and Readiness

To ensure readiness to respond to major regional conflicts as well as diffuse threats, both today and in the future, the Congress has called for increased defense spending. After a decade of decline in defense spending, DOD's budget has been on an upswing in recent years. The



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President's fiscal 2002 budget of about \$331 billion represented the largest increase in defense spending in recent years, and came amidst growing concerns over the readiness of U.S. forces. The budget included additional resources for operational maintenance, quality of life programs, pay raises, and improvements to crumbling facilities. The most recent Quadrennial Defense Review charts a new defense strategy emphasizing homeland security, military transformation, joint operations, and advanced capabilities related to information technology (IT), intelligence, and space operations. Requests for significant additional increases in defense spending have been planned for fiscal 2003 and beyond. The debate about what capabilities DOD must maintain and develop, where they should exist, and to what extent additional defense spending is required will be significantly shaped by the debate over the military's role in homeland security and the augmentation of the civilian agencies' roles in the fight against terrorism. To support the Congress and the federal government's efforts to improve military capabilities and readiness, our 2-year performance goals are to—

- assess the ability of DOD to maintain adequate readiness levels while addressing the force structure changes needed in the 21<sup>st</sup> century;
- assess overall human capital management practices to ensure a high-quality total force;
- identify ways to improve the economy, efficiency, and effectiveness of DOD's support infrastructure and business systems and processes;
- assess the National Nuclear Security Administration's efforts to maintain a safe and reliable nuclear weapons stockpile;
- analyze and support DOD's efforts to improve budget analyses and performance management;
- assess whether DOD and the services have developed integrated procedures and systems to operate effectively together on the battlefield; and
- assess the ability of weapon system acquisition programs and processes to achieve desired outcomes.

## Advance and Protect U.S. International Interests

Although U.S. leaders agree on the ultimate goal of promoting global peace, prosperity, and stability, intense debate is occurring over how to achieve that goal. Military and humanitarian interventions to make or keep the peace, stabilize and rebuild failed states, and deal with humanitarian emergencies have become major activities for the United States. Countries in transition to democracies and private market structures are critical to U.S. economic and security interests. Strategic alliances established decades ago are undergoing changes to better reflect current and future needs and priorities. Conducting foreign affairs is becoming more complicated as the lines between domestic and international issues blur and the threat of terrorist attacks on U.S. facilities and personnel overseas changes how America does business.

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To help the Congress and the federal government advance and protect U.S. international interests, our 2-year performance goals are to—

- analyze the plans, strategies, costs, and results of the U.S. role in conflict interventions;
- analyze the effectiveness and management of foreign aid programs and the tools used to carry them out;
- analyze the costs and implications of changing U.S. strategic interests;
- evaluate the efficiency and accountability of multilateral organizations and the extent to which they are serving U.S. interests; and
- assess the strategies and management practices for U.S. foreign affairs functions and activities.

### Respond to the Impact of Global Market Forces on U.S. Economic and Security Interests

Globalization is increasing the interdependence of the world's economies while affecting U.S. national security and the economic well-being of the American people. Trade agreements are increasing in number and in their importance to the U.S. economy. The globalization of the defense industry, driven by the drop in the government's military investments worldwide, is following patterns similar to those found in commercial sectors. Global financial health and the maintenance of the global financial and trade systems are critical to long-term U.S. objectives and are cornerstones of U.S. foreign policy. The U.S. financial services industry is experiencing unprecedented growth and change, both in the size of institutions and the range and impact of services being provided to customers. Daily, millions of households collectively have trillions of dollars flow through the nation's financial institutions and markets. To help the Congress and the federal government respond to the impact of global market forces on U.S. economic and security interests, our 2-year performance goals are to—

- analyze how trade agreements and programs serve U.S. interests;
- improve understanding of the effects of defense industry globalization;
- assess how the United States can influence improvements in the world financial system;
- assess the ability of the financial services industry and its regulators to maintain a stable and efficient global financial system;
- evaluate how prepared financial regulators are to respond to change and innovation; and
- assess the effectiveness of regulatory programs and policies in ensuring access to financial services and deterring fraud and abuse in financial markets.

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## Strategic Goal 3:

### Help Transform the Federal Government's Role and How It Does Business to Meet 21<sup>st</sup> Century Challenges

The federal government faces an array of challenges, including the national response to terrorism, transition to a knowledge-based economy, rapid technological and scientific advances, and changing demographics. These challenges require a fundamental reexamination of the government's priorities, processes, policies, and programs to effectively address shifting public expectations, needs, and fiscal pressures. To achieve results, the federal government must work better with other governments, nongovernmental organizations, and the private sector—both domestically and internationally. Because the public expects demonstrable results from the federal government, government leaders need to increase strategic planning, address management challenges and high-risk issues, use integrated approaches, enhance their agencies' results orientation, and ensure accountability. Examining existing programs and operations for potential cost-savings can create much needed fiscal flexibility to address emerging needs. Moreover, addressing today's priorities must be balanced against the long-term fiscal pressures of financing existing programs and operations. To ensure that GAO helps transform the role of government and how it does business to meet 21<sup>st</sup> century challenges, we have established strategic objectives to—

- analyze the implications of the increased role of public and private parties in achieving federal objectives;
- assess the government's human capital and other capacity for serving the public;
- support congressional oversight of the federal government's progress toward being more results-oriented, accountable, and relevant to society's needs; and
- analyze the government's fiscal position and approaches for financing the government.

These objectives are discussed in more detail in the sections that follow; the 2-year performance goals for each objective are listed as well. The results achieved for strategic goal 3 under GAO's annual performance measures during the last 4 fiscal years are shown in table 4, along with the goal's targets for fiscal 2003 and 2004.

**Table 4: Strategic Goal 3's Annual Performance Results and Targets**

Performance measure	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Target	2004 Target
Financial benefits (dollars in billions)	\$4.5	\$5.1	\$7.0	\$5.2	\$4.6	\$8.1
Other benefits	414	503	401	462	392	404
Past recommendations implemented	78%	77%	85%	82%	77%	77%
New recommendations made	335	413	549	808	366	366
Testimonies	100	105	42	65	52	60

## Analyze the Implications of the Increased Role of Public and Private Parties in Achieving Federal Objectives

As the federal government has sought to address more complex and pervasive societal needs, the traditional “bright lines” among the public, private, and nonprofit sectors, as well as between the federal government and other public sector institutions have become increasingly blurred. In fact, since the 1930s there has been a largely overlooked revolution in which the traditional hierarchical federal agency model—that is, a federal agency’s implementing a program through annually appropriated funding—has been essentially replaced by an incredibly diverse and blended service-delivery model involving many different parties and tools of intervention (for example, grants, tax expenditures, regulations, loans, loan guarantees, and insurance). Nowhere does this revolution become more evident and more confounding than in federal agencies’ efforts to become more results-oriented. In the 21<sup>st</sup> century, federal agencies’ performance and accountability will, to an ever greater extent, be seen as a function of nonfederal entities and involve tools that are typically not subject to the same level of annual or even periodic oversight and reexamination as more traditional federal programs and activities.

