GAO

Major Management Challenges and Program Risks

A Governmentwide Perspective

GAO United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

January 1999

The President of the Senate
The Speaker of the House of Representatives

This report, which is part of a special series of reports entitled the Performance and Accountability Series: Major Management Challenges and Program Risks, discusses governmentwide challenges that must be addressed to improve the performance, management, and accountability of federal agencies. The other reports in this special series focus on the challenges confronting individual agencies. They collectively show that federal agencies face daunting, often long-standing challenges for achieving economy, efficiency, and effectiveness in the federal government's operations. The series also underscores the critical role that the principles of performance-based management can play in successfully providing the products, services, and results that taxpayers expect. These principles are contained in the Chief Financial Officers Act and related financial management legislation; the Government Performance and Results Act; and information technology reform legislation, including the Clinger-Cohen Act and Paperwork Reduction Act.

The performance and accountability series was done at the request of the Majority Leader of the House of Representatives, Dick Armey; the Chairman of the House Government Reform Committee, Dan Burton; the Chairman of the House Budget Committee, John Kasich;

the Chairman of the Senate Committee on Governmental Affairs, Fred Thompson; the Chairman of the Senate Budget Committee, Pete Domenici; and Senator Larry Craig. The series was subsequently cosponsored by the Ranking Minority Member of the House Government Reform Committee, Henry A. Waxman; the Ranking Minority Member, Subcommittee on Government Management, Information and Technology, House Government Reform Committee, Dennis J. Kucinich; Senator Joseph I. Lieberman; and Senator Carl Levin.

The performance and accountability series contains separate reports on 20 agencies—one on each of the cabinet departments and one each on most of the major independent agencies as well as the U.S. Postal Service. The challenges discussed in each of these reports are drawn from work that GAO has done in recent years at the request of the Congress. As a result, these reports are based on historical work; other management challenges and program risks may exist within the respective agencies. In addition, GAO is not issuing reports on independent agencies where it has not done sufficient recent work to assess major performance and management challenges. As a result, the reports are not intended to include all major management challenges and program risks within the federal government.

As a companion volume to this series, GAO is issuing a summary update to the list of government operations that its work has identified as "high risk" because of their greater vulnerabilities to waste, fraud, abuse, and

mismanagement. High-risk government operations are also identified and discussed in detail in the appropriate performance and accountability series agency reports.

This new performance and accountability series represents a complement to GAO's high-risk series, which began in 1990. An increasing amount of information is becoming available through the implementation of the performance-based management legislation that the Congress has enacted. This information makes it both possible and appropriate for GAO to periodically reassess the methodologies and criteria it uses to determine which operations, functions, and entities should be included in the performance and accountability series reports and those which should be identified as "high risk."

GAO plans to undertake a comprehensive review and reassessment of this area during 1999, employing matrix management and other concepts for use in our next report series, which is scheduled for 2001. In conducting this review and assessment, and consistent with our normal practices, we will consult with key stakeholders, including selected congressional and agency representatives, before completing our approach to the 2001 series.

Our review effort likely will result in new ways of determining and presenting major management challenges and program risks, especially in connection with selected functions (e.g., strategic planning, organizational alignment, human capital strategies, and

contract management) as well as at the overall department and agency level. This reassessment may also result in the consolidation of GAO's current high-risk series as an important component of an expanded performance and accountability series. The ultimate determination of what should be included in this series and what should be deemed to be "high risk" will continue to involve the independent, professional, and objective judgment of GAO professionals.

Copies of this report series are being sent to the President, the congressional leadership, all other Members of Congress, the Director of the Office of Management and Budget, and the heads of other major departments and agencies.

David M. Walker
Comptroller General
of the United States

Contents

Overview

As we approach the 21st century, American citizens are increasingly demanding improved government services and better stewardship of public resources. Responding to these demands will require government decisionmakers to adopt new ways of thinking, consider different ways of achieving goals, and use new types of information to guide decisions. The federal government is adopting the principles of performance-based management in an effort to address these demands.

Performance-based management seeks to shift the focus of government performance and accountability away from a preoccupation with activities—such as grants or inspections—to a focus on the results or outcomes of those activities—such as real gains in safety, health, and living standards. Performance-based management systematically integrates thinking about organizational structures, program and service delivery strategies, the use of technology, and human capital practices into decisions about the results the government intends to achieve.

The Congress has put in place a statutory framework to instill performance-based management into federal agencies. This

framework includes the Chief Financial
Officers (CFO) Act and related financial
management legislation; information
technology reform legislation, including the
Clinger-Cohen Act of 1996 and the
Paperwork Reduction Act of 1995; and the
Government Performance and Results Act of
1993—commonly known as the "Results
Act." In developing this framework, the
Congress sought to create a more focused
and performance-based management and
decisionmaking process within the federal
government.

At the request of selected members of the
congressional leadership, we are issuing this
special report series, entitled Performance
and Accountability Series: Major
Management Challenges and Program Risks.
The series includes separate reports on the
challenges confronting 20 individual
agencies. This report draws from those
individual agency reports to discuss the
governmentwide challenges to
performance-based management and the
status of efforts needed to overcome those
challenges.

The Challenges

- Results Orientation
- Information Technology
- Financial Management
- Human Capital

Adopting a Results Orientation

Our work on federal performance and accountability issues, including our assessments of progress in implementing the Results Act, has found that many agencies continue to struggle with the basic tenets of performance-based management. The uneven pace of progress across the federal government is not surprising, because agencies still are in the early years of undertaking the changes that performance-based management entails. The challenges for federal agencies include (1) defining appropriate results-oriented goals and measures, (2) aligning organizations and programs in response to current and emerging demands, (3) rationalizing crosscutting federal program efforts, (4) creating performance-based intergovernmental partnerships, and (5) developing the capability to gather and use program performance information to make decisions.

Too often, the federal government's performance has been limited by a failure to manage on the basis of a clear understanding

of the results that agencies are to achieve and how performance will be gauged. The challenges at the Immigration and Naturalization Service (INS), the Internal Revenue Service (IRS), the Social Security Administration (SSA), and the Department of Veterans Affairs (VA) illustrate the importance of establishing results-oriented goals and performance measures and management and accountability systems to ensure that those goals and measures are used to make decisions.

Our work also has found that agencies' effectiveness has been undermined by outmoded organizational and program structures. Agencies such as the Department of Energy (DOE) need clearer lines of authority and accountability to better ensure public health and safety, and agencies such as the Department of Agriculture (USDA) and the Department of Defense (DOD) need to streamline organizational structures to better meet agency missions and conserve resources. For example, the end of the Cold War provides DOD with the opportunity to reduce the size and cost of its infrastructure and thereby free up resources for other priorities, including modernizing its forces and maintaining high levels of readiness. Through the base closure process, DOD has

been able to identify and reduce excess capacity. While these actions have been taken, the majority of them have been within the separate military services and considerable duplicative capacity remains across DOD.

Organizational issues also are of concern in program areas where responsibilities are shared among two or more agencies. As shown in table 1, our work involving over 30 program areas across the government has repeatedly shown that mission fragmentation and program overlap are widespread and that crosscutting federal program efforts are not well coordinated. In program area after program area, we have found that unfocused and uncoordinated crosscutting programs waste scarce funds, confuse and frustrate taxpayers and other program customers, and limit overall program effectiveness.

Table 1: Areas of Fragmentation and Overlap Discussed in GAO Products

Mission areas	Programs
Agriculture	• Food safety
Commerce and housing credit	• Financial institution regulation
Community and regional development	• Community development • Economic development • Emergency preparedness • Housing • Rural development
Education, training, employment and social services	• Early childhood programs • Employment training • Student aid
General science, space, and technology	• High performance computing • National laboratories • Research and development facilities • Small business innovation research
General government	• Federal statistical agencies
Health	• Long-term care • Substance abuse • Nuclear health and safety • Telemedicine
Income security	• Child care • Welfare and related programs • Youth programs
International affairs	• Educational programs • Policy formulation and implementation

(continued)

Mission areas	Programs
Law enforcement	• Border inspections • Drug control • Investigative authority • Drug trafficking • Combating terrorism
Natural resources and environment	• Federal land management • International environmental programs • Hazardous waste cleanup • Water quality

Crosscutting programs in food safety, combating terrorism, and federal land management are but three examples of the many crosscutting areas where better coordination among federal agencies is clearly needed. For example, the fragmented federal approach to ensure the safety and quality of the nation's food—where as many as 12 different agencies administer over 35 different laws overseeing food safety—is inefficient and hinders the government's efforts to efficiently and effectively protect consumers from unsafe food. Estimates of foodborne illness range widely, from 6.5 million to 81 million cases annually, and cause between 500 to 9,100 related deaths each year. Also, estimates of the cost of medical treatment and productivity losses associated with these illnesses and deaths range from $6.6 billion to $37.1 billion.

Another aspect of performance-based management involves having federal agencies work with their state partners to instill similar approaches in the management of intergovernmental programs. Under these efforts, the federal government and the states seek agreement on the results to be achieved, focus accountability within the intergovernmental system on those agreed-upon results, and provide states with the flexibility needed to achieve their results. These partnerships can be particularly important today when services traditionally provided by the federal government are increasingly being provided by state and local governments in partnership with the federal government. The Environmental Protection Agency (EPA) and the Department of Health and Human Services (HHS) are two examples of agencies that have such partnership efforts under way.

As federal agencies become increasingly performance-based, they will need new types of information—results-oriented information—that is different from that which has traditionally been collected by federal agencies. The challenge confronting federal agencies is to obtain timely and reliable results-oriented performance information and to ensure that program evaluations are undertaken that allow for the

informed use of that information. The situations at EPA, HHS, INS, and the Department of Labor represent typical examples of the challenges in developing results-oriented information that the government as a whole confronts.

For example, state water quality reports required by the Clean Water Act are a key source of information for measuring progress in cleaning up the nation's lakes, rivers, and streams. However, EPA has found that the wealth of environmental data EPA and states collect are often difficult to compile in a meaningful way. Inconsistencies in water quality assessments that are due to states using methodologies that differ make it difficult for EPA to aggregate the data. Therefore, using information from various sources presents a challenge when attempting to conclusively determine whether the quality of rivers, lakes, and streams is getting better or worse over time.

Effectively Using Information Technology to Achieve Program Results

Like most organizations, federal agencies increasingly depend on information technology to improve their performance and meet mission goals. As detailed in our High-Risk Series: An Update report that is

accompanying the performance and accountability series, satisfactorily resolving the Year 2000 date conversion problem and information security concerns pose enormous challenges for agencies. More generally, the federal government spends billions of dollars each year on information technology. The return on investment from much of this spending has been disappointing—in some cases, virtually nonexistent—and has often resulted in projects with huge cost overruns and limited improvements in performance.

The challenge for agencies, therefore, is to ensure that modern information technology management practices are consistently defined and properly implemented. These practices help to ensure that information technology dollars are directed toward prudent investments that achieve cost savings, increase productivity, and improve the timeliness and quality of service delivery. Constructive changes are occurring in this regard. For example, federal policies and guidance are being updated to align with the information technology management principles established in the Clinger-Cohen Act. In addition, several agencies are implementing new information technology

management approaches that are in line with legislative reforms.

While progress is being made in designing and implementing information technology investment management strategies, current federal practices fall short of the statutory expectations. Recent reviews we have conducted in numerous federal agencies raise particular concerns about

- fundamental weaknesses in the way information technology investment decisions are made, including (1) a lack of clarity about how these investments are being or will be used to improve performance or help achieve specific agency goals and (2) incomplete data on which to base informed decisions;
- slow progress in designing and implementing information technology architectures before proceeding with massive system modernization efforts;
- inadequate or immature software development, cost estimation, and systems acquisition practices; and
- the need to build effective chief information officer leadership and organizations.

Establishing Financial Management Capabilities That Effectively Support Decisionmaking and Accountability

Federal decisionmakers must have reliable and timely performance and financial information to ensure adequate accountability, manage for results, and make timely and well-informed judgments. However, historically such information has not been routinely available across government. The combination of reforms ushered in by the Results Act and the CFO Act will, if successfully implemented, systematically fill this void and generate the necessary foundation to effectively manage and run performance-based organizations.

The CFO Act sets expectations for agencies to develop and deploy more modern financial management systems, to routinely produce sound cost and performance information, and to develop results-oriented reports on the government's financial condition by integrating budget, accounting, and program information. The challenge for agencies is to fully meet the ambitious yet important expectations set by the CFO Act. Toward that end, all 24 agencies covered by the CFO Act have been preparing annual audited financial statements beginning with fiscal year 1996. Eleven of these agencies received unqualified audit opinions for fiscal year 1997—up from 6 for fiscal year 1996. Table 2

shows the audit opinions received by all 24 CFO Act agencies for fiscal year 1997.

Table 2: The 24 CFO Act Agencies' Fiscal Year 1997 Financial Statement Audit Opinions

Opinions	Agencies
Unqualified audit opinions	• Department of Education • Department of Energy • Department of Interior • Department of Labor • Department of State • Environmental Protection Agency • General Services Administration • National Aeronautics & Space Administration • Nuclear Regulatory Commission • Small Business Administration • Social Security Administration
Qualified audit opinions	• Health & Human Services • Housing & Urban Development • Veterans Affairs • National Science Foundation
Disclaimers	• Department of Agriculture • Department of Commerce • Department of Defense • Department of Justice • Department of Transportation • Agency for International Development
Other	• Treasury received an unqualified opinion on its administrative financial statements and a qualified opinion on its custodial schedules. • Federal Emergency Management Agency received an unqualified opinion on a financial statement for a part of the agency. Financial statements were not prepared for the whole agency. • Office of Personnel Management's Retirement Fund and Life Insurance Fund received unqualified opinions; revolving funds, health benefits, and salaries and expenses received disclaimers.

