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ADDRESS TO THE
NORDIC COUNCIL OF AUDITORS GENERAL
BY
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THE WORK OF THE COMPTROLLER GENERAL AND HIS REPORTING
TO THE CONGRESS OF THE UNITED STATES

I was honored to have the gracious invitation of the Nordic Council of Auditors to discuss the role of the Comptroller General of the United States and the work of the United States General Accounting Office. I was doubly pleased to respond positively to the invitation extended by my good friend, Lars Breie, the Auditor General of Norway, whom I have come to know well through our participation on the Governing Board of the International Organization of Supreme Audit Institutions. I am pleased also that it provides me with an opportunity to visit again with my many friends from the Nordic countries. As an added dividend, my wife and I have long looked forward to a visit to Norway, the only Scandinavian country which we have not had an opportunity to visit.

As a preface to my remarks on the role of the Comptroller General of the United States and the work of the General Accounting Office, I believe it is accurate to say that the role of Auditors General throughout the world has undergone many new challenges in recent years. These challenges will continue in large part from the expansion of governmental activities. The increasing intervention of government into the lives of individuals and organizations, and the changing subject matter with which auditors deal as

science and technology and industrialization will increase the complexity of the programs and institutions which must be reviewed by auditing institutions.

In my own country, the Federal Budget this year contemplates expenditures of approximately \$500 billion, more than two and one-half times the expenditures just 10 years ago. Even more important, this past 10 years has seen the government's--and the auditor's--concern extended in a way which could not have been previously anticipated into complex areas of energy, safety, health, environment, defense systems, resource development, and many other areas. It is appropriate, therefore, that auditors, as reviewers, monitors, and analysts of these programs, consider how they can best support their respective national governments. We all share to some degree the same challenges arising from these phenomena.

Basic to an understanding of the role of the Comptroller General of the United States is to first recognize that ours is a government with constitutional separation of powers among the legislative, judicial, and executive branches. The General Accounting Office, which the Comptroller General heads, usually is described as an independent agency within the legislative branch of the Government. GAO plays an important part of the oversight by the legislature of the manner in which the chief executive, our President, carries out his responsibilities under the Constitution.

We are described as being "independent" because of several attributes which were assigned to the position of Comptroller General. He is appointed by the President and confirmed by the Senate but he cannot be removed by the President and can be removed by the Congress.

only for cause or by impeachment--an attribute which he shares in common with appointees to our judiciary. While the Comptroller General reports to and is accountable to the Congress, he has been given wide discretion to audit and analyze virtually all programs of the executive branch and, with certain limitations, the operations of the Congress and the judiciary.

In establishing this position in 1921, the Congress attempted to create the General Accounting Office as a nonpolitical and nonpartisan body. With the exception of the Deputy Comptroller General, who also is appointed by the President and confirmed by the Senate, the Comptroller General appoints all other staff members on a career merit basis.

The Comptroller General has the longest term appointment in our government--15 years--and cannot be reappointed. This decision was intended to create a setting where the Comptroller General would have no motivation and, in the eyes of all concerned, would have no appearance of a motivation, to use his office in any manner which could be construed as political in character. I emphasize this point because, in the final analysis, the Comptroller General has virtually no powers to direct that actions be taken as a result of his audits. He can develop the facts, he can make his findings available to the public, and he can hope to persuade. But the Comptroller General's effectiveness rests heavily upon his reputation for fairness, his objectivity, his credibility, and his persuasiveness.

GAO'S OBJECTIVES

Broadly speaking, GAO's objectives cannot be separated from the needs of the Congress for information and advice as it carries out its legislative

and oversight or review responsibilities. To do this, the Congress requires reliable data which the Comptroller General endeavors to provide. That is why GAO's work always must be relevant to the needs of the Congress. The Comptroller General and his staff strive to foresee these needs.

A concern frequently expressed in the Congress is that the executive branch of the United States Government has increased its power in relationship to the legislative branch. The reason for this, it is argued, is that the executive branch has most of the experts and information on complex subjects such as weapons systems, atomic energy, space exploration, and pollution control.