To inform the Congress of the implications of the increased role of public and private parties in achieving federal objectives, we have established 2-year performance goals to—

- analyze the modern service-delivery system environment and the complexity and interaction of service-delivery mechanisms,
- assess how involvement of state and local governments and nongovernmental organizations affect federal program implementation and achievement of national goals, and
- assess the effectiveness of regulatory administration and reforms in achieving government objectives.

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## Assess the Government's Human Capital and Other Capacity for Serving the Public

The federal government requires a mixture of critical resources—such as human capital, IT, and financial systems—to fulfill its roles and achieve intended results. Unfortunately, over the last decade, the federal government has missed opportunities to make needed investments in these resources effectively. For example, agencies have only recently started the analysis necessary to link their human capital policies and practices to their missions and goals. This situation puts the government at risk because an increasing number of federal employees will become eligible to retire over the next several years.

In addition, numerous poorly managed IT systems have produced multimillion-dollar cost overruns, schedule slippages, and poor results, and now the government's IT and management infrastructure faces security threats. Similarly, the federal government's financial management has suffered from neglect, and its financial systems have serious shortcomings.

While it is important to enhance the government's use of new technologies to improve the collection and dissemination of government information, it is also important that this information, especially that collected for statistical purposes, meet the current needs of federal programs and policymakers. Finally, despite recent reforms to transform the federal acquisition process, the government still does not have a world-class purchasing system. All too often, many of the products and services the government buys cost more than expected, are delivered late, or fail to perform as expected.

To assess the government's capacity to better deliver public services, GAO has adopted the following 2-year performance goals:

- identify and facilitate the implementation of human capital practices that will improve federal economy, efficiency, and effectiveness;
- identify ways to improve the financial management infrastructure capacity to provide useful information to manage for results and costs day-to-day;
- assess the government's capacity to manage information technology to improve performance;
- assess efforts to manage the collection, use, and dissemination of government information in an era of rapidly changing technology;
- assess the effectiveness of the federal statistical system in providing relevant, reliable, and timely information that meets federal program needs; and
- identify more businesslike approaches that can be used by federal agencies in acquiring goods and services.

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## Support Congressional Oversight of the Federal Government's Progress toward Being More Results-Oriented, Accountable, and Relevant to Society's Needs

During the past decade, the Congress has sought to instill a greater focus on results and accountability by enacting a statutory framework with the Government Performance and Results Act as its centerpiece. However, GAO has reported that performance improvements do not take place merely because a set of management requirements has been established and that building organizational cultures that help create and sustain a focus on results remains a work in progress. In GAO's governmentwide surveys, for example, federal managers have reported that their top leaders still do not show a consistently strong commitment to achieving results. In addition, although the government has been made more accountable, much remains to be done. The President's Management Agenda also seeks to instill a greater focus on governmental results, presenting a number of governmentwide initiatives, including human capital goals, and program-specific initiatives intended to improve federal management and to deliver results. For example, consistent with GAO's position, the agenda identified improving financial performance as an important initiative to reduce erroneous benefit and assistance payments and to ensure that agencies supply reliable, accurate, and timely information for decision making to enhance accountability to the American people. And among the specific initiatives is the development of better criteria for federal investment in science and technology.

Also, today, there are widespread concerns about the accountability profession's role in serving the public's interest. GAO assists the Congress in this important area, assessing the governance of the auditing profession, setting the standards auditors use to perform audits of federal funds and activities, and working collaboratively with the inspectors general to issue a methodology for conducting federal financial statement audits.

To support congressional oversight of the federal government's progress toward being more results-oriented, accountable, and relevant to society's needs, we have established 2-year performance goals to—

- analyze and support efforts to instill result-oriented management across the government,
- highlight the federal programs and operations at highest risk and the major performance and management challenges confronting agencies,
- identify ways to strengthen accountability for the federal government's assets and operations,
- provide accountability in the federal acquisition process,
- assess the management and results of the federal investment in science and technology and the effectiveness of efforts to protect intellectual property,
- identify ways to improve the quality of evaluative information, and

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- develop new resources and approaches that can be used in measuring performance and progress on the nation's 21<sup>st</sup> century challenges.

## Analyze the Government's Fiscal Position and Approaches for Financing the Government

The federal budget is the principal annual vehicle through which the Congress and the President balance competing views about the allocation of federal resources, accountability for those resources, and the allocation of responsibility between the public and private sectors and among levels of government. After many years of attempting to balance the federal budget in the face of chronic deficits and mounting federal debt, federal fiscal policy in recent years focused on saving surpluses and reducing debt. In the past year, however, the near-term budget outlook has worsened with deficits projected for the next few years. GAO's long-term budget model has consistently suggested that without changes for the major retirement and health care programs, large deficits and mounting debt will emerge over the long term. It will be difficult to address today's urgent need to deal with terrorism and to increase national preparedness without unduly exacerbating the nation's long-term fiscal challenges.

American taxpayers annually pay more than \$2 trillion in taxes to fund the federal government. The federal tax system includes numerous tax provisions intended to influence taxpayers' behavior throughout the economy, but little is known about the effects of many of these provisions. Given the size and complexity of the federal tax code, the Congress remains interested in tax reform, particularly simplification. As the nation's chief tax collector, the Internal Revenue Service (IRS) interacts with more Americans than any other government agency, and compliance with tax laws is a significant burden imposed on businesses and individuals. IRS is in the midst of implementing major legislatively mandated reforms in how the nation's tax system is administered, and congressional interest remains focused on what progress IRS is making.

Congressional attention will also continue to focus on controlling spending. A key to making resource decisions is having reliable, useful, and timely financial information routinely available. Such information is also necessary to ensure accountability and to improve the economy, efficiency, and effectiveness of government actions that have a direct impact on achieving a more results-oriented government.

To analyze the government's fiscal position and identify ways to strengthen approaches for financing the government, GAO has adopted the following 2-year performance goals:

- analyze the long-term fiscal position of the federal government,
- analyze the structure and information for budgetary choices and explore alternatives for improvement,
- contribute to congressional deliberations on tax policy,
- support congressional oversight of IRS's modernization and reform efforts, and



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- assess the reliability of financial information on the government’s fiscal position and financing sources.