At the same time, major challenges must be overcome, both at the agency level and for the U.S. government as a whole in preparing reliable financial statements. The most serious challenges are framed by the results of our first-ever audit of the government's consolidated financial statements for fiscal year 1997; deficiencies in the statements prevented us from being able to form an opinion on their reliability. In summary, these deficiencies were significant: widespread financial system weaknesses; problems with fundamental recordkeeping; incomplete documentation; and weak internal controls—including computer controls. These deficiencies prevented the government from accurately reporting a large portion of its assets, liabilities, and costs. These deficiencies also affected the reliability of the consolidated financial statements and undermined agencies' ability to (1) accurately measure the full cost and financial performance of programs and (2) effectively and efficiently oversee and safeguard federal assets and manage operations.

Building, Maintaining, and Marshaling the Human Capital Needed to Achieve Results

Leading performance-based organizations understand that effectively managing the organization's employees—or human capital—is essential to achieving results. Only when the right employees are on board and provided the training, tools, structure, incentives, and accountability to work effectively is organizational success possible. Thus, human capital planning must be an integral part of an organization's strategic and program planning; human capital itself should be thought of not as a cost to be minimized but as an asset to be enhanced.

The challenge—and opportunity—confronting federal agencies as they seek to become more performance-based is to align their human capital policies and practices with their program goals and strategies. For example, the continuing difficulties that the Department of Housing and Urban Development (HUD) has had in planning for and effectively using its human capital are among the most pressing challenges the agency faces. One of HUD's 2020 Management Reform Plan's goals was to reduce staffing from about 10,500 to 7,500 by 2002. However, we found that HUD's target levels were not based on a systematic analysis of

how many staff it needed to carry out a given responsibility or function. This weakness in HUD's human capital planning is particularly troubling because, in the past, not having enough staff with the necessary skills has limited HUD's ability to perform essential functions, such as monitoring multibillion dollar federal programs.

Human capital will become an increasingly prominent issue for the federal government as agencies implement the performance-based management agenda established by the Congress in the 1990s. Whereas financial management, information technology management, and results-oriented goal setting and performance measurement have all been the subject of major reform legislation this decade, no consensus has emerged on the fundamental structural or policy changes that may be needed to better align the federal government's human capital approaches with the new performance-based management and accountability framework.

This is especially true in connection with linking agencies' strategic plans with their performance measurement and individual reward systems. Ultimately, human capital reforms (for example, changes to the civil

service system) will be necessary in order to fully realize the benefits which can be gained through a well-defined performance-based management and accountability framework. In that regard, we will collaborate with the Congress to develop a body of work that helps to define the guiding principles and best practices for federal human capital issues.

Progress and Next Steps

- Leadership in the Agencies
- Central Management Agencies' Roles
- Information for Congressional Decisionmaking

Across the federal government, agencies have been making real, although difficult, progress over the last few years in implementing performance-based management. These efforts have confirmed that fundamental improvements in management and results are possible when an organization undertakes a disciplined approach to implementing the performance-based management principles embodied in the congressional framework. While every agency we have examined has made progress in becoming more performance-based, the pace and degree of

that progress has been uneven across agencies. A primary difference in the rate of progress is the degree of attention, visibility, and commitment that top agency leadership gives this area. As the reports included in our performance and accountability series demonstrate, a great deal of hard and sustained work remains to be done. The steps that individual agencies need to take in response to their particular challenges are detailed in the respective individual agency reports.

On a governmentwide basis, agencies must ensure that the statutory framework the Congress established is effectively implemented. More generally, agencies need to recognize that implementing performance-based management is not a one-time occurrence but must become the routine basis for how agencies do business and respond to current and emerging challenges. Ultimately, performance-based management should become an integral part of an agency's culture. The transition process must include proven "change management" approaches to be successful and sustained. Top management within agencies must provide the consistent leadership necessary to direct the needed management changes and to ensure that

momentum is maintained. The Office of Management and Budget (OMB) can build on the initiatives it already has taken and continue to reinforce agencies' efforts by using program performance and cost information to help guide its decisions and by assisting and overseeing agencies' efforts.

We have long advocated that congressional committees of jurisdiction hold augmented oversight hearings on each of the major agencies at least once each Congress and preferably on an annual basis. Information on the linkages among plans, programs, budgets, and performance results—which should become available as agencies' implementation of performance-based management moves forward—could provide a consistent starting point for each of these hearings. Congressional use of results-oriented program performance and cost information in its decisionmaking about federal policies and programs will also spur agencies' efforts to implement the statutory framework by sending the unmistakable message to the agencies that the Congress remains serious about performance-based management and accountability.

Major Performance and Management Challenges

As we approach the 21st century, government decisionmakers and managers in various democracies around the world are confronting strikingly similar challenges to public management and service delivery. Although the specific circumstances vary, these governments are responding to citizens who expect public sector organizations to be significantly more effective without increases in spending.

At the same time, decisionmakers and managers are finding that achieving results on public issues, such as promoting economic development, ensuring economic security, protecting the environment, and securing their nation's borders, increasingly requires coordinated responses from numerous public and private entities. This growing awareness of the interconnection of vital public issues is being driven in part by the intractable nature of the social and policy problems that governments confront, the globalization of national economies, and the rapid growth in communication and information flows made possible by the increasing use of technology.

Faced with these challenges, foreign governments—and state and local governments here in the United

States—have recognized that the traditional
ways of doing the public's business are
becoming less effective in meeting current
and emerging demands. In response, these
governments have implemented major public
sector management reform initiatives.[1] While
these initiatives have been crafted in
response to different needs, political
environments, and cultures, the reform
initiatives are taking a generally consistent
direction. Performance-based management,
the unifying theme of these reform
initiatives, seeks to shift the focus of
government performance and accountability
away from a preoccupation with
activities—such as grants or inspections—to
a focus on the results of those
activities—such as real gains in safety,
health, and living standards.

Defining performance and accountability in
such terms requires a management
orientation that moves beyond what
government can largely control—the
activities it undertakes—to an orientation
that is more concerned with what
government merely
influences—results—and how best to

---

[1]Managing for Results: Experiences Abroad Suggest Insights for
Federal Management Reforms (GAO/GGD-95-120, May 2, 1995) and
Managing for Results: State Experiences Provide Insights for
Federal Management Reforms (GAO/GGD-95-22, Dec. 21, 1994).

achieve those results.[2] Such an approach to public management also systematically integrates thinking about organizational structures, program and service delivery strategies, the use of technology, financial management, and human capital policies and practices into decisions about the results that the organization intends to achieve.

At the federal level, the Congress has put in place a statutory framework to instill such a performance-based approach into the management of federal agencies. This framework includes the Chief Financial Officers (CFO) Act and related financial management legislation; information technology reform legislation, including the Clinger-Cohen Act of 1996 and the Paperwork Reduction Act (PRA) of 1995; and the Government Performance and Results Act of 1993—commonly known as the "Results Act."[3]

In enacting this framework, the Congress sought to create a more focused, performance-based management and decisionmaking process within both the

---

[2]Managing for Results: Measuring Program Results That Are Under Limited Federal Control (GAO/GGD-99-16, Dec. 11, 1998).

[3]Managing for Results: The Statutory Framework for Performance-Based Management and Accountability (GAO/GGD/AIMD-98-52, Jan. 28, 1998).

Congress and the executive branch. This
statutory framework provides the basis for
developing fully integrated information
about agencies' missions and strategic
priorities, results-oriented goals that flow
from those priorities, performance data to
show progress in achieving those goals, the
relationship of information technology
investments to the achievement of
performance goals, and accurate and audited
financial information about the costs of
achieving results.

As a result of agencies' implementation of
this framework, a tremendous amount of
new information is being generated—from
agency plans that are produced under the
Results Act and audited financial statements
produced under the financial management
reform legislation—that had not been
available on a consistent, governmentwide
basis in the past. This new information is
providing deeper understandings of the
performance and management challenges
confronting each agency and helping to
target program areas needing the most
attention.[4] As described in this report and
evidenced throughout our performance and
accountability series, the federal government
as a whole also confronts a number of major

[4]Managing for Results: Using GPRA to Assist Congressional and
Executive Branch Decisionmaking (GAO/T-GGD-97-43, Feb. 12,
1997).

challenges to improving governmentwide performance and management. These governmentwide performance and management challenges include:

- Results Orientation
- Information Technology
- Financial Management
- Human Capital

The current statutory framework provides most of the fundamental building blocks for agencies to address these challenges and become more performance-based. Over the last several years, we have issued a large number of reports, guides, and other products aimed at helping to show the Congress and agencies how they can use the performance-based management principles embodied in the statutory framework to guide decisionmaking.[5] A central theme of that work has been that an integrated implementation of the statutory requirements is essential if agency managers, the Congress, and other decisionmakers are to find the framework useful.

---

[5]See "Related GAO Products" at the end of this report for a list of our reports, guides, and other products.

The improved performance and decisionmaking that the Congress expects will not occur simply because, for example, an agency issues a strategic plan or financial statement. Rather, performance and decisionmaking are improved when agency managers and congressional and other decisionmakers use the information in those documents and the performance-based management processes that underpin them.

Adopting a Results Orientation

• Defining Results-Oriented Goals and Measures
• Aligning Organizations and Programs in Response to Current and Emerging Demands
• Rationalizing Crosscutting Federal Program Efforts
• Creating Performance-Based Intergovernmental Partnerships
• Developing the Capability to Gather and Use Program Performance Information to Make Decisions

The cornerstone of federal efforts to successfully meet current and emerging public demands is the adoption of a results orientation—a clear sense of what results the agency wants to achieve, how the organization is aligned to achieve results, how it will measure progress toward those results, how those results will be achieved, what data will be gathered to support decisionmaking, and what incentives and

accountability mechanisms will be used to help ensure success. Under the Results Act, multiyear strategic plans and annual performance plans are the primary vehicles for agencies to use in adopting this results orientation and clearly communicating their strategic vision and results to the Congress and other decisionmakers. Agencies' first strategic plans, covering at least 5 years, were issued by September 30, 1997. Building on these strategic plans, the first annual performance plans were developed for fiscal year 1999, which began October 1, 1998.

Our work on federal performance and accountability issues, including assessing progress in implementing the Results Act, has found that many agencies continue to struggle to implement the basic tenets of performance-based management.[6] The uneven pace of progress across the federal government is not surprising because agencies still are in the early years of undertaking the changes that performance-based management entails.

---

[6]The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven GAO/GGD-97-109, June 2, 1997 and Managing for Results: Prospects for Effective Implementation of the Government Performance and Results Act (GAO/T-GGD-97-113, June 3, 1997).

The challenge for federal agencies is to make significant progress in several areas, including (1) defining results-oriented goals and measures, (2) aligning organizations and programs in response to current and emerging demands, (3) rationalizing crosscutting federal program efforts, (4) creating performance-based intergovernmental partnerships, and (5) developing the capability to gather and use results-oriented performance information to make decisions. The Results Act provides agencies with a mechanism to establish and continuously refine and update their results orientation. Moreover, as will be discussed below, successfully addressing these challenges will require agencies to make progress in meeting human capital issues, in particular implementing incentive and accountability mechanisms.

Defining Results-Oriented Goals and Measures

Too often, the federal government's performance has been limited by a failure to manage on the basis of a clear understanding of the results agencies are to achieve and how performance will be gauged.[7] These understandings are vital because federal programs are designed and implemented in

---

[7]GAO/T-GGD-97-43, Feb. 12, 1997 and Managing for Results: Steps for Strengthening Federal Management (GAO/T-GGD/AIMD-95-158, May 9, 1995).

dynamic environments where competing program priorities and stakeholders' needs must continuously be balanced and new needs must be addressed. The challenges at the Immigration and Naturalization Service (INS), the Internal Revenue Service (IRS), the Social Security Administration (SSA), and the Department of Veterans Affairs (VA) show the importance—and the difficulty, in many cases—of establishing a set of goals and performance measures that cover the variety of results that agencies are expected to achieve.

INS has come under severe criticism for the difficulty it has had in carrying out two of its core missions. On the one hand, INS is to enforce laws to prevent aliens from entering the country illegally, and on the other hand, it is to provide services and benefits to legal immigrants. The Commission on Immigration Reform and other organizations have concluded that INS has achieved only limited success in both its enforcement and services and benefits missions, in part because of "mission overload."

As a part of its enforcement mission, INS is to remove deportable criminal aliens from this country. However, we found that INS failed to identify nearly 2,000 potentially deportable

aliens who were released from prison between January 1 and June 30, 1997. These criminal aliens were released into U.S. communities without INS having determined whether they posed a risk to public safety. Hundreds of these criminal aliens were aggravated felons who, by law, should have been placed in removal proceedings while in prison and taken into INS custody upon release; some were subsequently rearrested for new crimes, including felonies.

