



The Accountability & Oversight Community – Making an Impact Today and in the Future

**DOD OIG Conference
Washington, DC
September 11, 2012**

**Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office**

GAO Report on the IG Community

- GAO's review of IGs mandated by the Dodd-Frank Act
- In September 2011, GAO surveyed IGs and found that they had
 - taken actions to implement statutory provisions for enhancing their independence
 - reported billions of dollars in potential savings and other measures of effectiveness
 - taken actions to help prevent fraud in the distribution of Recovery Act funds
 - a range of expertise and qualifications in the areas specified by the IG Act

GAO, *Inspectors General: Reporting on Independence, Effectiveness, and Expertise*, GAO-11-770, September 21, 2011.

IGs Report Significant Measurable Accomplishments

- IGs reported for fiscal year 2009:
 - Potential savings of over \$43 billion—\$18 for every dollar invested
 - About 5,900 criminal actions, 1,100 civil actions, 4,400 suspensions and debarments, and 6,100 indictments
 - Actions taken to help prevent fraud in Recovery Act oversight as of June 2011 included over 1,500 investigations, over 1,400 reviews, and training to about 139,000 individuals

Enhanced IG Independence

- IGs also reported enhanced independence from
 - Implementation of 2008 IG Reform Act provisions including
 - Statutory provisions for the level of IG compensation
 - IG access to independent legal counsel
 - Identification of IG budgets in the President's Budget

Measuring GAO's Impact: Balanced Scorecard Approach

- Balanced set of quantitative measures in four key areas:
 - Results (e.g., financial benefits, non-financial benefits, recommendations implemented, new products with recommendations)
 - Client (e.g., timeliness, number of testimonies)
 - People (e.g., retention rate, staff utilization)
 - Internal Operations (e.g., quality of work life)
- Tools include client survey, employee feedback survey, and internal customer satisfaction survey
- Annual Performance and Accountability Report

International Efforts – Value and Benefits of Supreme Audit Institutions (SAIs)

- International Organization of Supreme Audit Institutions (INTOSAI) focuses on knowledge sharing, capacity building, and standards
- INTOSAI Working Group on Value and Benefits of SAIs was established in 2007
 - 21 members, including the U.S.
 - First phase of work completed and defines framework for communicating the values and benefits of SAIs
 - Focus through 2013 includes projects on
 - Measurement tools to support the evaluation of SAIs' performance
 - Tools for communicating with public stakeholders
 - Interaction with different branches of government to promote accountability

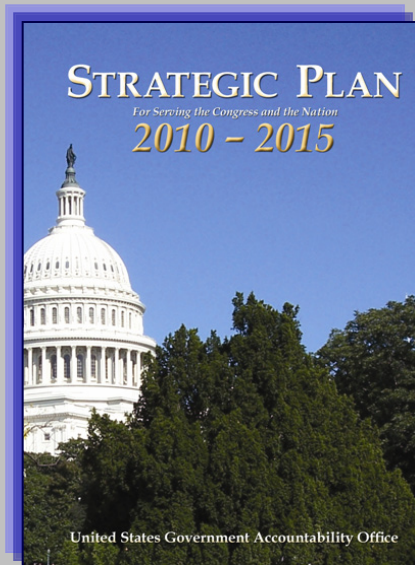
Accountability Community – Ensuring an Impact in the Future

- Strategic planning & global trends
- Major GAO efforts
- Partnership building

GAO's Planning & Performance Documents

www.gao.gov/sp.html

Strategic Plan



Performance Plan

**UNITED STATES
GOVERNMENT ACCOUNTABILITY OFFICE
FISCAL YEAR 2010 PERFORMANCE PLAN**

GAO's Mission

GAO is an independent, nonpartisan professional services agency in the legislative branch of the federal government. Commonly known as the audit and investigative arm of the Congress on the "congressional watchdogs," we examine how taxpayer dollars are spent and advise the Congress and federal agencies on ways to make government work better.

Our mission is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. We accomplish this mission by providing objective and reliable information and informed analysis to the Congress, federal agencies, and the public, and recommending improvements, when appropriate, on a wide variety of issues. These core values—accountability, integrity, and reliability—form the basis for all of our work, regardless of its origin.

As a legislative branch agency, we are exempt from many laws that apply to executive branch agencies. However, we generally hold ourselves accountable to the spirit of many of these laws, including the Government Performance and Results Act of 1993 (GPRA). Among other things, GPRA requires "each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency". This section of our budget submission constitutes our performance plan for fiscal year 2010.

Summary of GAO's Fiscal Year 2010 Budget Request

GAO is requesting an appropriation of \$901.5 million in fiscal year 2010 to support a full-time equivalent (FTE) staff level of 3,250 FTEs to provide the staff capacity and infrastructure to support the continuing high congressional demand for GAO's services. This request represents an increase of about \$30.5 million, or 6.9 percent, over our fiscal year 2009 appropriation, and a 3.5 percent increase over our fiscal year 2009 staffing level of 3,141 FTEs. This request represents a prudent increase that will strengthen our capacity to provide timely support to the Congress in confronting the difficult array of challenges facing the nation.