## Strategic Goal 4:

### Maximize the Value of GAO by Being a Model Federal Agency and a World-Class Professional Services Organization

To successfully carry out its responsibilities to the Congress for the benefit of the American people, GAO’s work must be professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced. GAO should also lead by example. The focus of goal 4 is to make GAO a model organization—one that is client and customer driven; exhibits the characteristics of leadership and management excellence; leverages its institutional knowledge and experience; is devoted to ensuring quality in its work processes and products through continuous improvement; and is regarded as an employer of choice. Among the efforts incorporated into goal 4 is the work we must do to address the management challenges GAO faces (which are discussed in part II of this plan).

To accomplish GAO’s goal of being a model federal agency and a world-class professional services organization, the strategic objectives are to

- sharpen GAO’s focus on clients’ and customers’ requirements,
- enhance leadership and promote management excellence,
- leverage GAO’s institutional knowledge and experience,
- continuously improve GAO’s business and management processes, and
- become the professional services employer of choice.

These objectives are discussed in more detail in the sections that follow; the 2-year performance goals for each objective are listed as well. The annual performance measures used with GAO’s three external strategic goals do not apply to this fourth, internal goal. Progress here is assessed solely by reviewing the work done under its 2-year performance goals.

### Sharpen GAO’s Focus on Clients’ and Customers’ Requirements

GAO interacts and works with a diverse set of external clients and internal customers. GAO’s principal client is the Congress and our beneficial client is the American public. Our work is also important to other stakeholders, including federal and nonfederal agencies and organizations and international institutions. GAO’s internal customers are the agency’s staff who, in turn, deliver

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quality services to our clients. Therefore, being a model agency depends on both determining and meeting the requirements of our external clients and our internal customers.

For external clients, we plan to continually update our understanding of their needs and expectations through expanded outreach efforts and strategic planning. We also plan to develop and use high-quality measurement systems and feedback mechanisms to obtain external clients' views on GAO's products and services. In addition, to complement congressional protocols, GAO will develop protocols for each major stakeholder group—agencies and international organizations—to help govern interactions and manage expectations.

For internal customers, GAO plans to identify their needs and expectations through expanded outreach and planning efforts. GAO will identify and develop high-quality measurements to assess customer satisfaction, business processes, and accomplishment of the agency's strategic direction. In addition, we will develop policies and procedures to guide how GAO's work responds to customers' needs.

To support our objective to deliver exceptional service in meeting clients' and customers' needs, GAO has adopted the following 2-year performance goals:

- continuously update client requirements;
- develop and implement stakeholder protocols and refine client protocols; and
- identify and assess customer requirements and measures.

## Enhance Leadership and Promote Management Excellence

We intend to improve on GAO's results-oriented management practices to establish GAO as a leader among high-performing professional services organizations. To accomplish this objective, we will build on our established base of strategic planning, performance management, sound financial management, IT best practices, and leadership initiatives. We will also institute new ways of doing business to create management and leadership systems that are practical, flexible, and enable managers to use resources efficiently to solve problems. We will lead by example.

To support the objective to enhance leadership and promote management excellence, GAO has adopted the following 2-year performance goals:

- foster an attitude of stewardship to ensure a commitment to GAO's mission and core values;
- implement an integrated approach to strategic management;
- continue to provide leadership in strategic human capital management planning and execution;
- maintain integrity in financial management;
- provide a safe and secure workplace; and

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- provide leadership in IT planning and management practices.

## Leverage GAO's Institutional Knowledge and Experience

GAO is a knowledge-based professional services organization that needs to use a wide and expanding variety of media to communicate the results of our work to our congressional clients and to the public. GAO also needs to preserve information from our work for the long term and to share knowledge among our staff and with others so that we can improve service to our clients, the executive branch, taxpayers, and other governments, both domestic (state and local) and international.

To support the objective to leverage GAO's institutional knowledge and experience, we have adopted the following 2-year performance goals:

- improve GAO's Web-based knowledge tools;
- develop a framework to manage the collection, use, distribution, and retention of organizational knowledge; and
- strengthen relationships with other national and international accountability and professional organizations.

## Continuously Improve GAO's Business and Management Processes

GAO, as the federal government's accountability organization, evaluates the economy, efficiency, and effectiveness of a wide range of federal policies and programs to assist the Congress for the benefit of the American people. By continuously assessing and improving our products, as well as our business and management processes, we can determine whether GAO's operations are aligned with the agency's strategic direction and comply with applicable professional standards in the conduct of GAO's work.

To support the objective to continuously improve GAO's business and management processes, we have adopted the following 2-year performance goals:

- improve internal business and administrative processes;
- improve GAO's product and service lines to better meet client needs;
- improve GAO's job management processes; and
- use enabling technology to improve GAO's crosscutting business processes.

## Become the Professional Services Employer of Choice

To be a model organization, GAO hopes to build and maintain a diverse work environment that is conducive to performance excellence; encourages full participation by the workforce; and

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supports personal, professional, and organizational growth. GAO wants to be regarded as an employer of choice—one that recruits and retains excellent employees and that is considered to be one of the best places to work. The agency is committed to treating all employees fairly, respecting their diversity, and valuing their contributions. GAO’s human capital initiatives should enable employees to develop and use their full potential, as aligned with agency objectives.

To become the professional services employer of choice, GAO has adopted the following 2-year performance goals:

- maintain an environment that is fair, unbiased, family-friendly, and promotes and values opportunity and inclusiveness;
- improve compensation and performance management systems;
- develop and implement a training and professional development strategy targeted toward competencies; and
- provide GAO’s people with tools, technology, and a working environment that is world class.

## Agencywide

Making progress toward the four strategic goals is fundamental to carrying out GAO’s mission. While we assess our progress by strategic goal, we also assess the performance of the agency as a whole and set targets on an agencywide basis. At the agency level, we use two additional performance measures, tracking the percentage of new products containing recommendations and our timeliness in delivering our products. The results achieved agencywide during the last 4 fiscal years are shown in table 5, along with the agencywide targets for fiscal 2003 and 2004.

**Table 5: Agencywide Annual Performance Results and Targets**

<b>Performance measure</b>	<b>1999 Actual</b>	<b>2000 Actual</b>	<b>2001 Actual</b>	<b>2002 Actual</b>	<b>2003 Target</b>	<b>2004 Target</b>
Financial benefits (dollars in billions)	\$20.1	\$23.2	\$26.4	\$37.7	\$32.5	\$35.0
Other benefits	607	788	799	906	800	820
Past recommendations implemented	70%	78%	79%	79%	77%	77%
New recommendations made	940	1,224	1,563	1,950	1,250	1,250
New products with recommendations	33%	39%	44%	53%	50%	50%
Testimonies	229	263	151	216	180	200
Timeliness	96%	96%	95%	96%	98%	98%

Notes: Agencywide totals may differ from the sum of the amounts on the tables for strategic goals 1, 2, and 3 because when multiple units participate in an engagement, credit may be reflected under more than one of the goals. Also, the fiscal 2003 target for testimonies includes seven testimonies not assigned to goals.