As part of its services and benefits mission, INS is to facilitate the processing of aliens' applications for citizenship. However, INS has had problems in providing these services and benefits. In order to become a naturalized citizen, aliens must meet certain requirements, such as being of good moral character. We have reported that INS' failure to conduct complete criminal history checks on all applicants before granting citizenship resulted in individuals with felony convictions improperly becoming naturalized.

Similarly, IRS has been criticized for not successfully balancing two key priorities: revenue collection and the fair and respectful treatment of taxpayers. After a series of well-publicized hearings

highlighting cases of reported taxpayer abuse, the Congress passed the IRS Restructuring and Reform Act of 1998, and the Commissioner of Internal Revenue began implementing a multiyear plan for the agency aimed at improving customer service.

IRS' traditional performance goals and measures, such as amounts collected from taxpayers, had created incentives to maximize enforcement results. They did not create sufficient incentives to ensure that taxpayers received fair treatment. Under proposed changes, IRS plans to emphasize identifying, as promptly as possible, taxpayers who may have compliance problems and then addressing the particular problems of those taxpayers. This more customer-oriented approach is intended to help both the taxpayer and IRS by minimizing the need for subsequent enforcement actions.

SSA provides an additional illustration of the need for agencies to focus their efforts on the full range of expected results. We have found that for its disability programs—the Disability Insurance (DI) program and the Supplemental Security Income (SSI) program—SSA has emphasized improving processes for quickly determining eligibility

and moving the eligible claimants onto the disability rolls. Although progress in this area is vitally important to improving the well-being of eligible individuals and their families, SSA has not put the emphasis on the equally important need to help individuals return to work and move off of the disability rolls.

The Social Security Act calls for rehabilitating benefit applicants to the maximum extent possible. Further, helping individuals return to work is especially appropriate now when each day seems to bring fresh reports of technological and medical advances leading to new opportunities for persons with disabilities to return to work.

Advances in the management of disabilities, such as computer-aided prosthetic devices that return some functioning to the physically impaired, have helped reduce the severity of the functional loss caused by some disabilities. Electronic communications and assisting technologies, such as synthetic voice systems, standing wheelchairs, and modified automobiles and vans, have also given people with certain types of disabilities more independence and potential to work. Moreover, society's

awareness of the important contributions that people with disabilities can make in the workplace has grown in recent years. This awareness is reflected in part by the enactment of the Americans With Disabilities Act, which has among its core principles the premise that many people with disabilities can work.

Despite the technological, medical, and social advances, not more than 1 in 500 DI beneficiaries and few SSI beneficiaries have left SSA's disability rolls to return to work. SSA has recognized the need to expand its efforts to place greater priority on helping individuals return to work and has efforts under way in this regard. However, additional steps, such as providing return-to-work assistance earlier in the eligibility process, are needed to strengthen SSA's efforts.

VA is one of a large number of agencies that, in response to emerging citizen needs and new opportunities, is making major changes in how it defines its role, the results it wants to achieve, and the performance measures it will use to gauge progress in achieving those results. Over the past 3 years, VA has introduced initiatives to fundamentally change the way it manages its approximately

$18 billion health care system. In particular, VA is shifting the way it delivers health care services from an episodic, predominantly inpatient-based model to a system of primary, outpatient, and preventive care. However, as VA makes this difficult and important change in how it defines its role, it must develop, implement, and use more results-oriented performance measures that focus on the health status of veterans as the overall indicators of its effectiveness.

Traditionally, VA defined its success and measured its progress based on health care delivery measures, such as the number of hospital beds in use, the number of patients served, and the number of patients receiving certain diagnostic tests. Although these measures can provide useful information for managing VA's programs, they provide little perspective on the relationships between VA's services and the health and well-being of veterans—the key result that veterans and their families care about and an overriding focus of the VA reform efforts.

Aligning
Organizations and
Programs in
Response to Current
and Emerging
Demands

Our work has frequently found that ineffective and outmoded organizational and program structures have undermined agencies' effectiveness.[8] Moreover, agencies have been slow in responding to changes in stakeholders' expectations; technological developments; and social, political, and demographic trends. The organizational challenges that agencies such as the Department of Energy (DOE), the Department of Agriculture (USDA) and the Department of Defense (DOD) confront range from the need for clearer lines of authority and accountability to streamlining organizational structures in response to changing circumstances. Although each agency must craft a specific organizational solution in response to its own needs and situation, these agencies share a challenge common to all federal agencies as they seek to become more performance-based—the ongoing need to ensure that organizational structures and program approaches are in place to efficiently support the accomplishment of mission-related goals.

In a series of reports starting in 1981, we found that DOE's organizational structure has neither clear lines of authority nor clear

---

[8]Managing for Results: Status of the Government Performance and Results Act (GAO/T-GGD-95-193, June 27, 1995) and Government Management Issues (GAO/OCG-93-3TR, Dec. 1992).

definitions of roles and responsibilities. DOE's organization includes 12 headquarters program offices; 10 major field offices, with many smaller offices located near DOE's facilities; and over 50 major facilities owned by the government and operated by DOE's contractors. Contractors receive policy guidance from different program offices but are managed and evaluated by field offices that are not accountable to the program offices.

A more effective organization of its offices and facilities could assist DOE in obtaining the performance and accountability it needs from its contractors. For example, in 1997, we found that weaknesses in DOE's organizational structure prevented adequate control over leaks of tritium (a radioactive element) into groundwater from a research reactor at the Brookhaven National Laboratory on Long Island, New York. These leaks went undetected for many years and then remained uncorrected for several more years because the contractor assigned a low priority to them, despite public concern and local environmental regulations requiring corrective action.

We found that DOE's organizational structure prevented effective accountability over the

operation of the Department's on-site field office—the office with the most immediate responsibility for ensuring the laboratory's compliance with environmental, safety, and health requirements. The on-site office was part of a chain of command with no explicit responsibilities for environmental, safety, and health issues, and it did not report directly to either of two other offices with such responsibilities. While DOE eventually terminated the contract, its ineffective organizational structure contributed to prolonged delays in addressing health and safety issues and a loss of public trust.

USDA also is challenged by the need to improve its effectiveness by means of a more efficient organizational structure. In USDA's situation, streamlining and consolidating its offices have been the driving forces behind its continuing effort to implement an ambitious restructuring of its outmoded field structure. The USDA field structure, created in the 1930s, was based on placing an office in nearly all of the nation's rural counties to provide a range of services to farmers and rural communities. But the number of farmers living in rural America has declined, and by the early 1990s, the significant changes in the farming sector had rendered

USDA's field structure obsolete and inefficient.

Directed by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, USDA has reduced the number of county office locations by more than 1,000—from 3,760 to about 2,700, as of March 1998. Nonetheless, USDA's field structure continues to represent a major investment for the Department, with the costs of operating the USDA local county offices now at almost $1 billion annually. As USDA continues to seek opportunities to streamline and modernize its field structure, the reduced costs to the government that could result from further streamlining need to be carefully weighed against any resulting changes in the quality of services to the farmers who participate in farm programs.

Similar to USDA, as we enter the next century, DOD also faces an external reality that has fundamentally changed from the one it confronted just a few short years ago. The end of the Cold War has provided DOD with the opportunity to reduce the size and cost of its infrastructure and thereby free up resources for other priorities, such as modernizing its forces and maintaining high levels of military readiness. The Secretary of

Defense's November 1997 Defense Reform Initiative Report noted that DOD continued to be weighed down by facilities that are too extensive for its needs, more expensive than it can afford, and detrimental to the efficiency and effectiveness of the nation's armed forces. As discussed in Performance and Accountability Series: Major Management Challenges and Program Risks: Department of Defense, in February 1997, we identified defense infrastructure as a high-risk area, and it remains on our high-risk list.

We have identified numerous areas in which DOD's infrastructure can be eliminated, streamlined, or reengineered to be made more efficient. The Secretary's report also provided specific initiatives, including privatizing military housing and utility systems, demolishing excess buildings, consolidating and regionalizing many defense support agencies, and requesting legislative authority to conduct two additional base realignment and closure rounds. However, DOD has found that infrastructure reductions are difficult because of service parochialism, a cultural resistance to change, and public concern about the effects and impartiality of decisions.

Moreover, while the defense reform initiatives are steps in the right direction and have brought high-level attention to the need for infrastructure reductions, collectively they do not provide a comprehensive long-range plan for a facilities infrastructure that is affordable, appropriate, and sustainable for DOD in the post-Cold War world. We have cited the need for such a plan but have noted that DOD's past plans did not include long-term comprehensive strategies for facilities' revitalization, replacement, and maintenance and lacked some of the basic elements of performance-based management—ties to measurable goals to be accomplished over specified time frames and links to funding.

Improved infrastructure planning can help DOD's components and programs to develop results-oriented goals and performance measures that are linked to and support DOD-wide goals. Faced with a limited budget, DOD's infrastructure inefficiencies, if not addressed, will consume money that could be made available to meet other defense priorities, such as force modernization and readiness needs.

Rationalizing Crosscutting Federal Program Efforts

Virtually all of the results that the federal government strives to achieve require the concerted and coordinated efforts of two or more agencies. This shared responsibility is an outgrowth of several factors, including the piecemeal evolution of the federal government and the complexity of public issues requiring several agencies to contribute differing perspectives, expertise, and resources to address these issues. Our work looking at these responsibilities has repeatedly shown that mission fragmentation and program overlap are widespread in the federal government and that crosscutting federal program efforts are not well-coordinated.[9] As was shown above in table 1, our work identifying fragmentation and overlap has involved over 30 program areas across the federal government and covered nearly a dozen federal mission areas.

In program area after program area, we have found that unfocused and uncoordinated crosscutting programs waste scarce funds, confuse and frustrate taxpayers and other program customers, and limit overall program effectiveness. Crosscutting programs in food safety, combating

[9]Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap (GAO/AIMD-97-146, Aug. 29, 1997).

terrorism, and federal land management are but three examples of the many crosscutting areas where better coordination among federal agencies, perhaps leading to more rationalized program approaches, are clearly needed.

The fragmented federal approach to ensure the safety and quality of the nation's food—at the cost of over $1 billion a year—is inefficient and hinders the government's efforts to effectively protect consumers from unsafe food. Estimates of foodborne illness range widely, from 6.5 million to 81 million cases annually, and cause between 500 to 9,100 related deaths each year. Also, estimates of the cost of medical treatment and productivity losses associated with these illnesses and deaths range from $6.6 billion to $37.1 billion.

The current system to ensure food safety suffers from inconsistent oversight, poor coordination, and inefficient allocation of resources. As many as 12 different federal agencies administer over 35 different laws overseeing food safety. To underscore the fragmentation, subtle differences in food products dictate which agency regulates a product. For example, USDA is responsible for inspecting food plants that produce

open-faced meat sandwiches and pizzas with a meat topping, whereas the Department of Health and Human Services' (HHS) Food and Drug Administration is responsible for inspecting food plants that produce traditional meat sandwiches and nonmeat pizzas. We have recommended that the highly fragmented federal food safety structure needs to be replaced with a uniform, risk-based inspection system under a single food agency.

While rationalization and consolidation appear to be solutions for the problems confronting food safety agencies, better coordination is the initial step in improving the effectiveness of efforts to safeguard the nation from terrorist attacks. Over 40 agencies, bureaus, and offices—at a cost of nearly $7 billion for unclassified programs during fiscal year 1997—implement numerous programs designed to prevent and deter terrorism, respond to terrorist threats and incidents, and manage the consequences of terrorist acts. Because of the large scope of federal efforts to combat terrorism, no single agency can effectively undertake the entire effort. In response to this situation, the President recently issued Decision Directives that established the roles and responsibilities of many agencies involved in

combating terrorism and created a position at the National Security Council to coordinate such programs.

The Presidential Decision Directives represent an important step in improving program coordination and thereby strengthening federal efforts to combat terrorism. However, our prior work has shown that better coordinating such programs will entail a substantial effort. For example, we reported in December 1997 that governmentwide priorities for combating terrorism had not been established and funding requirements had not been validated based on an analytically sound assessment of the threat and risk of a terrorist attack. There was therefore no reasonable assurance that

- agencies' requests were funded through a coordinated and focused approach to implement national policy and strategy,
- the highest priority requirements were being met,
- terrorism-related activities and capabilities were not unnecessarily duplicative or redundant, and
- funding gaps or misallocations had not occurred.

Programs to manage federal lands provide another illustration of the need for improved coordination in an important crosscutting program area. The federal government owns about 30 percent (about 650 million acres) of the nation's total surface area. Four federal agencies—the Forest Service in USDA and the Park Service, Bureau of Land Management, and Fish and Wildlife Service in the Department of the Interior—manage about 95 percent of these lands for a variety of uses. The central coordination challenge confronting these agencies is to reconcile the administrative boundaries and jurisdictions with the boundaries of natural systems, both in planning how best to manage use of these lands and in assessing the cumulative impact of federal and nonfederal activities on the environment.

Federal land management agencies are authorized by laws such as the National Forest Management Act to plan primarily along administrative boundaries, such as those defining forests, parks, resource areas, and wildlife refuges. Conversely, environmental laws and regulations require the agencies to analyze environmental issues and concerns along the boundaries of natural systems, such as watersheds,

airsheds, soils, and vegetative and animal communities.

Federal land management plans have often considered effects only on those portions of natural systems that exist within the boundaries of the administrative units covered by the plans. However, the boundaries of administrative units and natural systems are frequently different. For example, a widely recognized boundary of the Greater Yellowstone ecosystem encompasses all or part of seven national forests, two national parks, and three national wildlife refuges—most of which are covered by different plans.