Much information is made available to the Congress through hearings and reports, particularly from the operating agencies. However, many questions always remain:

- Were proper alternatives to proposed programs fully considered and set forth objectively to the Congress?
- Does the executive branch keep the Congress adequately advised on progress and on problems which develop as programs are carried out?
- Does the information provided facilitate, rather than frustrate, the Congress' oversight?

GAO also attempts to provide the Congress with answers to questions such as:

- Is it possible to eliminate waste and the inefficient use of public money?
- Are Federal programs achieving their objectives, whether administered directly by the Federal Government or through other organizations such as the United Nations, or State and local governments?

--Are there other ways of accomplishing the objectives of these programs at lower costs?

--Are funds being spend legally? Is the accounting system for them adequate?

In short, GAO's objective is

--to recommend ways of making both proposed and present Federal programs work better,

--to assist in the process of choosing programs, and

--to make the results of its studies known before decisions are reached.

SPECIFIC REQUESTS FOR ASSISTANCE FROM CONGRESS

Currently, about 35 percent of GAO's work is in response to specific requests for assistance from the Congress. A basic policy of the Comptroller General and his professional staff of 4,100 is to be as helpful as possible to all Members of Congress within the limits of available resources and other work requirements, while preserving the status of GAO as an independent, nonpolitical agency.

While we are required by law to provide assistance to Congressional committees, it has been our policy to respond to requests for information from individual Members of Congress to the extent practicable. This policy is in keeping with the nonpolitical, nonpartisan character of the GAO. It avoids implications that GAO assistance is limited to a particular political party by responding only to requests made by committee chairmen.

Sometimes the questions raised by a Member of Congress have broader implications than the concern of a particular State, congressional district, or constituency. GAO judges each Member request from this standpoint. When that happens more comprehensive studies are made.

The question is sometimes asked whether the servicing of requests from individual Members of Congress interferes with the conduct of other GAO audit work. Yes, sometimes, because most congressional requests are given priority. Our objective is to provide service, and to help Members of Congress obtain information as speedily and efficiently as possible. Every effort is made to do so without affecting adversely, work which, in our judgment, warrants high priority attention, that is, work which can be expected to produce large economies or important improvements. We estimate that roughly one-half of the work performed as a result of specific requests for assistance from the Congress would have been undertaken on our own initiative even if no request had been made.

In determining how it will proceed to meet each congressional request for information, GAO tries to find out first if the information already is available from a Government agency. If GAO concludes that an agency can provide the information as readily as GAO can, it so recommends to the congressman. And in some cases, a congressman's needs can be met simply by providing him or her with copies of GAO reports on related audits or investigations or by informal briefings based on prior or current audit work.

The Comptroller General and members of the GAO staff testify frequently at congressional hearings on Federal programs and activities on which they have independently obtained and evaluated information. Sometimes this testimony provides essentially the same information previously or subsequently sent to the Congress as a Comptroller General's

report. During the fiscal year 1977, GAO witnesses testified at 111 hearings by congressional committees. The previous year, the number was 140. This year the number is expected to reach 160, and indications are that this type of assistance will further increase in the future.

APPLYING OUR DISCRETIONARY RESOURCES

In a broad sense, we consider just about everything we do as "assistance to the Congress." The GAO has wide discretion as to the kinds and mix of audits and evaluations it undertakes. In deciding what audit work to perform, we emphasize Federal programs and agency operations in which strong present or potential congressional interest exists and where there are opportunities for improvement. Thus, we have considerable freedom to make judgments on the work we undertake at our own initiative. With that privilege comes the responsibility to make the best possible use of our time and effort.

Our basic policy, except as otherwise required by statute or congressional request, is to apply our funds and our staff where they can do most to promote improvements in Government operations and to keep the Congress informed.

Given the size of the Federal Government and the wide scope of its operations, we must be selective in determining the programs and activities we will review at any given time. In making these decisions, we consider such factors as

- expressions of congressional interest;
- the importance of programs and activities judged by such means as public impact, amount of expenditures, investment in assets, and amount of revenues;

- the newness of programs and activities;
- public criticism indicating a possible need for corrective action;
- the extent and recency of past audit work by our office or by agency internal review and evaluation groups, and
- follow up on previous activities where our recommendations have not been adequately carried out.