We changed our methodology for tabulating financial benefits after fiscal 2001 to ensure that criteria were uniformly applied and to use net present value in calculating benefits. These changes in methodology resulted in part from the increase shown for fiscal 2002, increasing the agencywide total by about 11 percent.

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## *Part II:*

# *Strategies and Means*

The second part of this performance plan discusses the strategies, processes, skills, technologies, and resources GAO will need to achieve the performance goals and targets outlined in part I.

## Strategies for Achieving the 2004 Goals

As the audit, evaluation, and investigative arm of the Congress, GAO has a unique role to play. Within the legislative branch, we are the only agency with staff in the field, conducting performance analyses and financial accounting, among other congressionally requested activities, and reporting our findings not only to our congressional clients but also to the public. While we work with the Inspectors General at every federal agency, our engagements differ from theirs in that ours are often more strategic and longer-range in nature, governmentwide in scope, and initiated by requests from the Congress.

Achieving our goals and objectives rests, for the most part, on providing professional, fact-based, balanced, nonpartisan information. To do so, we will develop and present this information in a number of ways to support the Congress in carrying out its constitutional responsibilities by—

- evaluating federal policies and the performance of agencies;
- overseeing government operations through financial and other management audits to determine whether public funds are spent efficiently, effectively, and in accordance with applicable laws;
- investigating whether illegal or improper activities are occurring;
- analyzing the financing for government activities;
- conducting constructive engagements in which we work proactively with agencies, when appropriate, to provide advice that may assist their efforts toward positive results;
- providing legal opinions that determine whether agencies are in compliance with applicable laws and regulations;
- conducting policy analyses to assess needed actions and the implications of proposed actions; and
- providing additional assistance to the Congress in support of its oversight and decision-making responsibilities.

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The 2-year qualitative performance goals listed in part I of this plan lay out the work we intend to complete by the end of fiscal 2005 using the strategies above. Those goals may be revised as we complete the update, now in progress, of our strategic plan. We will post the final version of the goals along with the associated key efforts for each of them on the Web once the updated strategic plan is published.

Because achieving our strategic goals and objectives also requires strategies for coordinating with other organizations with similar or complementary missions, we

- use advisory panels and other bodies to inform GAO's strategic and annual work planning, and
- initiate and support collaborative national and international audit, technical assistance, and other knowledge-sharing efforts.

Those two types of strategic working relationships allow us to extend our institutional knowledge and experience, and, in turn, to improve our service to the Congress and the American people. Our Strategic Planning and External Liaison office takes the lead and provides strategic focus for the work with crosscutting organizations, while our research, audit, and evaluation teams lead the work with most of the issue-specific organizations.

These groups include the Comptroller General's Advisory Board, made up of 40 members from the public and private sectors who have broad expertise in areas pertinent to our strategic objectives. The board meets with GAO's leadership annually to share its views on the agency's strategic direction and specific initiatives. Through the National Intergovernmental Audit Forum, chaired by the Comptroller General, and 10 regional intergovernmental audit forums, GAO consults regularly with federal Inspectors General and state and local auditors. In addition, through the Domestic Working Group, the Comptroller General and the heads of 18 federal, state, and local audit organizations exchange information and seek opportunities to collaborate.

We also work with a number of issue-specific and technical panels to improve our strategic and work planning, including the following:

- the Advisory Council on Government Auditing Standards, which provides guidance to GAO on promulgating auditing standards;
- the Accountability Advisory Council, made up of experts in the financial management community, which provides advice on GAO's audit of the U.S. government's consolidated financial statements and emerging issues involving financial management and accountability reporting;
- the Executive Council on Information Management and Technology, whose 21 members are experts from the public and private sectors and representatives of related professional organizations; and



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- the Comptroller General’s Educators’ Advisory Panel, composed of deans, professors, and other academics from prominent universities across the United States, which advises GAO on recruiting, retaining, and developing staff.

Internationally, GAO participates in the International Organization of Supreme Audit Institutions (INTOSAI)—the professional organization of the national audit offices of 184 countries. GAO chairs INTOSAI’s accounting standards committee and is an active member of the auditing standards, internal control standards, and public debt committees. GAO publishes INTOSAI’s quarterly International Journal of Government Auditing ([www.intosai.org/2\\_IJGA\\_.html](http://www.intosai.org/2_IJGA_.html)) in five languages to further the global understanding of standards, best practices, and technical issues.

In addition, GAO chairs the public sector committee of the International Federation of Accountants to help ensure that public sector perspectives are reflected in that committee’s accounting standards, and—to build capacity in national audit offices around the world—we conduct an international fellows training program each year for mid- to senior-level staff from other countries. The Comptroller General also leads the Global Working Group, which convenes the heads of GAO’s counterparts from 15 countries each year to discuss mutual challenges, share experiences, and identify opportunities for collaboration with each other.

## Mitigating External Factors that Could Affect Our Performance

During fiscal 2004, several external factors could affect the achievement of our performance goals, including unpredictable national and international developments. As the Congress focuses on emerging and rapidly evolving events—such as the global threats posed by sophisticated terrorist networks, international financial crises, and natural disasters—the mix of work we are asked to undertake may change, diverting our resources from some strategic objectives and performance goals. We can and do mitigate the impact of these events on the achievement of our goals in various ways:

- We are alert to possibilities that could shift the Congress’s and, therefore, our priorities.
- In our products and meetings with the Congress, we identify conditions that could trigger new priorities.
- When appropriate, we quickly redirect our resources so that we can deal with major changes that do occur.
- We maintain broad-based staff expertise so that we can readily address emerging needs.

Meeting the fiscal 2004 performance targets in this report and achieving our 2-year performance goals are contingent on receiving the resources we are requesting from the Congress. Once actual funding is known, we may adjust our targets and performance goals to ensure that key congressional priorities are met.

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Another external factor that could affect the achievement of our performance goals is the limitations imposed on our work by other organizations. Historically, GAO's auditing and information gathering has been limited where the intelligence community is concerned. Nor have we had the authority to access or inspect records or other materials held by other countries or by multinational institutions the United States works with to protect its interests. These limitations may hamper our ability to fully assess what progress is being made in addressing issues such as homeland security, and some of our reports may be subjected to greater classification reviews than in the past, thus limiting their public dissemination. Moreover, the current administration has shown a tendency not to share certain information that has been shared in the past with GAO and the Congress. We will work with the Congress to identify both legislative and nonlegislative opportunities for strengthening GAO's access authority as necessary and appropriate.