Creating Performance-Based Intergovernmental Partnerships

As part of the performance-based approach to management and accountability that is being implemented at the federal level, agencies are working with their state partners to instill similar approaches in the management of intergovernmental programs. Under these efforts, the federal government and the states seek agreement on the results to be achieved, focus accountability within the intergovernmental system on those agreed-upon results, and provide states with

the flexibility needed to achieve the results.[10]

These partnerships can be particularly important today when services traditionally provided by the federal government are increasingly being provided by state and local governments along with the federal government. The Environmental Protection Agency (EPA) and HHS are two agencies that have such partnership efforts under way.

EPA relies on the states to implement most of its programs. However, our prior reviews have documented long-standing problems in the relationship between EPA and the states, which has often been characterized by fundamental disagreements over such issues as EPA's and state environmental agencies' respective roles, priorities among state environmental programs, and the degree of federal oversight needed. These disagreements have made environmental programs more difficult to implement.

In response, EPA and the states are pursuing a new initiative, called the National Environmental Performance Partnership System, that is designed to address many of these concerns. The initiative includes

---

[10]Block Grants: Issues in Designing Accountability Provisions (GAO/AIMD-95-226, Sept. 1, 1995).

increasing the use of environmental goals
and measures, conducting state assessments
of environmental and program performance,
and negotiating performance partnership
agreements between EPA and individual
states.

Under the initiative, states with strong
environmental programs are to have more
leeway in setting environmental priorities,
designing new strategies, and managing their
own programs, while EPA concentrates its
oversight and technical assistance on
weaker programs. The performance
partnerships are intended to provide a
means for EPA and a state to agree on the
environmental problems that will receive
priority attention by the state and for how
the state's progress in achieving clearly
defined program results will be assessed.
Thirty-three states had entered into some
form of performance partnership agreement
with EPA as of July 1998.

HHS is another agency that is making
progress in working with state governments
to develop results-oriented goals and
performance measures to serve as a basis for
program management and accountability.
For example, the Office of Child Support
Enforcement and the states worked together

to develop national goals for the child support enforcement program. Similarly, the Maternal and Child Health Block Grant Program collaborated with its state partners to develop a set of core performance measures that have now become the basis for awarding and monitoring grants under the program. In addition, the Substance Abuse and Mental Health Services Administration has been working with states to develop outcome indicators for substance abuse and mental health services. Also, the Centers for Disease Control and Prevention, through categorical grant programs to states, are developing health status indicators, uniform data sets, and public health surveillance systems.

Partnership agreements centered on results-oriented goals and performance measures can be an effective vehicle for achieving results while providing states with needed flexibility. However, our work has shown that in some cases the federal government must do a better job of fulfilling its responsibilities in intergovernmental efforts. For example, nursing homes that receive federal payments through Medicare and Medicaid—which in 1997 totaled $28 billion—must comply with certain federal requirements. As required by statute,

HHS' Health Care Financing Administration (HCFA) delegated to states the responsibility to inspect nursing homes and certify that they meet federal standards.

However, we have identified problems in the enforcement of these standards. In analyzing recent inspection and complaint information in California, we found that nearly one in three nursing homes was cited by state inspectors for providing care that created serious or potentially life-threatening problems. Although state inspectors identified serious deficiencies, HCFA's enforcement policies were ineffective and did not ensure that the deficiencies were corrected and stayed corrected.

This is a national problem—one in nine nursing homes in the United States was cited in its last two inspections for conditions that harmed residents or put residents in immediate jeopardy. Until recently, HCFA had taken a lenient stance toward enforcing compliance with federal standards and had encouraged states to grant almost all noncompliant homes a grace period to correct deficiencies without penalty, regardless of past performance.

HCFA is developing plans to improve state inspection practices, revise its oversight of state inspection agencies and strengthen enforcement actions against poorly performing homes. It also plans to disseminate information to consumers and providers about homes' performance records and best practices for certain common care problems.

Developing the Capability to Gather and Use Program Performance Information to Make Decisions	A federal environment that focuses on results relies on new types of information that are different from those that have traditionally been collected by federal agencies. Obtaining credible results-oriented performance information is essential for accurately assessing agencies' progress in achieving goals and, in cases where sufficient progress is not being made, for identifying opportunities for improvement. In recognition of the importance of high quality performance information, the Results Act requires that agencies' annual performance plans describe the means that will be used to verify and validate performance data. The challenge confronting federal agencies is to obtain timely and reliable results-oriented performance information and to ensure that program

evaluations are undertaken that allow for the informed use of that information.

Federal agencies often depend on the state and local agencies they are working with to provide the performance information that indicates whether results are being achieved. For example, state water quality reports required by the Clean Water Act are a key source of information for measuring progress in cleaning up the nation's lakes, rivers, and streams. However, EPA has found that the wealth of environmental data EPA and states collect are often difficult to compile in a meaningful way.

Inconsistencies in water quality assessments that are due to states using methodologies that differ make it difficult for EPA to aggregate the data. Therefore, using information from various sources presents a challenge when attempting to conclusively determine whether the quality of rivers, lakes, and streams is getting better or worse over time. Absent this information, it has been difficult for EPA to set priorities, evaluate the success of its programs and activities, and report on its accomplishments in a credible and informed way.

HHS also needs comparable and reliable data from the states to implement many of its programs, including implementing welfare reform as required by the Personal Responsibility and Work Opportunity Act of 1996 and subsequent legislation. These reforms require HHS to give the states program flexibility while maintaining adequate oversight. However, the data from the states, where available, are often incomplete or inconsistent. For example, HHS will use data provided by the states to ensure that the states are meeting new welfare reform requirements, such as the 5-year time limit for recipients to obtain welfare benefits. The state information on the length of time an individual has received welfare is often unavailable or inconsistent, making it difficult for HHS to enforce federal benefit limits.

Program evaluations assist decisionmakers by telling them whether a program is or is not contributing to results and why. However, our work has shown that many agencies are not well-positioned to undertake the program evaluations that will be critical to assessing performance and

identifying improvement opportunities.[11] For
example, INS had no planned evaluation of
the effectiveness of its strategy to deter
illegal entry along the southwest border even
though billions of dollars have been spent in
response to concerns about the numbers of
illegal aliens entering the United States.

INS lacked vital information on several
outcomes that its border patrol strategy was
expected to achieve. For example, there
were no data to indicate whether illegal
aliens have been deterred from entering the
United States, whether there had been a
decrease in attempted reentries by those
who had previously been apprehended, and
whether the strategy had reduced border
violence. Our work has shown that INS had
an incomplete picture of the effects of
increased border control and did not know
whether the investment was producing the
intended results. In response to our report,
INS has contracted with independent
research firms for an evaluation.

Similarly, the Department of Labor lacks
accurate and reliable information needed to
effectively assess whether many of its

---

[11]Program Evaluation: Agencies Challenged by New Demand for
Information on Program Results (GAO/GGD-98-53, Apr. 24,
1998) and Performance Measurement and Evaluation: Definitions
and Relationships (GAO/GGD-98-26, Apr. 1998).

programs are producing their intended
results and to determine whether its
resources are being used effectively. Some
of Labor's responsibilities are fragmented or
duplicated, either within the Department or
by activities in other federal departments.

Therefore, obtaining overall information on
the impact of the entire federal effort is
particularly difficult. For example, even
though the Congress enacted legislation to
consolidate aspects of the nation's
employment training system, separate
programs that are focused on the same
population, each with its own outcome and
performance data, remain in Labor and other
departments. Information on the
performance of the collective federal effort
is not available.

Opportunities Exist to Better Use the Results Act to Adopt a Results Orientation

The reports on individual agencies that are
part of the performance and accountability
series discuss, as appropriate, how the
Results Act can be or is being used to help
address the management challenges facing
each individual agency. These reports show
how agencies' strategic plans and annual
performance planning efforts have the
potential to provide useful information on
the results to be achieved. From a

governmentwide perspective, however, we consistently have found that agencies' initial strategic plans and fiscal year 1999 annual performance plans were not as useful as they could be for agency and congressional decisionmakers.[12]

In the case of the fiscal year 1999 annual performance plans, we identified five major opportunities to improve the usefulness of subsequent plans and made specific suggestions to the Office of Management and Budget (OMB) and the Congress on how they could take advantage of these opportunities. These opportunities were centered on many of the previously discussed governmentwide challenges, such as the need for more results-oriented goals and performance measures and better coordination of crosscutting program efforts.

With regard to the coordination of crosscutting programs, for example, most agencies' plans listed other agencies with which they shared the same or similar results, but the substantive work of coordination was not yet evident. Few of the

---

[12]Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998) and Managing for Results: An Agenda to Improve the Usefulness of Agencies' Annual Performance Plans (GAO/GGD/AIMD-98-228, Sept. 8, 1998), respectively.

annual plans showed evidence that crosscutting programs had developed complementary goals; mutually reinforcing strategies; and where appropriate, common performance measures. Based on the initial progress that some agencies have made, the usefulness of plans would be enhanced if all agencies more consistently identified the results-oriented annual performance goals that involve other federal agencies and set intermediate goals to clarify agency-specific contributions to the shared results.

We also found that the value of the annual performance plans increase as they more fully include goals that address mission-critical management issues, such as those on our high-risk list and others identified in our performance and accountability series reports. In our assessments of agencies' fiscal year 1999 plans, we found that agencies, contrary to OMB guidance, were not consistently setting goals to address management challenges that are mission-critical or could impede the agencies' ability to meet their programmatic goals. Precise and measurable goals for resolving management challenges are important to ensure that the agencies have the institutional capacity to achieve their more results-oriented programmatic goals.

Consistently including goals in individual
agency plans to address mission-critical
management issues would also facilitate the
integration of governmentwide and agency
performance planning processes. Under the
Results Act, OMB is to prepare a
governmentwide annual performance plan.
The first such plan was prepared for fiscal
year 1999.

That governmentwide annual performance
plan contains a clear recognition that better
management is key to improving
performance. One of the more important and
valuable reflections of that recognition is a
listing of the administration's priority
management objectives. We found that the
clarity and effectiveness of OMB's discussion
of these objectives could be improved by a
more integrated and focused discussion of
the strategies associated with the
objectives.[13] In this regard, augmenting
agency performance plans to show that
agencies, where appropriate, are positioned
to address governmentwide priority
management objectives, such as the
production of timely and reliable financial
data throughout the year to help manage

---

[13]For a discussion of this section of the governmentwide plan, see
The Results Act: Assessment of the Governmentwide Performance
Plan for Fiscal Year 1999 (GAO/AIMD/GGD-98-159, Sept. 8, 1998),
pp. 9 and 18-ff.

operations, would make the plans more useful.

The more useful annual plans for decisionmakers also discussed how the agencies' programs and strategies would lead to the achievement of results. The listings of current programs and initiatives, which often were included in agencies' plans, are useful in providing an understanding of what agencies do. Presentations that explain how programs and initiatives achieve goals will help the Congress assess the degree to which strategies are appropriate and reasonable in relation to the goals to be achieved.

Over the longer term, discussions of how different governing tools (for example, intergovernmental partnerships, performance-based contracts, financial grants and credits, and direct service provision by the federal government) can be used in achieving goals could further enhance the value of the plans and allow for appropriate considerations of best practices from the public and private sectors in service and program delivery. Such discussions also could assist in the development of a base of governmentwide information on the strengths and

weaknesses of various tools in addressing differing public policy issues.

The annual performance plans prepared under the Results Act provide the agencies with an opportunity to articulate how they will ensure that they have the timely and reliable results-oriented performance information they need to confidently make decisions. Performance plans can help do this by including a discussion of the means agencies will use to verify and validate performance information. Means such as audits, program evaluations, independent external reviews, and internal controls will help provide confidence that performance data are of sufficient quality to support decisionmaking.

Especially in an environment where the federal government influences but does not fully determine results, program evaluations can provide vital information about the distinguishable contributions made through federal efforts and ways to better leverage those efforts. The more useful fiscal year 1999 annual performance plans showed that some agencies were making a serious effort to use program evaluations to better inform decisionmaking.

Effectively Using Information Technology to Achieve Program Results

- Strengthening IT Investment and Control Processes
- Implementing IT Architectures
- Developing and Acquiring Software
- Building the CIO Organizational Capacity to Achieve Lasting IT Reforms

The federal government is increasingly dependent on information technology (IT) to improve its performance and meet mission goals. The government's $1.6 trillion annual budget is heavily dependent on computer systems and networks to implement a vast array of programs supporting national defense, revenue collection, and social benefits. We have issued several hundred reports during this decade that document (1) billions of dollars in wasted IT expenditures for computer systems that failed to deliver expected results, (2) poorly defined management processes that fostered suboptimal solutions to agency business needs, and (3) the need for greater response to the Year 2000 problem and computer security issues that threaten the integrity of agency operations. To the extent the nearly $27 billion in planned annual obligations for computer technology and information systems can be spent more wisely, federal

programs will operate more efficiently with less cost.