Each year the General Accounting Office completes more than 1,000 audits relating to many types of Government activities--military and international affairs, agriculture, commerce, housing, health, education, welfare, postal operations, transportation, finance, and justice.

Nearly half of our staff is assigned to regional offices scattered throughout the continental United States and overseas in Germany, Thailand, Panama, and Hawaii. The remainder are stationed throughout the Washington, D.C., area at agency audit sites in the departments and agencies, as well as in our own headquarters building. From any of these offices, auditors travel to wherever Government programs and activities are carried out. We are thereby in a position to be aware of what is happening day-to-day in the planning and operations of Federal programs.

Being in tune with what is happening in major programs and activities of virtually all executive agencies, we are also able to consider what GAO can usefully do in looking at interagency and Government-wide relationships. Thus, we are in a good position to point out duplication of effort among agencies, inadequate coordinating arrangements, conflicting approaches to programs, inadequately defined objectives, obsolete programs or objectives, and so on.

IMPROVED MECHANISM FOR PLANNING GAO'S
INDEPENDENTLY INITIATED WORK

In 1972 we decided to reorganize GAO to better cope with the complexity of government and government programs, to provide for greater specialization, and to focus on Government-wide issues or issues common to several agencies of our Government. However, we soon recognized that no matter how we organized, we still had problems in doing all the things that needed doing. While it was important to retain agency cognizance within GAO divisions, we wanted at the same time to develop a distinctive competence to appraise important program, functional, and managerial issues which inevitably cross agency lines. This led, as you may imagine, to some concerns and readjustments internally among our various operating divisions accustomed to jurisdictional assignments along more traditional agency or bureau lines.

As a result, about three years ago--in February 1975--we added a new step to GAO's way of planning for and systematically considering the best way to apply its resources. We labeled this the "Lead Division Concept." That means that we gave specific responsibility for key "issue areas" to what we called "lead divisions." Specific GAO divisions were charged with providing leadership and guidance in the planning, programing and reporting all GAO work undertaken in designated areas. Our objectives were to:

- Improve communications among organizational units of GAO.
- Develop and make full use of expertise in GAO's 10 operating divisions and offices.
- Build into them the responsibility for planning our forward work program on a Government-wide basis.

In this way, priority issues are identified for the Comptroller General and his managers who comprise our Program Planning Committee. These issue areas are matters of current national importance or where Government has an important financial stake and to which we believe GAO can make a unique contribution. Issue area planning guides the work of all GAO divisions so that, in fulfilling their regular audit responsibility for agencies and programs, they also contribute to broader GAO objectives.

The Program Planning Committee thus far has identified 35 specific issue areas for planning purposes. These areas cover the spectrum of U.S. Government activities and concerns from the mundane to matters of high public interest. Let me illustrate.

- Some issue areas have to do with "world problems"-- energy, food, health, and environment--problems not only of concern to the United States but also to other countries.
- Others deal with domestic problems--crime, housing, community development, land use, and transportation.
- Some issues are more clearly the concerns of individuals-- nondiscrimination and equal employment opportunity, income security, and consumer protection.
- Finally, a number of issue areas relate to more traditional management activities of Government which require lots of money and are necessary to keep the machinery of Government running smoothly. They include accounting and financial reporting, automatic data processing, productivity analysis, internal audit, and the adequacy of budget and program evaluation activities of executive agencies.

Each of these 35 issue areas is assigned to one of the 10 operating divisions which then becomes the lead division for that issue in GAO. Normally that division is one having audit and evaluation responsibility for the agencies and programs most directly related to the issue area. (A list of the 35 issue areas is attached.)

For example, the income security issue area is led by our Human Resources Division whose Federal agency responsibilities include the Department of Health, Education, and Welfare; Labor Department; Veterans Administration; National Labor Relations Board; and the Railroad Retirement Board. By assigning lead responsibility on this basis, the lead division-- already involved in the area and having expertise and accumulated experience with respect to it--has a "head start" in guiding Office-wide planning for it. It also makes it easier to bring about necessary coordination among GAO divisions.