A third external factor that could affect the achievement of our performance goals is limitations on the abilities of executive branch agencies to make the improvements GAO recommends. Three of our annual performance measures gauge the extent to which agencies have implemented our recommendations and what financial and other benefits can be documented as a result of implementation. Should shifting priorities and budgetary resources limit the agencies' abilities to implement GAO recommendations, implementation may be interrupted, delayed, or avoided. To mitigate this external factor, we will work with agency officials as needed to encourage implementation of our recommendations whenever feasible.

## Addressing Management Challenges that Could Affect Our Performance

At GAO, management challenges are identified by the Comptroller General and the agency's senior executives through the agency's strategic planning, management, and budgeting processes. Our progress in addressing the challenges is monitored through our annual performance and accountability process. Under GAO's strategic goal 4, we establish performance goals focused on each of our management challenges (see part I of this plan), track our progress in completing the key efforts for those performance goals quarterly, and report whether the performance goals have been met or not met at 2-year intervals. We have also asked GAO's Inspector General for an annual review of management's assessment of the challenges and the agency's progress in addressing them, and will include the Inspector General's findings in GAO's annual performance and accountability report.

In fiscal 2004, we believe three management challenges may affect GAO's performance. We have reported in the past on our efforts to address two of these challenges—human capital and physical security. Although we have made progress with both of these challenges, we still have work to do. The third challenge, information security, was added in fiscal 2003. It replaced a previous challenge, information technology (IT), because we had completed our work on that original management challenge. Independent reviews of our information security program, however, indicated that we need to further tighten IT security. Moreover, the potential for harm

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and threats to IT systems and information assets has never been greater, nor has there ever been a greater need for planning for disaster recovery and continuity of operations given continuing terrorist threats and events.

## The Human Capital Challenge

Given GAO's role as a key provider of information and analyses to the Congress, maintaining the right mix of technical knowledge and expertise as well as general analytical skills is vital to achieving our mission. We spend about 80 percent of our resources on our people, but without excellent human capital management, we could still run the risk of being unable to meet the expectations of the Congress and the nation. In 1999, after an extended hiring freeze, GAO's workforce was sparse at the entry level, and we faced succession planning issues as a large number of our senior managers and analysts became eligible to retire. The development and training of our senior executives had been curtailed for funding reasons. And at the same time, more of our staff needed enhanced technical skills if they were to assist the Congress effectively. In all those respects, GAO was little different from the government as a whole. We have addressed these issues in a variety of ways and are continuing to do so. For example, we

- developed a recruitment program that allowed us to hire about 430 permanent staff during fiscal 2002,
- doubled the proportion of our workforce at the entry level,
- revamped and modernized the performance appraisal system for analysts and attorneys,
- implemented a succession-planning program,
- conducted an agencywide assessment and inventory of our workforce's knowledge and skills, and
- completed an organizational realignment and resource reallocation.

Over the next several years, we need to continue to address skill gaps, maximize staff productivity and effectiveness, and reengineer our human capital processes to make them more user-friendly. We plan to address skill gaps by further refining our recruitment and hiring strategies to target gaps identified through our workforce planning efforts, while taking into account the significant percentage of our workforce eligible for retirement. We will reengineer our human capital systems and practices to increase their efficiency and to take full advantage of technology. We will also ensure that our staff have the needed skills and training to function in this reengineered environment. In addition, we are developing a competency-based performance system for our mission support employees.

In 2000, with the passage of Public Law 106-303, the Congress provided GAO with human capital flexibilities that were carefully focused to help us ensure that we have the right staff, with the right skills, in the right locations to better meet the needs of the Congress and the American

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people. In 2003, we provided the Congress with an assessment of our implementation of the law and the results achieved. (The report is online at [www.gao.gov/cgi-bin/getrpt?GAO-03-954SP](http://www.gao.gov/cgi-bin/getrpt?GAO-03-954SP).) During the 108th Congress, we will work with our appropriations and oversight committees toward the enactment of legislation that builds on GAO's flexibilities. In a legislative proposal sent to the Congress in June 2003, we have, among other things, identified additional flexibilities that would aid our continuing efforts to develop a more performance-based compensation system and realign our workforce to best accomplish GAO's mission.

## The Physical Security Challenge

In the aftermath of the September 11 terrorist attacks and subsequent anthrax incidents, GAO's ability to provide a safe and secure workplace emerged as a challenge for our agency. Protecting our people and our assets is critical to our ability to carry out our mission. We have devoted additional resources to this area and have implemented measures such as reinforcing vehicle and pedestrian entry points, installing an additional x-ray machine, adding more security guards, reinforcing windows, and relocating air sources. We are in the process of researching and designing other projects to better control building access and security around the building. We plan to implement these projects over the next several years.

## The Information Security Challenge

Ensuring information systems security and disaster recovery systems that allow for continuity of operations is a critical requirement for GAO. The risk is that in an emergency, our information could be compromised and we would be unable to respond to the needs of the Congress. In light of this risk, and in keeping with our goal of being a model federal agency, we are implementing a program to protect the security of our information systems. GAO's information security plan in the appendix provides a concise update of the agency's progress in this area and provides more specifics on improvements planned for fiscal 2004, among them—

- continued deployment of technology to help detect intruders, plus tools that will facilitate early detection and response to any suspicious activity and that will identify trends to help us enhance GAO's security architecture;
- extension of the strong (two-factor) secure user authentication system—now in use by almost all staff when accessing GAO's general support system—to GAO's remote access and internal wireless links;
- continued refinement of GAO's disaster recovery plan and the strategic positioning of critical backup computing assets at a remote location along with the integration of a new network storage technology into GAO's disaster recovery infrastructure; and
- establishment of an encrypted wireless subnetwork within the GAO building for staff using portable computing equipment to access GAO's network.

See the appendix for GAO's information security plan, discusses these matters more fully.

## Resources Needed to Achieve the Goals for Fiscal 2004

In January 2003, we submitted GAO's fiscal 2004 budget request to the Congress. Subsequently, the Congress provided supplemental fiscal 2003 funds for priority initiatives included in our fiscal 2004 budget request to ensure the safety and security of GAO staff, facilities, and information systems. This supplemental funding allowed us to reduce GAO's requested fiscal 2004 budget authority from \$472.6 million to \$467.8 million. This funding level will allow us to maintain current operations for serving the Congress as outlined in our strategic plan, continue initiatives to enhance our human capital and support business processes, and maintain our authorized level of 3,269 full-time equivalent (FTE) personnel. Our revised budget request includes \$461.8 million in direct appropriations and authority to use estimated revenue of \$6 million from reimbursable audit work and rental income. Our requested increase of \$8.7 million in direct appropriations represents a 1.9 percent increase to cover mandatory pay and uncontrollable costs. Our revised budget request also includes savings of \$13.2 million from nonrecurring fiscal 2003 investments that we propose to use in fiscal 2004 to offset mandatory pay and uncontrollable costs and to fund further investments and operating costs of \$5.9 million in critical areas, such as information technology, knowledge services, and human capital. Table 6 presents our fiscal 2003 and revised fiscal 2004 request by funding source.