To ensure that IT dollars are directed toward prudent investments designed to achieve cost savings, increase productivity, and improve the timeliness and quality of service delivery, agencies need to successfully deploy modern IT management practices that ensure that IT investments support mission-related goals and are integrated within the agencies' strategic plans. Our research of leading private and public sector organizations identified specific management practices used to achieve such benefits.[14]

To help achieve similar benefits across all government functions and programs, the Congress passed the PRA and the Clinger-Cohen Act of 1996. This information technology legislation builds on the best practices of leading public and private organizations by requiring agencies to better link their information technology planning and investment decisions to program missions and goals. Just as technology is

---

[14]Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology (GAO/AIMD-94-115, May 1994) and Information Technology: Best Practices Can Improve Performance and Produce Results (GAO/T-AIMD-96-46, Feb. 26, 1996).

most effective when it supports defined business needs and objectives, the PRA and Clinger-Cohen Act will be more powerful if they can be integrated with the objectives of broader governmentwide management reforms.

The Clinger-Cohen Act contains critical provisions requiring federal agencies to use investment and capital planning processes to manage their information management and technology portfolios. Further, it requires that agencies modernize inefficient administrative and mission-related work processes before making significant technology investments to support them.

To assist in implementation, we have worked with OMB to design new, more effective governmentwide guidance, including a joint guide published in 1995 that established a "select, control, and evaluate" decisionmaking framework.[15] We also have issued comprehensive evaluation guidance on IT investment decisionmaking and business process reengineering, and we have provided expertise in constructing OMB's new governmentwide guidance on capital

---

[15]Evaluating Information Technology Investments: A Practical Guide, Version 1.0, Nov. 1995 (Executive Office of the President, Office of Management and Budget, Office of Information and Regulatory Affairs, Information Policy and Technology Branch).

program planning.[16] All of these efforts are intended to enhance the implementation pace and rigor of the IT management reforms by providing agencies with examples and common approaches of effective management practices.

Creating and maintaining momentum for implementing these reforms is critical to improving the federal government's lackluster track record in managing its enormous portfolio of information technology initiatives.[17] Although the Congress passed the Clinger-Cohen Act in 1996, it is still in the early stages of implementation in most federal agencies. Yet, constructive changes are occurring. Federal policies and guidance are being updated and revamped to be in concert with the new legislative requirements, and several agencies are taking positive actions to revise IT management approaches.

---

[16]Assessing Risks and Returns: A Guide for Evaluating Federal Agencies' IT Investment Decision-making, Version 1 (GAO/AIMD-10.1.13, Feb. 1997); Business Process Reengineering Assessment Guide, Version 3 (GAO/AIMD-10.1.15, Apr. 1997); Capital Programming Guide, Version 1.0 (Executive Office of the President, Office of Management and Budget, July 1997); and OMB Circular A-11 Revised, Part 3, "Planning, Budgeting, and Acquisition of Capital Assets," June 23, 1997.

[17]Information Management Reform: Effective Implementation is Essential for Improving Federal Performance (GAO/T-AIMD-96-132, July 17, 1996).

Progress, although mixed, is being made on several fronts. Governmentwide guidance in areas such as IT capital planning and investment, information architectures, and strategic planning was updated and refined during 1997 and 1998 to assist with agency implementation.[18] Toward this end, we have worked with the Congress, the executive branch, and the federal Chief Information Officers (CIO) Council in preparing guidance on IT investment management, IT performance management, information security practices, and Year 2000 program and project management that has been widely accepted and adopted throughout government.

Additionally, the federal CIO Council has been instrumental in developing recommendations for policies and standards that are closely aligned with legislative requirements. Over the last 2 years, the

---

[18]OMB Memorandum M-97-02, "Funding Information Systems Investments," Oct. 25, 1996; OMB Circular A-130 Revised, "Management of Federal Information Resources," Feb. 8, 1996; OMB Circular A-11 Revised, Part 3, "Planning, Budgeting, and Acquisition of Capital Assets," June 25, 1997; OMB Memorandum M-97-16, "Information Technology Architectures," June 18, 1997.

Council has focused on six strategic areas

- Year 2000 conversion problems;
- capital planning and investment processes;
- information security practices and policies;
- skills and competencies to develop, maintain, manage, and use IT programs, projects, and systems;
- federal information architecture and interoperability issues; and
- outreach programs with federal organizations, industry, the Congress, and the public.

These are appropriate priorities for the Council and coincide with issues we have raised in our high-risk updates and recommendations formulated in conjunction with specific audit work. They also parallel concerns that have been raised by the Congress about federal IT management.

Furthermore, there is evidence to suggest that agencies are responding with concerted actions to effectively address critical IT management shortcomings. For example, in response to our reviews, the Federal Aviation Administration (FAA) is developing a complete air traffic control systems architecture, establishing defined cost-estimating processes, improving its software acquisition capability, and has

committed to hiring a CIO who reports directly to FAA's Administrator.[19]

Similarly, after years of huge IT investments with only marginal results, the IRS has taken noteworthy steps to strengthen its IT management capabilities. For instance, it has hired a CIO and created an investment review board to make joint decisions about IT investments, produced the first two levels of a four level modernization blueprint for the Congress, and selected a prime systems modernization integration contractor to overhaul its systems over the next 10 to 15 years.[20] We are seeing similar patterns of increased management attention and concerted efforts to address past IT shortcomings at other high-risk agencies, such as the National Weather Service and DOD.

Nevertheless, IT management reforms are still in their nascent stages in most federal agencies. Indeed, most agencies are preoccupied with resolving their Year 2000 problems. As noted in our High-Risk Series: An Update report, agencies that fail to successfully correct this problem run the very real risk of complete loss or serious

---

[19]See GAO/HR-99-1, Jan. 1999.

[20]See GAO/HR-99-1, Jan. 1999.

degradation of key business processes.
Agencies also share a common risk with
poor information security. We reported that
major agencies have serious computer
security weaknesses that put agency
operations at risk.[21]

Agencies also continue to struggle to
implement the management processes
required by the Clinger-Cohen Act and the
PRA. Our recent reviews show that numerous
agencies continue to be challenged by

- weaknesses with IT investment selection and
  control processes, including (1) a lack of
  clarity concerning how IT investments are
  being or will be used to improve
  performance or help achieve specific agency
  goals and (2) incomplete data upon which to
  base informed decisions;
- slow progress in designing and implementing
  IT architectures before proceeding with
  massive systems modernization efforts;
- immature software development, cost
  estimation, and acquisition practices; and
- the need to build effective CIO leadership and
  organizations.

---

[21]Information Security: Serious Weaknesses Place Critical Federal
Operations and Assets at Risk (GAO/AIMD-98-92, Sept. 23, 1998).

Strengthening IT Investment and Control Processes

Effective IT investment management processes—a cornerstone of the Clinger-Cohen Act reforms—are of key concern. These processes are essential for implementing performance-based management in that they can demonstrate how technology is being used to support better informed management decisions, increase the efficiency and effectiveness of government operations, and—ultimately—provide more cost-effective delivery of government services to the public.

Progress has been made in addressing some of the fundamental elements of IT investment management as demonstrated by the widespread creation of IT investment review boards and the development of more robust procedures for making IT project choices. But many of our reviews have pinpointed critical flaws, such as a lack of discipline in ensuring complete, up-to-date cost, benefit, and risk data on projects and a focus on justifying new proposals rather than controlling and evaluating the entire portfolio of IT investments being undertaken by the agency. Moreover, our reviews of strategic plans and annual performance plans of the 24 departments and agencies covered by the CFO Act generally have noted

weak linkages between the mission goals
and planned or ongoing information
technology initiatives that are essential to
the achievement of those goals.[22]

We have previously reported on several of
these problems in individual agency reviews.
For example, at HCFA, our review of the
proposed Medicare Transaction System
(MTS) found an absence of cost-benefit
analyses and inadequate involvement of
senior level officials in monitoring major
decisions made at critical project milestone
dates.[23] Moreover, we noted that HCFA had
not adequately reviewed, revised, and
improved mission-related and administrative
processes before making significant
investments in MTS. These weaknesses led to
the termination and subsequent
reassessment of the project after cost
estimates had soared nearly 7-fold over 5
years, from $151 million in 1992 to about
$1 billion in 1997.

Similarly, our analyses of IT investment
management processes at DOD and VA also

---

[22]Managing for Results: Critical Issues for Improving Federal
Agencies Strategic Plans (GAO/GGD-97-180, Sept. 16, 1997) and
GAO/GGD-98-44, Jan. 30, 1998.

[23]Medicare Transaction System: Serious Managerial and Technical
Weaknesses Threaten Modernization (GAO/T-AIMD-97-91, May 16,
1997).

have discovered the absence of cost, benefit, and risk data that are essential for managers and executives to use in reaching decisions about proposed IT investments or assessing the return on investment for completed projects.[24] With the size of the investment portfolios involved—nearly $1 billion in the fiscal year 1999 budget request at VA and some $18 billion expected to be spent between 1995 and 2000 for systems migration at DOD—better cost and performance data to make informed choices are a necessity.

At the Department of Housing and Urban Development (HUD), we recently reported that investment selection decisions about its Financial Systems Integration initiative—an estimated $371 million project designed to provide managers timely and accurate information—have not been based on current, complete cost and benefit data. As such, expected costs remain uncertain. In addition, HUD's investment management processes were incomplete and little attention was paid to comparing the expected versus actual project cost, schedule, benefit, and risk data or

---

[24]Defense IRM: Poor Implementation of Management Controls Has Put Migration Strategy at Risk (GAO/AIMD-98-5, Oct. 20, 1997) and VA Information Technology: Improvements Needed to Implement Legislative Reforms (GAO/AIMD-98-154, July 7, 1998).

performing critical post-implementation
reviews of completed projects.[25]

As agencies continue to implement and
refine their IT investment decisionmaking
approaches, it is imperative that they first
focus on establishing complete investment
processes that factor in effective control and
evaluation mechanisms for significant
dollars dedicated to ongoing IT investment
projects. Second, steps must be taken to
ensure that IT projects are tightly linked to
business cases and monitored in terms of
their contribution to improvement in
program results. And third, actions must be
instigated for improving veracity of cost and
benefit data so that informed management
decisions can be made.

Implementing IT Architectures

Another area of continuing concern is the
implementation of IT architectures. As
underscored by the Clinger-Cohen Act and
executive branch guidance, complete and
enforceable systems architectures are
essential foundations on which the
interoperability and coordination of related
business processes and systems are built.
These "construction plans" systematically

[25]HUD Information Systems: Improved Management Practices
Needed to Control Integration Cost and Schedule
(GAO/AIMD-99-25, Dec. 18, 1998).

detail the full breadth and depth of an organization's mission-based mode of operations in logical and technical terms. Without these blueprints to guide and constrain large scale systems development activities, there is no systematic way to preclude either inconsistent systems design or development decisions or the resulting suboptimal performance and added cost associated with incompatible systems.

In general, we have found that agencies have embarked upon massive modernization projects without defined information architectures in place. This often results in the proliferation of nonintegrated systems that leads to problems in systems interface and data exchange, confusion for users, and delays in program operations.

For example, at FAA, we have raised concerns about the lack of complete systems architecture to guide over $25 billion appropriated to modernize its aging air traffic control system from fiscal year 1981 through fiscal year 1998 and an additional $17 billion needed for fiscal years 1999 through 2004. Without the benefit of this overall systems blueprint to guide the program, FAA has experienced higher costs to develop, integrate, and maintain hardware

and software that is essential to air traffic
control modernization.[26]

We have consistently raised questions at the
National Weather Service about the lack of a
comprehensive architecture to guide the
$4.5 billion estimated in fiscal year 1997 to
modernize its systems used to observe
weather, improve weather forecasts and
predictions, and achieve higher
productivity.[27] Again, this has resulted in
higher costs and protracted delays in
integrating the array of complex systems
essential for improving forecasting
operations and capabilities.

At the Customs Service, an incomplete
systems architecture has hindered its ability
to effectively manage the development of its
Automated Commercial Environment (ACE)
system. At the end of fiscal year 1998,
Customs reported that it had spent
$62.1 million on ACE, with an estimated total
cost of $1.05 billion to develop, operate, and
maintain ACE between 1994 and 2008. Yet, we
have reported that Customs does not have a
thorough understanding of its agencywide

---

[26]Air Traffic Control: Status of FAA's Modernization Program
(GAO/RCED-99-25, Dec. 3, 1998).

[27]Weather Service Modernization: Risks Remain That Full Systems
Potential Will Not Be Achieved (GAO/T-AIMD-97-85, Apr. 24, 1997).

functional and information needs.
Consequently, there is not adequate
assurance that Customs' information
systems will optimally support Customs'
ability to (1) fully collect and accurately
account for billions of dollars in annual
federal revenue and (2) allow for the
expeditious movement of legal goods and
passengers across the nation's borders.[28]

Finally, at the Department of Education, the
lack of a sound, integrated information
systems architecture for managing the
Department's array of information systems
used to support student financial aid
programs has contributed to problems in
data exchanges, questionable data accuracy,
and unnecessary redundancy across
systems. In fiscal year 1998, the Department
expected to spend some $320.5 million on
contracts used to maintain these systems.[29]

These previous reviews highlight the need
for agencies to consult and implement
existing guidance on approaches for

---

[28]Customs Service Modernization: ACE Poses Risks and Challenges
(GAO/T-AIMD-97-96, May 15, 1997) and Customs Service
Modernization: Architecture Must Be Complete and Enforced to
Effectively Build and Maintain Systems (GAO/AIMD-98-70, May 5,
1998).