On assuming the role of a lead division, that division has the important task of developing a program plan. This plan is designed to set objectives and provide guidance for any audits and evaluations to be pursued in the area. This includes proposing--for consideration by the Program Planning Committee--what we label as priority lines of effort. These convey the main thrust of a family of related audits and evaluations which GAO should undertake in the course of the next year or two. These program plans are brought up to date not less frequently than every 18 months.

Let me illustrate with a list of the priority lines of effort we have established for two of our issue areas:

First, land use planning and control. We ask ourselves:

Are existing land planning programs adequate or is there a need for an improved national land use policy and program?

Are Federal lands and related resources being effectively managed on a multiple use basis; are they giving adequate consideration to competing needs?

How effective are Federal programs designed to promote the development, rehabilitation, conservation, and preservation of nonpublic lands and related resources?

What are the effects of tax policies on land use?

Are Federal programs and activities effective in meeting shortages of outdoor recreation?

Are federally-owned and federally-supported recreation areas being properly developed, managed, and maintained?

Second, water and water related programs. Again we ask ourselves:

Are existing water resources plans and programs adequate to meet the competing demands for water uses?

Do water agencies and industry have effective water conservation and reuse programs which reduce demand and make more efficient use of water supplies?

How can the constraints of water laws and rights on meeting water needs be effectively resolved?

Do Federal agencies benefit cost analyses fully and realistically consider the beneficial and adverse effects of water resource projects?

Program plans are descriptive and analytical documents developed by the lead division with the active participation of staff throughout GAO and with the advice of consultants and experts in and out of Government who are knowledgeable in the matters being addressed.

When approved by the Comptroller General and his Program Planning Committee, a program plan guides all GAO work in the issue area until audit objectives are met or until circumstances require their revision. Prompt revision, where necessary, is a regular responsibility of the lead division.

By following the guidance in the issue area program plan, each division works to accomplish objectives planned for the priority lines of effort to which it can best contribute. The lead division:

- Helps other contributing divisions plan those assignments which will contribute to meeting issue area objectives.
- Advises and assists other divisions in performing audits related to the issue area.
- Participates in the development of conclusions and recommendations to assure a coordinated and cohesive approach to work under the issue area.

The lead division also monitors all work under the issue area to be sure that only the most important work is being done.

We now have about 3 years' experience with issue area planning and it has become the single most important part of GAO-wide planning. Currently

over 90 percent of GAO's audit and evaluation work relates to the 35 approved issue area program plans.

Issue area planning has proven to be an effective way of focusing our resources available for GAO's self-initiated work on those national issues to which it can make contributions--now and over the next several years. It also helps GAO lead divisions work with congressional committees and Members so that their requests for GAO audits and reviews will effectively meet the needs of all concerned.

INTERDISCIPLINARY STAFFING

Learning how to conduct management and program-type audits requires time and experience. It should be understood that this has been a gradual process. To a considerable extent, we at GAO are continuing to learn by trial and error; experience has been our best teacher. We started out modestly and expanded slowly. We were clear as to what we wanted to do if we could find the means. We have attempted to strike a balance among financial, economy and efficiency, and effectiveness audits.

Our gradual development and transition from financial or fiscal-type auditing called for an increased involvement of staff members having acquaintance with such fields as business and public administration, engineering, economics, etc. In examining into management or operational problems, and the effectiveness of governmental programs, the financial auditor is no longer on his home ground. He is in the territory of the manager or the specialist who knows that territory much better. Therefore, it behooves such an auditor to develop and demonstrate his competence gradually and surely.

In the past 12 years since I have been Comptroller General, fundamental changes have also occurred in techniques used in governmental auditing.

One of these is the computer. It has become an accounting and management tool and auditors have had to acquire considerable specialized knowledge because of its complexity.

Another fundamental change has been the emergence of program results auditing. We use this term synonymously with "effectiveness auditing" and "program evaluation." With this development, the auditor has become concerned, as we have seen, with the broader questions of whether government programs are accomplishing their goals effectively and whether there are better or more cost-effective alternatives. But, auditing program results has a long way to go before it becomes as commonplace in government circles as audits of economy and efficiency. It has an even longer way to go before it attains the maturity of financial auditing work. But this will come. It will come because it is an area in which there is intense and growing interest by legislators, administrators, and the public.