**Table 6: Resources by Funding Source**

Dollars in thousands

Funding source	Fiscal 2003 revised	Revised fiscal 2004 request	Change from fiscal 2003 to 2004	
			Amount	Percentage
Total budget authority	\$456,032	\$467,778	\$11,746	
Less: Estimated review	-2,981	-6,006	-3,025	
<b>Direct appropriation</b>	<b>\$453,051</b>	<b>\$461,772</b>	<b>\$8,721</b>	<b>1.9</b>

Almost 80 percent of our revised fiscal 2004 budget request provides for employee compensation and benefits to support GAO's greatest asset: our staff. The next largest component of our budget request—about \$51 million—is for contract services supporting both GAO's mission work and administrative operations, including IT, training, and building maintenance and operations services. About \$12 million will be spent on travel and transportation, which are critical components in accomplishing GAO's mission to follow the federal dollar across the country and throughout the world and in ensuring the quality of our work. The remaining funds will be used for office equipment and space rentals; telephone, videoconferencing, and data communications services; and other operating expenses, including supplies and materials, printing and reproduction, and furniture.

Table 7 summarizes the revised fiscal 2004 budgetary and human capital resource allocations among GAO's four strategic goals.

**Table 7: Resources by Strategic Goal**

Fiscal 2004

Strategic goal	Full-time equivalents	Amount (in thousands)
Goal 1 <i>Provide timely, quality service to the Congress and the federal government to address current and emerging challenges to the well-being and financial security of the American people</i>	1,275	\$181.5
Goal 2 <i>Provide timely, quality service to the Congress and the federal government to respond to changing threats and the challenges of global independence</i>	854	122.4
Goal 3 <i>Help transform the federal government's role and how it does business to meet 21<sup>st</sup> century challenges</i>	985	143.7
Goal 4 <i>Maximize the value of GAO by being a model federal agency and a world-class professional services organization</i>	155	20.2
<b>Total</b>	<b>3,269</b>	<b>\$467.8</b>

During fiscal 2004, we plan to sustain our investments in GAO's human capital. To ensure our ability to attract, retain, and reward high-quality staff, we plan to devote additional resources to our employee training and development program. We will target resources to continue initiatives to address skill gaps, maximize staff productivity, and increase staff effectiveness by updating our training curriculum to address organizational and technical needs and training new staff. In addition, we will continue to focus our hiring efforts in fiscal 2004 on recruiting talented entry-level staff, and to enhance our recruitment and retention of staff, we will continue to offer the student loan repayment program and the transit subsidy benefit established in fiscal 2002. We also plan to continue initiatives designed to further increase employees' productivity, facilitate knowledge-sharing, maximize the use of technology, and enhance employee tools available at the desktop. We will continue to devote resources to reengineering the IT systems that support GAO's business processes—such as our engagement tracking system—and our human capital operations.

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## *Part III:*

# *Verification and Validation of Performance Data*

In verifying and validating GAO's performance data, we adhere to the same professional standards and internal policies and procedures applied to GAO's audit, evaluation, and research work. And management's routine use of our performance information further helps to ensure its quality and validity. The data are provided to managers for use in decision making, and their feedback on these data helps to ensure that the data are properly recorded.

To assess GAO's performance in fiscal 2004, we will be able to use complete, actual performance data (rather than projections) for all of our performance measures. The specific sources of our performance data and procedures for independently verifying and validating the data for each of our performance measures are described in this third part of GAO's plan. We expect the data to be reliable because we will follow the verification and validation procedures described here to ensure the data's quality. The data limitations are also explained here for each measure. Most of them result in conservative estimates of our actual performance. We continue to explore ways to strengthen our procedures to ensure data integrity.

## **Financial Benefits**

*Background and context:* GAO's findings and recommendations may produce measurable financial benefits for the federal government when the Congress or agencies act on them to reduce annual operating costs or the costs of multiyear projects and entitlements or to increase revenues from asset sales and changes in tax laws or user fees. The funds made available in response to our work may be used to reduce government expenditures or may be reallocated to other areas. To claim that financial benefits have been achieved, GAO's staff must document the cause-and-effect relationship between the benefits reported and work GAO did, and they must obtain estimates of the benefits' monetary value from independent third parties.

Prior to fiscal 2002, GAO limited the period over which the benefits from an accomplishment could be accrued to no more than 2 years. Beginning in fiscal 2002, GAO extended the period to 5 years for types of accomplishments known to have multiyear effects: those associated with longer-term changes embodied in law, program terminations, or sales of government assets yielding multiyear savings. GAO is retaining the 2-year maximum for all other accomplishments. Also in fiscal 2002, GAO began requiring benefits to be calculated in net present value terms. Not



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every financial benefit from our work can be readily estimated or documented as attributable to GAO's work. As a result, the amount of financial benefits is a conservative estimate.

*Data sources:* GAO staff wishing to claim that their work has created financial benefits must file an accomplishment report backed by documentation linking their work to the benefits and providing an independent third party's estimate of the benefits' monetary value. The third party is typically the agency that acted on GAO's work, a congressional committee, or the Congressional Budget Office. Once accomplishment reports are approved, they are compiled by the Quality and Continuous Improvement (QCI) office, which annually tabulates total benefits by goal and agencywide.

*Verification and validation:* Policies and procedures guide the estimation of financial benefits and their attribution to GAO. Estimates must be based on independent sources and reduced by any identifiable offsetting costs. All accomplishment reports filed by staff wishing to claim that benefits have resulted from their work are reviewed by a member of staff not involved in the work, by the senior executive in charge of the unit, and by QCI. Accomplishment reports claiming benefits of \$100 million or more must also be approved by QCI. Beginning in fiscal 2003, accomplishment reports claiming benefits of \$500 million or more are also reviewed by GAO's Inspector General. In previous years, GAO's Inspector General reviewed only those reports claiming benefits of \$1 billion or more. QCI provides summary data on financial benefits approved by the reviewers to unit managers, who check the data on a regular basis to make sure that approved accomplishments from their staff have been accurately recorded.

*Data limitations:* Estimates are from independent third parties but are based on both objective and subjective data, and as a result, professional judgment is required in reviewing accomplishment reports.