[29]Department of Education: Multiple, Nonintegrated Systems
Hamper Management of Student Financial Aid Programs
(GAO/T-HEHS/AIMD-97-132, May 15, 1997).

developing information architectures issued by GAO, OMB, and the federal CIO Council.[30] As noted in our own guidance to agencies, serious attention should be focused on defining complete architectural frameworks both in (1) logical terms, such as defining business functions and associated information flows and interrelationships, and (2) technical or physical terms, such as specifying hardware, software, data, communications, security, and performance characteristics. This is an essential prerequisite to large, complex systems development activities involving multiple systems.

Developing and Acquiring Software

We also see continued challenges for agencies in putting in place disciplined systems development practices, particularly as they relate to developing and acquiring software. Software development has been identified by many experts as one of the riskiest and most costly aspects of systems development. Without disciplined approaches to software development

---

[30]Strategic Information Planning: Framework for Designing and Developing System Architectures (GAO/IMTEC-92-51, June 1992); OMB Memorandum M-97-16, Information Technology Architectures, June 18, 1997; and Federal Enterprise Architecture Conceptual Framework, Developed by the Federal Conceptual Model Subgroup for the Chief Information Officers' Council, Aug. 1998.

capability, agencies can easily fall prey to ad hoc and chaotic processes that subject projects to continuing risks of cost overruns, poor quality software, and lengthy scheduling delays.

Our reviews at FAA and the Veterans Benefits Administration (VBA) have discussed how the ad hoc, sometimes chaotic nature of software acquisition capabilities put these agencies at tremendous risk of not delivering new software capabilities on time and within budget. For example, at FAA, we reported that the agency's processes for acquiring software for its complex air traffic control systems modernization initiatives were ad hoc and nonrepeatable across projects and significantly contributed to FAA's frequent failures to deliver promised system capabilities on time and within budget.[31]

At VBA, we reported that the agency was operating with immature software development capability. We also noted that VBA had inadequate software engineering process improvement training for key software development personnel and managers. VBA had not validated contractor

---

[31]Air Traffic Control: Immature Software Acquisition Processes Increase FAA System Acquisition Risks (GAO/AIMD-97-47, Mar. 21, 1997).

certification of its software development maturity level.[32]

To address these kinds of deficiencies, agencies need to put in place rigorous software development improvement plans and processes, patterning them for example after Carnegie Mellon's Software Engineering Institute's software evaluation methodology.[33] In addition, as we have recommended to several agencies where we have conducted software development capability reviews, agencies should take steps to have periodic independent assessments made of their existing software development and acquisition capabilities and specific improvement plans initiated. And lastly, agency executives should ensure that the planned IT investment scope and pace is commensurate with the organization's capability to deliver or oversee high quality software products and services.

---

[32]Veterans Benefits Modernization: VBA Has Begun to Address Software Development Weaknesses But Work Remains (GAO/AIMD-97-154, Sept. 15, 1997).

[33]The Software Engineering Institute is a nationally recognized, federally funded research and development center established at Carnegie Mellon University in Pittsburgh, Pennsylvania, to address software development issues.

Building the CIO Organizational Capacity to Achieve Lasting IT Reforms

The PRA and the Clinger-Cohen Act clearly require that agency heads and their executive management teams must be involved in, and held accountable for, investments in information technology. In a resounding fashion, the global Year 2000 date conversion crisis has reminded executives of the essential role that information systems and technology now play in running and managing their organizations.

The information technology reforms now required by the Congress will be difficult for agencies to achieve without effective CIO leadership in place to ensure that IT investment decisions are directly integrated into the agencies' strategic and program plans. The Clinger-Cohen Act established federal CIOs throughout government and envisioned their role to be much more than that of a senior technology manager. The CIO is responsible for working with senior managers to ensure that information management is designed to achieve strategic performance goals; promote improvements in work processes; implement an integrated information technology architecture; and strengthen IT knowledge, skills, and capabilities.

Getting the right people into CIO positions can make a real difference in the pace of the implementation and the quality of technology management improvements. The escalating demands of rapidly evolving technologies and the formidable tasks associated with the position—including managing Year 2000 date conversion efforts, computer security, systems architecture management, and software acquisition and development—require the full-time attention of a CIO.

Success in dealing with these issues will also depend heavily upon the skills and performance of the entire CIO organization within departments and agencies. A great deal of executive management attention needs to be focused on putting in place disciplined technology management processes for designing and implementing systems architectures, information security procedures, investment decisionmaking processes, and software development and acquisition. Without these capabilities in place, CIO organizations will be handicapped in their ability to deliver high quality, cost-effective results that support mission needs.

Establishing Financial Management Capabilities That Effectively Support Decisionmaking and Accountability

- Producing Reliable Financial Reports
- Ensuring that Federal Financial Systems Can Perform to Standards
- Developing Cost Accounting Systems and Accountability Reports

Federal decisionmakers must have reliable, timely performance and financial information to ensure adequate accountability, manage for results, and make well-informed judgments. Unfortunately, such information has historically not been routinely available across government. The combination of reforms ushered in by the Results Act and the CFO legislation, however, will, if successfully implemented, systematically fill this void and generate the necessary foundation to effectively run a results-oriented government.

The requirements for performance measurement information under the Results Act, in conjunction with the mandate to produce reliable, meaningful financial data under the CFO Act, are introducing unprecedented changes in management and financial accountability for our national government. To promote the necessary framework for accountability, the CFO Act also set expectations for agencies to develop

and deploy more modern financial management systems; to routinely produce sound cost and operating performance information; and to design results-oriented reports on the government's financial condition by integrating, budget, accounting, and program information.

Producing Reliable Financial Reports

The challenge of developing financial reports that are specifically tailored to meet decisionmakers' needs based on consistent accounting standards is being met in part by the Federal Accounting Standards Advisory Board (FASAB).[34] FASAB has assembled a new set of accounting concepts and standards[35] to underpin the form and content of individual agency financial statements under the CFO Act as well as the consolidated financial statements for the U.S. government. FASAB's financial reporting objectives require reporting on (1) budgetary integrity, (2) operating performance, (3) stewardship, and (4) controls. Through this new reporting

---

[34]FASAB was created by the Secretary of the Treasury, the Director of OMB, and the Comptroller General in October 1990 to consider and recommend federal accounting standards. Treasury, OMB, and GAO then decide whether to adopt the recommended standards; if they do, the standards are published by OMB and GAO and become effective.

[35]FASAB, Overview of Federal Accounting Concepts and Standards (as of Sept. 30, 1996): Reporting Relevant Financial Information, Report Number 1, Dec. 31, 1996.

model, decisionmakers and the public now annually receive for all major departments and agencies audited financial reports that are to

- present a top-level overview discussion of trends in financial performance and commentary on performance results that are consistent with goals and measures used under the Results Act;
- detail the uses of budgetary resources, obligations incurred, outlays, and the balance of budgetary resources available;
- show the net cost of operations and programs that enables users to relate costs to outputs and results;
- report operating assets available for use in providing goods, services, and benefits and all liabilities incurred, with special displays of those that would require future funding by the Congress; and finally
- reflect the nation's assets and investments for which there is a federal stewardship responsibility, such as national forests.

The challenge will be to fully meet these reporting objectives. Toward that end, there has been progress, with all 24 CFO Act agencies preparing annual financial statements beginning with fiscal year 1996, and 11 of these agencies receiving

unqualified audit opinions for fiscal year 1997—up from 6 for fiscal year 1996. At the same time, there are major obstacles to overcome, both at the agency level and in preparing reliable, consolidated financial statements for the U.S. government.

The most serious challenges are framed by the results of our first-ever audit of those financial statements, for fiscal year 1997.[36] In summary, significant, widespread financial system weaknesses, problems with fundamental recordkeeping, incomplete documentation, and weak internal controls, including computer controls, prevented the government from accurately reporting a large portion of its assets, liabilities, and costs. These deficiencies not only affect the reliability of financial statements, but also undermine the ability to accurately measure the full cost and financial performance of programs and to effectively safeguard federal assets and manage operations.

Material financial management deficiencies at DOD, with its vast worldwide operations and long history of poor financial management, represent the single largest obstacle to improving the reliability of the

---

[36]Financial Audit: 1997 Consolidated Financial Statements of the United States Government (GAO/AIMD-98-127, Mar. 31, 1998).

government's consolidated financial statements.[37] No major part of DOD has been able to pass the test of an independent financial statement audit because of pervasive weaknesses in DOD's financial operations and systems, which led us, in 1995, to put DOD financial management on our high-risk list—a situation that continues today.

Other agencies face difficult challenges as well, as they work to improve financial management and fully attain the goals of the CFO Act. For example, the Forest Service continues to be plagued by serious shortcomings that resulted in significant reporting errors in its financial statements, a lack of policies and procedures to adequately safeguard assets, and an inability to accurately track revenues and costs. Due to the severity of the problems, the Forest Service did not prepare financial statements for fiscal year 1996, but chose instead to focus on resolving these problems. However, the Inspector General issued a disclaimer of opinion on the Forest Service's most recent financial statements, those for fiscal year 1997, citing major weaknesses in the agency's accounting and financial reporting,

---

[37]Department of Defense: Financial Audits Highlight Continuing Challenges to Correct Serious Financial Management Problems (GAO/T-AIMD/NSIAD-98-158, Apr. 16, 1998).

and this year the Forest Service's financial management was added to our high-risk list.

Likewise, FAA's financial management was added to our high-risk list this year. FAA's continuing serious problems in accounting for property, plant, and equipment and inventory and related property, which were the principal reasons the Inspector General issued a disclaimer of opinion on the agency's fiscal year 1997 financial statements, affect FAA's ability to properly manage these assets and may result in operating inefficiencies and the inability to make prudent business decisions and safeguard assets. Theft could go undetected and funds could be spent to acquire equipment already on hand.

HCFA also faces major financial management challenges. The fiscal year 1997 financial statement audit again reported HCFA's inadequate oversight of the Medicare program as a material weakness—one that hampers HCFA's fiduciary responsibilities. For example, HCFA had not developed its own process for estimating the national error rate for fee-for-service payments. For fiscal year 1997, the HHS Inspector General estimated that about 11 percent of all Medicare fee-for-service payments for

claims, or about $20 billion, did not comply with Medicare laws and regulations.

Financial management has been designated one of OMB's priority management objectives, with a goal of producing performance and cost information in a timely, informative, and accurate way, consistent with federal accounting standards. To help accomplish this goal, a May 26, 1998, Presidential memorandum required agency heads to develop plans for resolving the problems that have been identified. Further, House Resolution 447, passed on June 9, 1998, underscored congressional expectations for timely resolution of the problems.

Considerable effort is now being exerted to address the problems, and several agencies, such as SSA, have made good progress toward achieving financial management reform goals. With a concerted effort, the federal government as a whole can continue to make progress toward generating reliable financial information on a regular basis. Annual audited financial statements are essential to sustaining and measuring the effectiveness of the improvements now under way.

While audited financial statements are
essential to identifying any serious financial
management problems that might exist,
helping ensure accountability, and providing
an annual public scorecard on
accountability, an unqualified audit opinion,
while certainly important, is not an end in
itself. The CFO Act is focused on providing
accurate, timely, and relevant financial
information needed for management
decisionmaking and accountability, on a
systematic basis, throughout the year.
Efforts to obtain reliable year-end data that
are not backed up by fundamental
improvements in underlying financial
management systems and operations that
enable the routine production of accurate,
timely, and relevant data to support ongoing
program management and accountability
will not achieve the intended results of the
CFO Act over the long-term.

For example, after several years of
concerted effort by IRS and GAO, for fiscal
year 1997 we were for the first time able to
conclude that IRS' custodial financial
statements, covering over $1.6 trillion in tax
revenue, were reliable.[38] Prior to fiscal year

---

[38]Internal Revenue Service: Remaining Challenges to Achieve
Lasting Financial Improvements (GAO/T-AIMD/GGD-98-139, Apr.
15, 1998) and Financial Audit: Examination of IRS' Fiscal Year 1997
Custodial Financial Statements (GAO/AIMD-98-77, Feb. 26, 1998).

1997, weaknesses in IRS' internal controls and financial management systems prevented it from producing reliable year-end financial information. Our ability to conclude that the fiscal year 1997 custodial financial statements were reliable was a mark of progress. However, this was accomplished only after extensive use of ad hoc programming by IRS to extract data from its systems, followed by numerous adjustments to these data totaling tens of billions of dollars to produce final financial statements. IRS' controls and systems remain plagued by weaknesses that affect its ability, among other things, to report reliable financial information throughout the year, and IRS' financial management remains a high-risk area.

Ensuring That Federal Management Financial Systems Can Perform to Standards

Serious systems problems limit the reliability, usefulness, and timeliness of financial information needed to effectively manage federal programs and operations. For some agencies, the preparation of financial statements requires considerable reliance on ad hoc programming and analysis of data produced by inadequate financial management systems that are not integrated or reconciled, and that often require significant audit adjustments. Thus,

the overarching challenge in generating timely, reliable data throughout the year is overhauling financial and related management information systems. This overhaul has as its core objective the ability to (1) integrate financial, budget, and program information; (2) provide information for decisionmaking both throughout the year and at year-end; and (3) provide cost information that can be related to programs and operations under the Results Act.