This year marks the 11th anniversary of our decision to expand GAO's professional audit staff to complex specialists in fields other than accounting and auditing. In 1967 we expanded our college recruiting efforts to seek students with majors in economics, industrial management, engineering, public and business administration, and other disciplines. Upper-level hiring was expanded along similar lines. We added staff members who had expertise and experience in systems analysis, computer science, actuarial science, and statistical methods.

Until about 12 years ago, our staff was comprised almost entirely of people who had concentrated in the study of accounting and law. Through training and development, many of them became highly proficient in conducting management and program audits. In fact most of our top managers today rose through the ranks because of their capability in these new areas.

In the mid-60's, the American Government was becoming increasingly involved in attempting to solve social and environmental problems and in developing complex advanced weapon systems. Congress wanted--and needed--to know whether these programs were working and whether they were worth the millions and billions of Federal dollars invested in them. It soon became clear that if GAO was to fulfill the role open to it, we had to acquire a wider range of professional skills and disciplines. Consequently, we discarded the idea that a single category of auditor skills was adequate to perform all our tasks.

Our progress is as follows:

- In June of 1967, there were 10 audit staff members out of about 2,500 with special skills other than accounting.
- By June 1971, 483 of 2,900 auditors had concentrated their college studies in subjects other than accounting.
- At the present time, roughly 1,700 of our 4,100 professional auditors have specialties other than in accounting.

For the future we expect that at least half of our professional staff will have backgrounds and skills other than accounting.

CALLING UPON OUTSIDE
EXPERTS WHEN NEEDED

Because of the range of activities of modern governments, it is doubtful if any audit organization can acquire all the expertise needed. This is why we employ consultants trained in specialized fields. In this way we obtain that special knowledge and competence needed for a particular audit at a particular time without having to maintain such specialists on the staff full time.

We have made use of consultants in our audits of such programs as those concerned with elimination of poverty, manpower training, control and abatement of water pollution, and procurements of complicated weapon systems. In the future, we plan to increase our use of consultants in order to expand GAO's overall capabilities to audit government programs.

People often ask how GAO can undertake an evaluation of such technologically complex programs as the B-1 bomber and make technical judgments. GAO does not in fact make such judgments. Because we have a diversified staff and access to consultants expert in many fields, however, we are able to at least understand technical judgments made by experts in a Government agency and can call attention to factors or issues that may have been overlooked in making technical judgments. And importantly, we can give the pros and cons of alternative solutions to issues before the Congress.

GAO'S CHANGING ROLE

I have emphasized that GAO's responsibilities have expanded and altered during its 57 years since it was established. But the basic purpose of GAO audits and evaluations remain, and will remain, essentially unchanged. That purpose is to develop reliable, useful, and timely information on significant matters of concern to the Congress and to recommend improvements in the Government's operations. GAO's role in the future will change as the needs of our Congress change.

American society--like many western societies--has become more complex. The role of government is expanding, programs and budgets are skyrocketing, and new related demands are continuing to pile challenges upon public

officials. This keeps tremendous pressures on administrators who have the primary responsibility for carrying out programs as effectively, efficiently, and economically as possible. It also is increasing the burdens of all audit agencies, including GAO.

Increasingly, the bureaucracy--those in charge of the departments and agencies that serve the President--as well as the Congress and the public are looking to GAO for objective, independent evaluations of government performance. Today in Washington, more than anytime I can remember, there is interest in the need for