## Other Benefits

*Background and context:* The other benefits that GAO reports reflect instances in which (1) information GAO provided to the Congress resulted in statutory or regulatory changes, (2) agencies took actions in response to GAO's findings and recommendations to improve government services and operations, or (3) GAO's work led to improvements in agencies' core business processes or to the advancement of governmentwide management reforms. These benefits cannot be expressed in monetary terms, but to claim that these benefits have occurred, GAO's staff must file accomplishment reports that document the actions that have been taken and the cause-and-effect relationship between the actions and GAO's work.

*Data sources:* GAO staff wishing to claim that their work has created other benefits must file an accomplishment report backed by documentation linking their work to the benefits. Once accomplishment reports are approved, they are compiled by QCI, which annually tabulates total benefits by goal and agencywide.

*Verification and validation:* Policies and procedures require accomplishment reports to record the other benefits of our findings and recommendations. All accomplishment reports filed by

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staff wishing to claim that benefits have resulted from their work are reviewed by a member of staff not involved in the work, by the senior executive in charge of the unit, and by QCI to ensure the appropriateness of the claimed accomplishment, including attribution to GAO's work. QCI provides summary data on other benefits to unit managers, who check the data on a regular basis to make sure that approved accomplishments from their staffs have been accurately recorded.

*Data limitations:* A direct cause-and-effect relationship between GAO's work and benefits it produced cannot always be documented. As a result, the number of other benefits is a conservative measure of our overall contribution toward improving government.

## Past Recommendations Implemented

*Background and context:* GAO makes recommendations designed to improve the operations of the federal government. For GAO's work to produce financial or other benefits, the Congress or other federal agencies must implement these recommendations.

As part of our audit responsibilities under generally accepted government auditing standards, we follow up on recommendations we have made and report to the Congress on their status.

Past experience has shown that it takes time for some recommendations to be implemented. For this reason, this measure is the percentage rate of implementation of recommendations made 4 years prior to a given fiscal year. In other words, the fiscal 2004 implementation rate is the percentage of recommendations made in fiscal 2000 products that were implemented by the end of fiscal 2004. For example, of the recommendations made in fiscal 1998 (the most recent year for which 4 years of results are currently available), 44 percent were implemented by the end of the first year (fiscal 1999); 62 percent by the end of the second year; 69 percent by the end of the third year; and 79 percent by end of the fourth year (fiscal 2002). Prior experience has shown that if a recommendation has not been implemented within 4 years, it is not likely to be implemented.

*Data sources:* GAO's document database records recommendations as they are issued. As GAO's staff monitors implementation, they submit updated information to the database. GAO reports annually to the Congress on recommendations that have not been implemented and maintains a publicly available database of open recommendations, which is updated daily.

*Verification and validation:* The database of GAO's recommendations is maintained by the staff of an external contractor, who review all GAO products distributed through a formal process to identify all recommendations made and then enter them into a database.

Policies and procedures specify that staff must verify, with sufficient supporting documentation, that an agency's reported actions are adequately being implemented. Our staff may interview agency officials, obtain agency documents, access agency databases, or obtain information from the agency's Office of the Inspector General.

GAO staff update the status of the recommendations on a periodic basis. Recommendations that are reported as implemented are reviewed by the senior executive in charge of the unit and by

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QCI. Summary data are provided to the units that issued the recommendations. The units check the data regularly to make sure the recommendations they have reported as implemented have been accurately recorded.

*Data limitations:* Affected agencies and GAO sometimes differ on a recommendation's status. For example, agencies may report actions in response to our recommendations, but we may determine that these actions are insufficient or do not adequately implement our recommendations. In these cases, recommendations are recorded as not implemented even though the agency has proposed or taken some actions.

## New Recommendations Made and New Products with Recommendations

*Background and context:* GAO makes recommendations that specify actions that can be taken to improve federal operations or programs. We strive for recommendations that are directed at resolving the cause of identified problems; that are addressed to parties who have the authority to act; and that are specific, feasible, and cost-effective.

We track the number of recommendations made and the percentage of our written products that contain recommendations. The latter indicator recognizes that the number of recommendations alone is not necessarily a predictor of effect. For example, a product with a single recommendation can help bring about significant financial or other benefits. Together, these two measures provide a picture of the extent to which we are providing decision makers with information that will help improve government.

*Data sources:* GAO's document database records recommendations as they are issued.

*Verification and validation:* Through a formal process, an external contractor reviews all GAO products distributed, prepares summaries that identify products containing recommendations, and verifies this information through our recommendation follow-up system.

GAO managers are provided with reports on the recommendations being tracked to help ensure that all recommendations have been captured and that each recommendation has been completely and accurately stated.

*Data limitations:* These measures are a conservative estimate of the extent to which GAO assists the Congress and federal agencies because not all products and services we provide lead to recommendations. For example, the Congress may request information on federal programs that is purely descriptive or analytical and does not lend itself to recommendations.

## Testimonies

*Background and context:* The Congress may request that GAO testify at hearings on various issues. Testimony is one of our most important forms of communication with the Congress, and

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the number of hearings at which we testify reflects the importance and value of our institutional knowledge in assisting congressional decision making.

*Data sources:* The data on hearings at which GAO testified are compiled in our congressional hearing system.

*Verification and validation:* The units responding to requests for testimony are responsible for entering data in GAO's congressional hearing system. After a GAO witness has testified at a hearing, GAO's Congressional Relations office verifies that the data in the system are correct and records the hearing as one at which we testified. Congressional Relations provides weekly status reports to unit managers, who check to make sure the data are complete and accurate.

*Data limitations:* The measure may be influenced by factors other than the quality of GAO's performance in any specific year. The number of hearings held each year depends on the Congress's agenda, and the number of times GAO is asked to testify may reflect congressional interest in work completed that year, the previous year, or work in progress. The number of testimonies actually provided by GAO witnesses may be understated because we count statements from multiple GAO witnesses at a hearing as a single testimony.

## Timeliness

*Background and context:* The likelihood that GAO's products will be used is enhanced if they are delivered when needed to support congressional and agency decision making. To determine whether GAO's products are timely, we measure the proportion of our products that are issued by the dates agreed to with our clients or, for our research and development (R&D) work, by the dates agreed to internally. We have made several improvements to clarify our guidance and controls covering our timeliness measure. We clarified the criteria for changing target dates. Initial target dates may be changed because the scope of an assignment is changed by its congressional requesters or, in the case of R&D work, by GAO's senior leadership. Target dates may also change because of external factors beyond GAO's control. In addition, senior executives are responsible for approving any changes and ensuring that the changes are clearly documented.

*Data sources:* The data supporting this measure are from GAO's Mission and Assignment Tracking System, which is used to monitor our progress on assignments.

*Verification and validation:* GAO staff enter the data supporting this measure into our Mission and Assignment Tracking System. Aggregate and assignment-specific timeliness data are given to units monthly. Their staff advise of any anomalies. When an assignment is completed, data on its target and completion dates are reported to the project manager, who reviews and signs the report to confirm its accuracy.