Fiscal year 1997 ushered in the new requirements of the 1996 Federal Financial Management Improvement Act (FFMIA), which is focused on ensuring greater attention to making much needed improvements in underlying systems. This act requires that agency financial management systems comply with (1) federal systems requirements,[39] (2) federal accounting standards, and (3) the U.S. Government Standard General Ledger at the transaction level. For fiscal year 1997, 20 of the 24 CFO Act agencies' financial management systems were found by

---

[39]The financial management systems requirements have been developed by the Joint Financial Management Improvement Program (JFMIP), which is a joint and cooperative undertaking of the Department of the Treasury, OMB, GAO, and the Office of Personnel Management.

auditors to be in substantial noncompliance with FFMIA's requirements.[40] The four agencies in compliance were DOE, the National Aeronautics and Space Administration, the General Services Administration, and the National Science Foundation.

Agencies are challenged to improve their critical existing financial systems applications, which are not designed to fully meet current accounting standards and financial system requirements. These systems will need to be replaced or significantly upgraded in the next 5 years. At the end of fiscal year 1997, agencies identified 809 financial management system applications that fall into this category, representing 72 percent of the applications in operation at the time. Therefore, it will take time and concerted effort to raise federal financial management systems to the level of quality and reliability envisioned in FFMIA. In addition, agencies face the Year 2000 computing challenge of ensuring that their current systems function properly at the turn of the century. This task is appropriately taking priority and will likely

---

[40]Financial Management: Federal Financial Management Improvement Act Results for Fiscal Year 1997 (GAO/AIMD-98-268, Sept. 30, 1998).

sidetrack temporarily longer term system modernizations.[41]

Developing Cost Accounting Systems and Accountability Reports

Cost accounting also remains a key challenge in providing accountability and supporting the Results Act. Along with the new financial reporting model, new cost accounting standards became effective in fiscal year 1998.[42] These standards require agencies to develop measures of the full costs of carrying out a mission, producing products, or delivering services. Thus, decisionmakers are to have information on the costs of all resources used to allow for a comparison of the costs of various programs and activities and their performance outputs and results. Developing the necessary approach to gather and analyze needed program and activity-level cost information will be a substantial undertaking; while there is a broad recognition of the importance of doing so, for the most part, agencies have just begun this effort.

---

[41]Year 2000 Computing Crisis: Actions Must Be Taken Now to Address Slow Pace of Federal Progress (GAO/AIMD-98-205, June 10, 1998).

[42]Statement of Federal Financial Accounting Standards No. 4: "Managerial Cost Accounting Standards," issued July 1995, to be effective October 1, 1997.

Finally, as authorized by the 1994 Government Management Reform Act, OMB is piloting accountability reports that provide a single overview of federal agencies' performance. For fiscal year 1997, 12 agencies prepared accountability reports, and 18 are expected to do so for fiscal year 1998. By seeking to consolidate and integrate the separate reporting requirements of the Results Act, the CFO Act, and other specified acts, the accountability reports are to show the degree to which an agency met its goals, at what cost, and whether the agency was well run. SSA, which has received an unqualified opinion on its financial statements for fiscal years 1994 to 1998, has been a leader in accountability reporting. Its fiscal year 1998 accountability report, published on November 20, 1998 (less than 2 months after the close of the fiscal year), includes, among other things,

- the audited financial statements and the auditor's report;
- a 10-year summary of financial highlights;
- SSA's performance goals and results and its Results Act report; and
- a discussion of the major issues facing SSA, including the status of efforts to address the Year 2000 compliance issue.

Accountability reports that present an agency's financial condition and the results of its operations in an integrated way hold great promise for enhancing the usefulness of performance information. Such reports and independent audits will help correct the problem of the lack of complete and reliable information that has been a source of concern for congressional and agency decisionmakers for decades. If effectively implemented, accountability reports that include information on the full cost and results of carrying out federal activities could greatly aid decisionmaking for our national government.

Building, Maintaining, and Marshaling the Human Capital Needed to Achieve Results

- Adopting a Strategic Approach to Human Capital Planning
- Acquiring and Developing Staff With the Skills to Meet Critical Needs
- Creating a Performance-Oriented Organizational Culture

Leading performance-based organizations understand that effectively managing the organization's employees—or human capital—is essential to achieving results. People are an organization's most important

asset, especially within service-providing organizations. Only when the right employees are on board and are provided the training, tools, structures, incentives, and accountability to work effectively is organizational success possible. Thus, human capital planning must be an integral part of an organization's strategic and program planning; human capital itself should be thought of not as a cost to be minimized but as a strategic asset to be enhanced. The challenge—and opportunity—confronting federal agencies as they seek to become more performance-based is to ensure that their human capital policies and practices are aligned with the particular agency's program goals and strategies.[43]

Human capital will become an increasingly prominent issue for the federal government as agencies implement the performance-based management agenda established by the Congress in the 1990s. Whereas financial management, information technology management, and results-oriented goal-setting and performance measurement have all been the

---

[43]Performance Management: Aligning Employee Performance With Agency Goals at Six Results Act Pilots (GAO/GGD-98-162, Sept. 4, 1998) and Transforming the Civil Service: Building the Workforce of the Future (GAO/GGD-96-35, Dec. 26, 1995).

subject of major reform legislation this decade, no consensus has emerged on the fundamental structural or policy changes that may be needed to better align the federal government's human capital approaches with the new performance-based framework for management and accountability. Human capital reforms (for example, changes to the civil service system) will be necessary in order to fully realize the benefits which can be gained through a well-defined performance-based management and accountability framework. In that regard, we will work with the Congress to develop a body of work that helps to define the guiding principles and best practices for federal human capital issues.

Adopting a Strategic Approach to Human Capital Planning	Strategic human capital planning has traditionally been a weak link in federal agency management and has not consistently been part of agencies' strategic and programmatic approaches to accomplishing their missions. For example, HUD initiated its 2020 Management Reform Plan to, among other things, correct several management deficiencies. While it has made progress, having the right number of staff with the proper skills remains a challenge

for HUD. One of HUD's 2020 Management Reform Plan's goals was to reduce staffing from about 10,500 to 7,500 by 2002. However, we found that HUD's target levels were not based on a systematic analysis of how many staff it needed to carry out a given responsibility or function.

This weakness in HUD's human capital planning is particularly troubling because, in the past, not having enough staff with the necessary skills has limited HUD's ability to perform essential functions, such as monitoring multibillion dollar federal programs. As discussed in detail in Performance and Accountability Series: Major Management Challenges and Program Risks: The Department of Housing and Urban Development, HUD's human capital problems, together with its other management deficiencies, place the integrity and accountability of HUD's programs at risk.

A strategic approach to human capital directly integrates decisions about the results the organization is striving to achieve. It also takes into account an organization's human capital needs, the way the capital will be obtained, the cost of obtaining it, and the way human capital will be used.

Acquiring and Developing Staff With the Skills to Meet Critical Needs

Given the rapid pace of social and technological change, in addition to the shifts in strategies agencies adopt to achieve their missions, agencies are continually faced with the challenge of attracting, retaining, and motivating appropriately skilled staff. Skills gaps in critical mission areas undermine agencies' effectiveness and efforts to address high-risk areas.

For example, the lack of staff with the requisite technical skills has limited the effectiveness of DOE's self-regulation and contributed to the environmental problems at many of DOE's facilities. The Defense Nuclear Facilities Safety Board has repeatedly stated in its annual reports to the Congress that the lack of appropriate technical expertise in DOE is a significant problem. As we have reported since 1991, managers throughout DOE have told us that the lack of skilled staff in program and contracting oversight positions is one of the most fundamental challenges for the Department. In March 1997, we reported that DOE did not assign enough staff with the proper technical capability to oversee the early stages of a project at the Fernald site in Ohio, resulting in major cleanup problems that could have been avoided.

DOD is another department that has experienced difficulties in finding and retaining staff with the technical training it needs. To achieve the wide-ranging reforms necessary to address its long-standing financial management deficiencies, DOD must upgrade the skills of its financial personnel. DOD's vast financial operations involve a cadre of about 32,000 financial management personnel. Our survey of over 1,400 key DOD financial managers—individuals often serving in comptroller, deputy comptroller, or budget officer positions—showed that over half (53 percent) had received no financial or accounting-related training during 1995 and 1996. DOD is relying on these personnel to lead its efforts to produce reliable financial data. This will require DOD's financial managers to follow recently developed, and more comprehensive, accounting standards and federal financial management systems requirements and to implement these reforms throughout a large and complex organization with acknowledged serious financial deficiencies.

Creating a Performance-Oriented Organizational Culture

Moving successfully to a more performance-based approach to management requires that organizations align their human capital policies and

practices with their missions and goals. New ways of thinking must be adopted about the goals to be achieved; the organizational arrangements, program strategies, and partnerships needed to achieve those goals; and how progress will be measured. Likewise, performance management approaches are needed that align employee incentive and accountability mechanisms with the goals of the organization.

A key to redirecting employee performance toward organizational goals is to establish a performance-oriented culture in which employees understand the importance of and the connection between their performance and the organization's success. One step management must take in creating a culture of performance is to inform staff at all levels of the organization's intentions and involve them in the process of designing and implementing change.

The failure to constructively involve staff in an organization's efforts to become more performance-based means running the risk that the changes will be more difficult and protracted than necessary. For example, in the fall of 1997, the Nuclear Regulatory Commission's (NRC) Office of Inspector General surveyed NRC staff to obtain their

views on the agency's safety culture. In its
June 1998 report, the Inspector General
noted that the staff had a strong commitment
to protecting public health and safety but
expressed high levels of uncertainty and
confusion about the new directions in
regulatory practices and challenges facing
the agency.

The employees said that, in their view, they
spend too much time on paperwork that may
not contribute to the safety mission of the
organization. Employees who are confused
about the direction their agency is taking
will not be able to effectively focus on
results or make as full a contribution as they
might otherwise. Therefore, as the Inspector
General concluded, improved management
leadership and communication are needed to
effectively involve employees in achieving
results.

As shown in the relevant performance and
accountability series reports, we have
identified additional agencies, such as DOD
and FAA, where problems in organizational
culture have hampered effectiveness and
plagued improvement efforts. For example,
we have found that FAA's organizational
culture has been an underlying cause of
acquisition problems with the agency's

multibillion dollar modernization program
that, over the past 17 years, has experienced
cost overruns, schedule delays, and
significant performance shortfalls. We have
found that FAA employees have acted in ways
that did not reflect a strong enough
commitment to mission focus,
accountability, coordination, and
adaptability.

Protecting Merit Principles

As federal agencies give new emphasis to
designing and implementing human capital
approaches aimed at enhancing their
performance, they must also recognize that
certain statutorily established merit
principles and other national goals, such as
veterans' preference, must continue to be
upheld. The balance between performance
considerations and merit requirements is
one with which the civil service continues to
struggle. The Office of Personnel
Management's (OPM) strategic mission
statement acknowledges the agency's dual
role in designing policies to help agencies
align their human capital approaches with
their missions and in overseeing
"governmentwide implementation of those
policies" so that the agencies will uphold the
merit principles and veterans' preference.
OPM's intentions and initiatives in this area

notwithstanding, the civil service continues to be marked by a tension between federal agencies' needs for flexibility in managing their human capital and the government's need to ensure that they continue to adhere to what OPM calls "national values embodied by law."

Improving Performance and Strengthening Accountability Across the Federal Government

• Leadership in the Agencies
• Central Management Agencies' Roles
• Information for Congressional Decisionmaking

Agencies across the federal government face a series of daunting challenges as they strive to create performance-based organizations that are capable of meeting the demands and opportunities of the next century in a cost effective manner. While every agency we have examined has made progress in becoming more performance-based, that progress is very uneven across agencies. As the reports that are included in our performance and accountability series demonstrate, a great deal of hard and sustained work remains to be done.

On a governmentwide basis, agencies must ensure that the statutory framework that the

Congress has established is effectively implemented and, more generally, that the performance-based principles underpinning that framework become the routine basis for how the agencies do business. Top management within agencies must provide the consistent leadership necessary to direct this change and to ensure that momentum is maintained. OMB and other central management agencies and the Congress can reinforce agencies' efforts by using program performance and cost information to help guide their decisions. They also have key roles in supporting and overseeing agencies' efforts to become more performance-based.

Leadership in the Agencies

The changes in organizational cultures and management systems necessary for most agencies to become performance-based will take years to fully implement. Our work looking at management reform efforts within the federal government has found that, time and again, solutions have not been fully implemented to address management problems, in part because top leadership lacked a strong and sustained commitment to change.

Strong, visible, and sustained commitment to change requires setting a clear and

consistent vision of where the organization
is going in its effort to become more
performance-based, communicating that
vision throughout the organization, teaching
people what their roles are in accomplishing
that vision, and holding people accountable
for fulfilling their roles. Political appointees
and top career officials must work together
to instill a performance-based approach to
management and accountability throughout
an agency. Top career officials must assume
a leadership role—and be
accountable—because the fundamental
changes needed will require sustaining
improvement efforts well beyond the usual
tenure of political appointees.

Central Management Agencies' Roles

The federal government's central
management agencies—OMB in
particular—have pivotal roles to play in
guiding and overseeing agencies' efforts to
become more performance-based and, more
importantly, using the agencies'
performance, financial, and program cost
information as a basis for decisionmaking.
Over the last several months, OMB has
worked with agencies on their fiscal year
2000 annual performance plans. These plans
were developed under the Results Act and
submitted to OMB as part of agencies' budget

submissions. According to senior OMB officials, the plans allowed for much deeper considerations of the performance consequences of resource decisions than had been possible when developing the President's budget in the past.