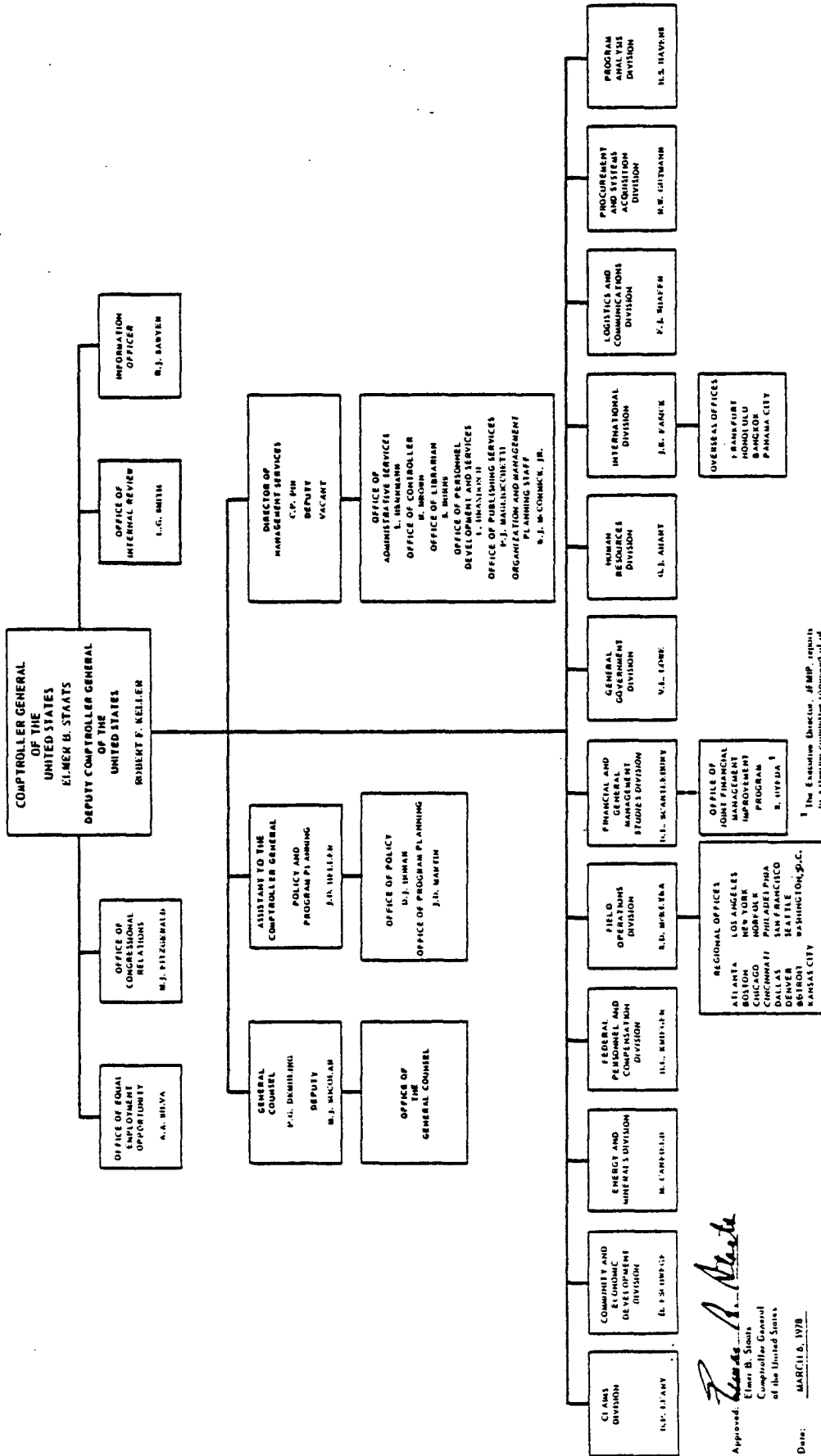
- finding ways to make the Government work better,
- improving its multitude of programs,
- weeding out those that are not doing the job,
- saving money, and
- meeting goals at less cost.

This is a challenging time--a day of opportunity--for auditors, evaluators, and analysts.

It has been emphasized on many occasions that democratic institutions thrive only in an atmosphere of open discussion and the accountability of those who govern for the stewardship which they enjoy. Auditing institutions can and do play an important role in assuring that the exercise of this authority and in assuring that the expenditure of public funds are carried out wisely and in the national interest. As Auditors General, we cannot guarantee this, but our work can go far in contributing to the accountability system essential to the accomplishment of these objectives.

As of
May 24, 1978

UNITED STATES GENERAL ACCOUNTING OFFICE



GAO ISSUE AREAS AND RESPONSIBLE LEAD DIVISIONS

