



Highlights of [GAO-04-117T](#), a testimony before the Subcommittee on Government Efficiency and Financial Management, Committee on Government Reform, House of Representatives

Why GAO Did This Study

On the 25th anniversary of passage of the Inspector General (IG) Act, the Subcommittee sought GAO's views on the role of the IGs in providing independent oversight within federal agencies and to discuss the new and continuing challenges faced by government performance and accountability professionals.

What GAO Recommends

In order to enhance the effectiveness of federal accountability professionals, Congress may wish to consider establishing, through statute, a small group of designated federal accountability officials, such as representatives from GAO and IG councils, to develop and implement a periodic strategic planning and ongoing coordination process for the manner in which GAO and IG work will be focused to provide oversight to high-risk areas and significant management challenges across government, while leveraging each other's work and minimizing duplication.

Congress may also want to consider enacting legislation making agencies responsible for paying the cost of their financial statement audits.

Congress may also wish to consider restructuring the IGs, which would include elevating certain IGs to presidential appointment and consolidating specific IG offices where benefits can be shown.

www.gao.gov/cgi-bin/getrpt?GAO-04-117T. To view the full product, click on the link above. For more information, contact Jeanette Franzel at (202) 512-9406 or franzelj@gao.gov.

INSPECTORS GENERAL

Enhancing Federal Accountability

What GAO Found

The IGs have made a significant difference in federal performance and accountability during the past 25 years as indicated by their reports of billions of dollars in savings to the public and numerous civil and criminal referrals. They have earned a solid reputation for preventing and detecting fraud and abuse; promoting improvements in government operations; and providing helpful analyses on a host of governmentwide initiatives.

Notwithstanding the accomplishments of the past, our nation now faces new challenges that demand even more from government performance and accountability professionals. For example, we are fighting international terrorism while facing a large and growing structural deficit. In addition, recent corporate failures have shaken public confidence in financial reporting and accountability in the private sector. Federal auditors can learn important lessons from the accountability breakdowns in the private sector and the resulting legislation passed by Congress.

Closer strategic planning and ongoing coordination of audit efforts between GAO and the IGs would help to enhance the effectiveness and impact of work performed by federal auditors. Working together and in our respective areas of expertise in long-term challenges and agency-specific issues, GAO and the IGs can provide useful insights and constructive recommendations on a broad range of high-risk programs and significant management challenges across government.

A practical issue that has arisen is who pays the cost of agency financial statement audits. Many IGs have told us that the cost of agency financial audits has taken resources away from their traditional work. In the private sector, the cost of financial audits is a routine business expense borne by the entity being audited and represents a small percentage of total expenditures for the audited entity.

In a prior study, we considered the benefits of consolidating the smallest IG offices with those of presidentially appointed IGs and converting agency-appointed IGs to presidential appointment where their budgets were comparable. We believe that, if properly implemented, conversion or consolidation of IG offices could increase the overall independence, economy, efficiency, and effectiveness of IGs.