OMB and the agencies can also use the annual performance planning process to present agreed-upon goals and strategies for addressing major management issues. The agency-specific and crosscutting priority management objectives that OMB includes in the governmentwide annual performance plan highlight areas needing the greatest attention and the executive branch's plans for addressing those areas. Many of the areas that we have identified as high-risk are consistent with areas on OMB's list of priority management objectives. For example, Defense Financial Management and contracting approaches at DOE are on our high-risk list and are among OMB's priority management objectives.

OMB also has leadership responsibilities for ensuring that agencies effectively implement the statutory performance and accountability framework. To help meet this responsibility, OMB has used task forces and interagency councils as a strategy in both

developing policies that are sensitive to implementation concerns and gaining consensus and consistent follow-through within the executive branch.

One example of this collaborative approach is the continuing success of the CFOs and the CFO Council in leading agencies in addressing a wide range of financial and related management issues. The CFO Council, working with OMB, develops an annual financial management status report and 5-year plan. The CFO Council also has an active committee focused on Results Act implementation, with particular attention to integrating performance goals and information into budget presentations. Further, the CFO Council's Human Resources Committee assists CFOs in improving the recruitment, retention, performance, and professional development of financial management personnel. The Human Resources Committee, in cooperation with JFMIP, has also defined core competencies for federal personnel who perform financial management functions. In addition, this committee has recognized the importance of establishing a standard for continuing professional education for all financial management employees.

OPM, as the federal government's central personnel agency, has a leading role in ensuring that the appropriate balances are struck between the flexibilities afforded to agencies to design their own human capital systems and adherence to governmentwide policies. OPM also has a role in assisting agencies in augmenting their human capital. For example, as we noted in our earlier discussion of human capital issues, federal agencies traditionally have done little in the way of strategic human capital planning, particularly in identifying what sort of talent they need and strategies for aligning their workforce capabilities with their missions and goals.

We have long recommended that OPM (as well as OMB) take a greater leadership role in this area. OPM needs to guide agencies toward more rigorous human capital planning and to identify whether aspects of federal employment policy need to be modified so that the government is competitive in hiring and retaining the talented individuals it needs to accomplish its varied missions.

Information for Congressional Decisionmaking

In crafting its performance and accountability framework, the Congress was

responding to the fact that congressional and executive branch decisionmaking had often been hampered by the absence of information on the costs and results of agencies' programs. Results-oriented performance information and audited financial program and cost information can better inform the full range of decisions the Congress faces in its budget, appropriation, authorization, and oversight capacities. Congressional use of these sources of information will spur agencies' efforts to implement the statutory framework by sending the unmistakable message to the agencies that the Congress remains serious about performance-based management and accountability.

We have long advocated that congressional committees of jurisdiction hold augmented oversight hearings on each of the major agencies at least once each Congress, and preferably on an annual basis. Information on the linkages among plans, programs, budgets, and performance results that should become available as agencies become more performance-based, could provide a consistent starting point for each of these hearings. As each agency implements the statutory framework, this information

should allow more informed discussions
about issues such as

- the progress the agency is making in
  achieving the goals established in its
  strategic and annual plans;
- the degree to which the agency has the best
  mix of programs, initiatives, and other
  strategies to achieve results;
- the progress the agency is making in
  addressing high-risk areas and other major
  management challenges;
- the efforts under way to ensure that the
  agency has the needed human capital and
  that the agency's human capital strategies
  are linked to strategic and programmatic
  planning and accountability mechanisms;
  and finally
- the status of the agency's efforts to use
  information technology to achieve results.

Across the federal government, agencies
have been making progress over the last few
years in implementing the statutory
framework and making the major
management changes that effective
implementation of the framework entails.[44]
These efforts have confirmed that
fundamental improvements in performance

---

[44]GAO/AIMD-98-127, Mar. 31, 1998 and GAO/GGD-97-109, June 2,
1997.

and management are possible when an organization undertakes a disciplined approach to implementing the performance-based management principles that underpin the Congress' framework. At the same time, the efforts to date underscore the nature and scope of the challenges that lie ahead for most agencies if they are to become fully effective organizations capable of meeting the demands of the 21st century and providing the products, services, and results that taxpayers expect.

Related GAO Products

Adopting a Results Orientation

Managing for Results: An Agenda To Improve the Usefulness of Agencies' Annual Performance Plans (GAO/GGD/AIMD-98-228, Sept. 8, 1998).

The Results Act: Assessment of the Governmentwide Performance Plan for Fiscal Year 1999 (GAO/AIMD/GGD-98-159, Sept. 8, 1998).

The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans, Version 1 (GAO/GGD-10.1.20, Apr. 1998).

Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking, Version 1 (GAO/GGD/AIMD-10.1.18, Feb. 1998).

Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).

Managing for Results: The Statutory Framework for Performance-Based Management and Accountability (GAO/GGD/AIMD-98-52, Jan. 28, 1998).

Managing for Results: Using the Results Act to Address Mission Fragmentation and

Program Overlap (GAO/AIMD-97-146, Aug. 29, 1997).

The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven (GAO/GGD-97-109, June 2, 1997).

Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review, Version 1 (GAO/GGD-10.1.16, May 1997).

Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

Effectively Using Information Technology to Achieve Program Results

Executive Guide: Leading Practices in Capital Decision-Making (GAO/AIMD-99-32, Dec. 1998).

Year 2000 Computing Crisis: A Testing Guide (GAO/AIMD-10.1.21, Nov. 1998).

Information Security: Serious Weaknesses Place Critical Federal Operations and Assets at Risk (GAO/AIMD-98-92, Sept. 23, 1998).

Year 2000 Computing Crisis: Business Continuity and Contingency Planning (GAO/AIMD-10.1.19, Aug. 1998).

Executive Guide: Information Security
Management—Learning From Leading
Organizations (GAO/AIMD-98-68, May 1998).

Executive Guide: Measuring Performance
and Demonstrating Results of Information
Technology Investments (GAO/AIMD-98-89,
Mar. 1998).

Chief Information Officers: Ensuring Strong
Leadership and an Effective Council
(GAO/T-AIMD-98-22, Oct. 27, 1997).

Year 2000 Computing Crisis: An Assessment
Guide (GAO/AIMD-10.1.14, Sept. 1997).

Year 2000 Computing Crisis: Success
Depends Upon Strong Management and
Structured Approach (GAO/T-AIMD-97-173, Sept.
25, 1997).

Paperwork Reduction: Governmentwide
Goals Unlikely to Be Met (GAO/T-GGD-97-114,
June 4, 1997).

The System Assessment Framework, Version
1.1, A Guide for Reviewing Information
Management and Technology Issues in the
Federal Government (GAO/AIMD-10.1.12, May 1,
1997).

Business Process Reengineering Assessment Guide (GAO/AIMD-10.1.15, Apr. 1997).

High-Risk Areas: Actions Needed to Solve Pressing Management Problems (GAO/T-AIMD/GGD-97-60, Mar. 5, 1997).

Assessing Risks and Returns: A Guide for Evaluating Federal Agencies' IT Investment Decisionmaking (GAO/AIMD-10.1.13, Feb. 1997).

1997 High-Risk Series, An Overview (GAO/HR-97-1, Feb. 1997).

1997 High-Risk Series, Information Management and Technology (GAO/HR-97-9, Feb. 1997).

Managing Technology: Best Practices Can Improve Performance and Produce Results (GAO/T-AIMD-97-38, Jan. 31, 1997).

Information Technology Investment: Agencies Can Improve Performance, Reduce Costs, and Minimize Risks (GAO/AIMD-96-64, Sept. 30, 1996).

Information Security: Opportunities for Improved OMB Oversight of Agency Practices (GAO/AIMD-96-110, Sept. 24, 1996).

Information Management Reform: Effective
Implementation is Essential for Improving
Federal Performance (GAO/T-AIMD-96-132,
July 17, 1996).

Information Security: Computer Hacker
Information Available on the Internet
(GAO/T-AIMD-96-108, June 5, 1996).

Paperwork Reduction: Burden Reduction
Goal Unlikely to Be Met
(GAO/T-GGD/RCED-96-186, June 5, 1996).

Evaluating Information Technology
Investments: A Practical Guide, Version 1.0
(Office of Information and Regulatory
Affairs, Information Policy and Technology
Branch, Nov. 1995).

Strategic Information Management (SIM)
Self-Assessment Toolkit, Exposure Draft,
Version 1 (Accession Number 153193,
Oct. 28, 1994).

Executive Guide: Improving Mission
Performance Through Strategic Information
Management and Technology (GAO/AIMD-94-115,
May 1994).

Paperwork Reduction Act: Opportunity to
Strengthen Government's Management of

Information and Technology
(GAO/T-AIMD/GGD-94-126, May 19, 1994).

Strategic Information Planning: Framework
for Designing and Developing System
Architectures (GAO/IMTEC-92-51, June 1992).

Establishing Financial Management Capabilities That Effectively Support Decisionmaking and Accountability

Forest Service: Barriers to Financial
Accountability Remain (GAO/AIMD-99-1, Oct. 2,
1998).

Financial Management: Federal Financial
Management Improvement Act Results for
Fiscal Year 1997 (GAO/AIMD-98-268, Sept. 30,
1998).

Financial Management: Training of DOD
Financial Managers Could Be Enhanced
(GAO/AIMD-98-126, June 24, 1998).

Financial Management: Fostering the
Effective Implementation of Legislative
Goals (GAO/T-AIMD-98-215, June 18, 1998).

Year 2000 Computing Crisis: Actions Must
Be Taken Now to Address Slow Pace of
Federal Progress (GAO/T-AIMD-98-205, June 10,
1998).

Department of Defense: Financial Audits
Highlight Continuing Challenges to Correct
Serious Financial Management Problems
(GAO/T-AIMD/NSIAD-98-158, Apr. 16, 1998).

Internal Revenue Service: Remaining
Challenges to Achieve Lasting Financial
Management Improvements
(GAO/T-AIMD/GGD-98-139, Apr. 15, 1998).

Financial Audit: 1997 Consolidated Financial
Statements of the United States Government
(GAO/AIMD-98-127, Mar. 31, 1998).

Financial Audit: Examination of IRS' Fiscal
Year 1997 Custodial Financial Statements
(GAO/AIMD-98-77, Feb. 26, 1998).

The Government Performance and Results
Act: 1997 Governmentwide Implementation
Will Be Uneven (GAO/GGD-97-109, June 2, 1997).

Budget and Financial Management: Progress
and Agenda for the Future (GAO/T-AIMD-96-80,
Apr. 23, 1996).

Building, Maintaining, and Marshaling the Human Capital Needed to Achieve Results

Performance Management: Aligning Employee Performance With Agency Goals at Six Results Act Pilots (GAO/GGD-98-162, Sept. 4, 1998).

The Excepted Service: A Research Profile (GAO/GGD-97-72, May 1997).

Transforming the Civil Service: Building the Workforce of the Future, Results of a GAO-Sponsored Symposium (GAO/GGD-96-35, Dec. 26, 1995).

Civil Service Reform: Changing Times Demand New Approaches (GAO/T-GGD-96-31, Oct. 12, 1995).

Federal Personnel: Federal/Private Sector Pay Comparisons (GAO/OCE-95-1, Dec. 14, 1994).

Federal Employment: How Government Jobs Are Viewed on Some College Campuses (GGD-94-95, Mar. 10, 1994).

Transition Series: The Public Service (GAO/OGC-93-7TR, Dec. 1992).

The Changing Workforce: Demographic Issues Facing the Federal Government (GAO/GGD-92-38, Mar. 24, 1992).

Federal Recruiting: Comparison of Applicants Who Accepted or Declined Federal Job Offers (GAO/GGD-92-61BR, Mar. 20, 1992).

Managing Human Resources: Greater OPM Leadership Needed to Address Critical Challenges (GAO/GGD-89-19, Jan. 19, 1989).

Performance and Accountability Series

Major Management Challenges and Program Risks: Department of the Interior (GAO/OCG-99-9)

Major Management Challenges and Program Risks: Department of Justice (GAO/OCG-99-10)

Major Management Challenges and Program Risks: Department of Labor (GAO/OCG-99-11)

Major Management Challenges and Program Risks: Department of State (GAO/OCG-99-12)

Major Management Challenges and Program Risks: Department of Transportation (GAO/OCG-99-13)

Major Management Challenges and Program Risks: Department of the Treasury (GAO/OCG-99-14)

Major Management Challenges and Program Risks: Department of Veterans Affairs (GAO/OCG-99-15)

Major Management Challenges and Program Risks: Agency for International Development (GAO/OCG-99-16)

Major Management Challenges and Program Risks: Environmental Protection Agency (GAO/OCG-99-17)

Major Management Challenges and Program Risks: National Aeronautics and Space Administration (GAO/OCG-99-18)

Major Management Challenges and Program Risks: Nuclear Regulatory Commission (GAO/OCG-99-19)

Major Management Challenges and Program Risks: Social Security Administration (GAO/OCG-99-20)

Major Management Challenges and Program Risks: U.S. Postal Service (GAO/OCG-99-21)

High-Risk Series: An Update (GAO/HR-99-1)

The entire series of 21 performance and accountability reports and the high-risk series update can be ordered by using the order number GAO/OCG-99-22SET.