*Data limitations:* We measure the timeliness of most external products. A small percentage of our products—staff studies and guidance, for example—that are not part of our main product lines are excluded.

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## 2-Year Qualitative Performance Goals

*Background and context:* Assessing the extent to which we achieve 2-year qualitative performance goals helps focus our efforts on issues of critical importance and provides a tool for holding ourselves accountable for the resources the Congress provides. For each performance goal, we identify the key efforts that must be addressed if we are to achieve the goal. At the start of fiscal 2004, GAO will be initiating a new 2-year cycle and will evaluate the agency's progress toward the cycle's performance goals at the conclusion of fiscal 2005. We also plan to institute revised assessment criteria for these performance goals.

In the past, to determine whether a performance goal was met, the responsible GAO manager assessing performance under one of the agency's external strategic goals, that is, strategic goals 1, 2, or 3—which focus on supporting the Congress and improving the federal government—had to document that GAO had issued reports and recommendations under at least 75 percent of a performance goal's key efforts in order for the performance goal to be considered “met.” To assess performance under the fiscal 2004-2005 performance goals, we will supplement the criteria to better reflect the full range of GAO's work, not just the issuance of reports and recommendations. Under strategic goal 4—which focuses on improving GAO—a performance goal has been and will continue to be considered met if the agency completed at least 75 percent of the goal's key efforts.

*Data source:* The data supporting this measure are from GAO managers' assessments, which are supported by documentation, of work completed under performance goals' key efforts. For performance goals under strategic goals 1, 2, and 3, the supporting documentation comes from our automated Mission and Assignment Tracking System and document database. For performance goals under strategic goal 4, the supporting documentation comes from reports produced by the managers responsible for each key effort.

*Verification and validation:* We consult with our congressional clients and other outside experts in setting our 2-year performance goals. As mentioned above, in the past, the assessment of each 2-year performance goal under strategic goals 1, 2, and 3 was supported by documentation showing, by key effort, the number of reports issued and recommendations made during the assessment period. QCI will provide information to GAO's managers several times a year so that they could check its accuracy. For the fiscal 2004-2005 goals, however, we will establish new criteria. These criteria will be developed in tandem with the update of GAO's strategic plan currently in progress and will be reported fully in our revised final performance plan for fiscal 2004. The assessment of the performance goals under strategic goal 4 will be supported, as in the past, by documentation showing the work completed under each key effort. QCI will review the assessments and supporting documentation for all performance goals to ensure that criteria are consistently applied and that requirements are met.

*Data limitations:* Professional judgment must be applied when assessing the work done under each performance goal and when reviewing those assessments.

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## *Appendix:*

# *Information Security Plan*

GAO is implementing an information security program that is consistent with requirements in the Government Information Security Reform Act and the Federal Information Security Management Act (which was included in the E-Government Act of 2002 and is commonly known as “FISMA”). Although GAO is not obligated by law to comply with either act, we have in principle followed their security requirements to help ensure that GAO establishes an effective information security program and to help fulfill our goal of being a model federal agency.

To assess the status of GAO’s information security program, we considered the results of internal reviews by program offices and security staff, independent evaluations of our major financial applications by a public accounting firm, and testing of information technology (IT) controls for our general support system by GAO’s IT auditors, who are independent of GAO’s IT support function. These reviews and evaluations identified no material weaknesses in GAO’s financial applications or general support system. They also showed that GAO is making substantial progress in implementing information security requirements consistent with FISRA through its efforts to—

- implement a risk-based, agencywide security program;
- develop essential policies and reporting mechanisms to ensure that GAO’s program managers, the Chief Information Officer, and the Comptroller General implement and maintain security requirements;
- provide security training and awareness;
- enhance the agency’s capability to respond to computer security incidents;
- integrate security into GAO’s capital investment control process;
- identify GAO’s critical assets within our enterprise architecture;
- ensure the security of services provided by a contractor or another agency;
- develop and implement an enterprise disaster recovery solution; and
- implement secure wireless computing technology.



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In addition, GAO continues to provide separate funding for IT security initiatives and training to upgrade the skills of our IT security staff. GAO augments its security staff through contractor support, as necessary.

Along with indicating our progress, the reviews and evaluations also identified areas needing improvement. GAO is taking corrective action for these areas and, in particular, has undertaken several projects that will significantly improve our information security program during fiscal 2004. Among these projects are the following:

- *Host-based intrusion detection*—GAO has loaded host-based intrusion detection software to protect many of its internal servers during fiscal 2003, already having loaded it on its external servers. We will continue to apply this technology to our servers in fiscal 2004 as needed and to add complementary tools. These tools will facilitate the early detection of and response to any suspicious activity and identify trends that can help us to enhance our security architecture.
- *Strong user authentication*—During fiscal 2003, we have delivered a strong (two-factor) authentication system to virtually all of GAO's staff who access GAO's general support system. The strong user authentication system combines a personal identification number that staff select with a multidigit code that changes randomly every 60 seconds on each person's unique handheld authentication device. This system provides a high degree of certainty that each user accessing GAO's general support system is legitimate. We are currently working to extend this technology to implement a single sign-on for GAO staff, allowing them access to various computing resources without repeated log-ins. By fiscal 2004, we will have extended this technology to all of GAO's remote access and internal wireless links.
- *IT disaster recovery*—We have been continually refining our disaster recovery plan and conducted some limited testing exercises during fiscal 2003 to ensure the viability of the plan. We are strategically positioning critical backup computing assets at a remote location and have established essential telecommunications links for GAO's client-server-based systems. In addition, we are implementing a new network storage technology that we expect to integrate into our disaster recovery infrastructure during fiscal 2004.
- *Secure wireless computing*—We are establishing an encrypted wireless subnetwork within the GAO building allowing the GAO staff certain flexibilities when using portable computing equipment in conference, team, and training rooms and in accessing GAO's network. This technology will deploy the latest in security features that are designed to prevent unauthorized access into it. We plan to have most of the secure wireless nodes in place and operating by fiscal 2004.



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# *Abbreviations and Acronyms*

AIDS	acquired immunodeficiency syndrome
DHS	Department of Homeland Security
DOD	Department of Defense
FISMA	Federal Information Security Management Act
FTE	full-time equivalent [personnel]
GAO	General Accounting Office
INTOSAI	International Organization of Supreme Audit Institutions
IRS	Internal Revenue Service
IT	information technology
QCI	Quality and Continuous Improvement
R&D	research and development
VA	Department of Veterans Affairs

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# www.gao.gov

This plan and related GAO publications, including the agency's current strategic plan and the most recent performance and accountability report are available free of charge through GAO's Web site at [www.gao.gov/sp.html](http://www.gao.gov/sp.html).

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