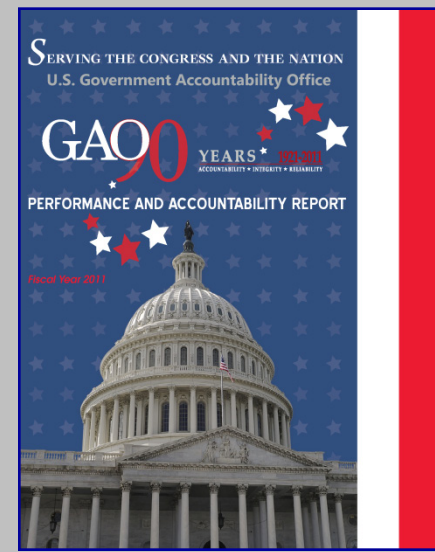
Table 2: Fiscal Year 2008 - 2010 Source of Funds
(Dollars in thousands)

Funding source	FY 2008 actual		FY 2009 revised estimate		FY 2010 budget request	
	FTEs	Amount	FTEs	Amount	FTEs	Amount
Appropriation		\$483,348		\$531,000		\$591,497
Contractual operations		1,641		1,693		11,202
Total budgetary resources	3,081	\$606,899	3,141	\$638,695	3,250	\$602,719

Source: GAO.

GAO-08-3045P GAO's Fiscal Year 2010 Performance Plan 1

Performance & Accountability Report



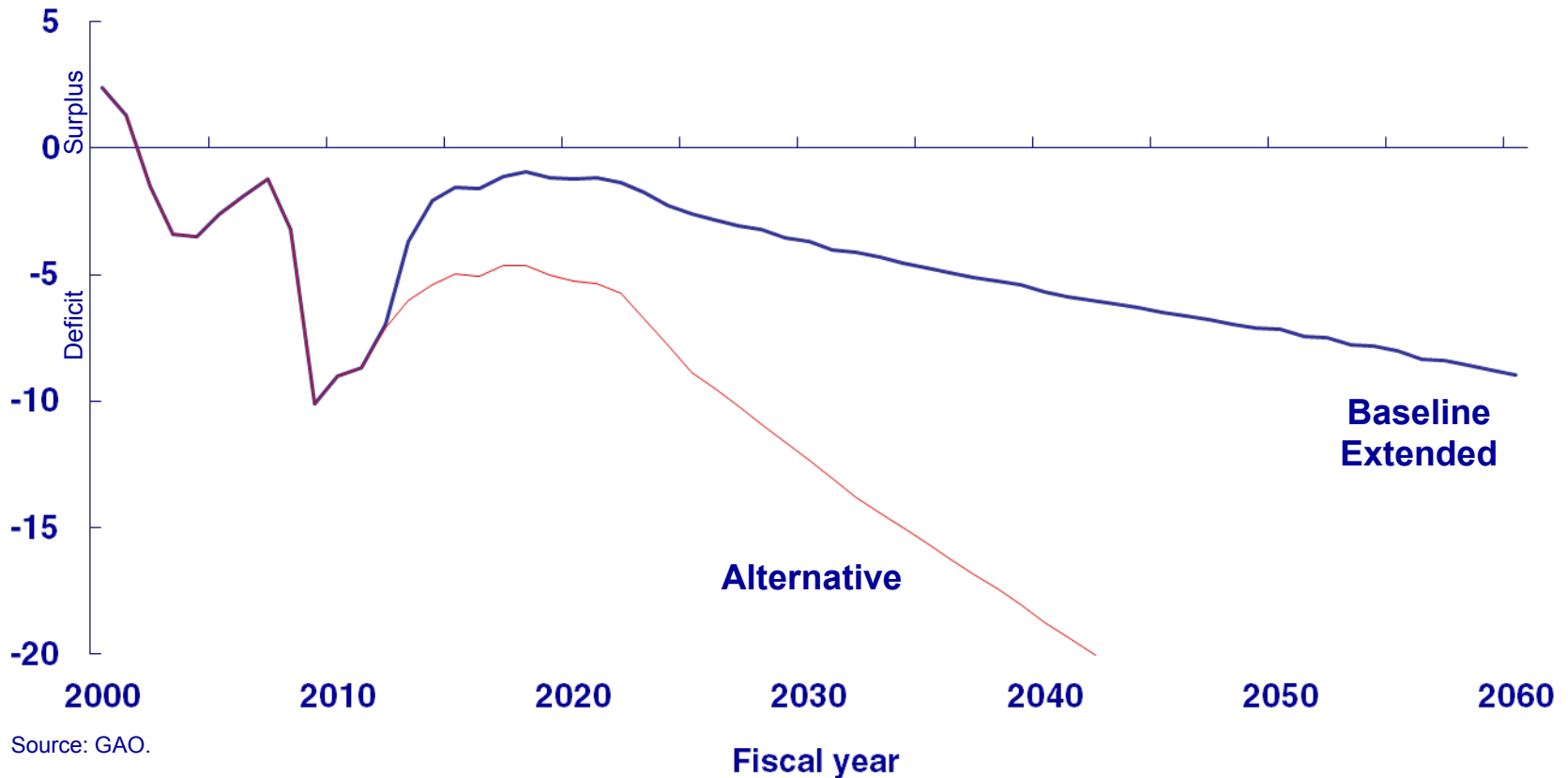
GAO Strategic Plan: Trends Shaping the United States and its Place in the World

- Threats Confronting U.S. National Security Interests
- Economic Recovery and Restored Job Growth
- Changing Dynamics of Global Interdependence and Shifts in Power
- Advances in Science, Technology, Engineering, and Mathematics (STEM)
- Increasing Impact of Networks and Virtualization
- Shifting Roles in Government and Governance
- Demographic and Societal Changes Confronting the Young and Old
- Fiscal Sustainability and Debt Challenges

Fiscal Sustainability and Debt Challenges

Federal Budget Surpluses and Deficits under Different Fiscal Policy Simulations (Spring 2012)

Percentage of GDP

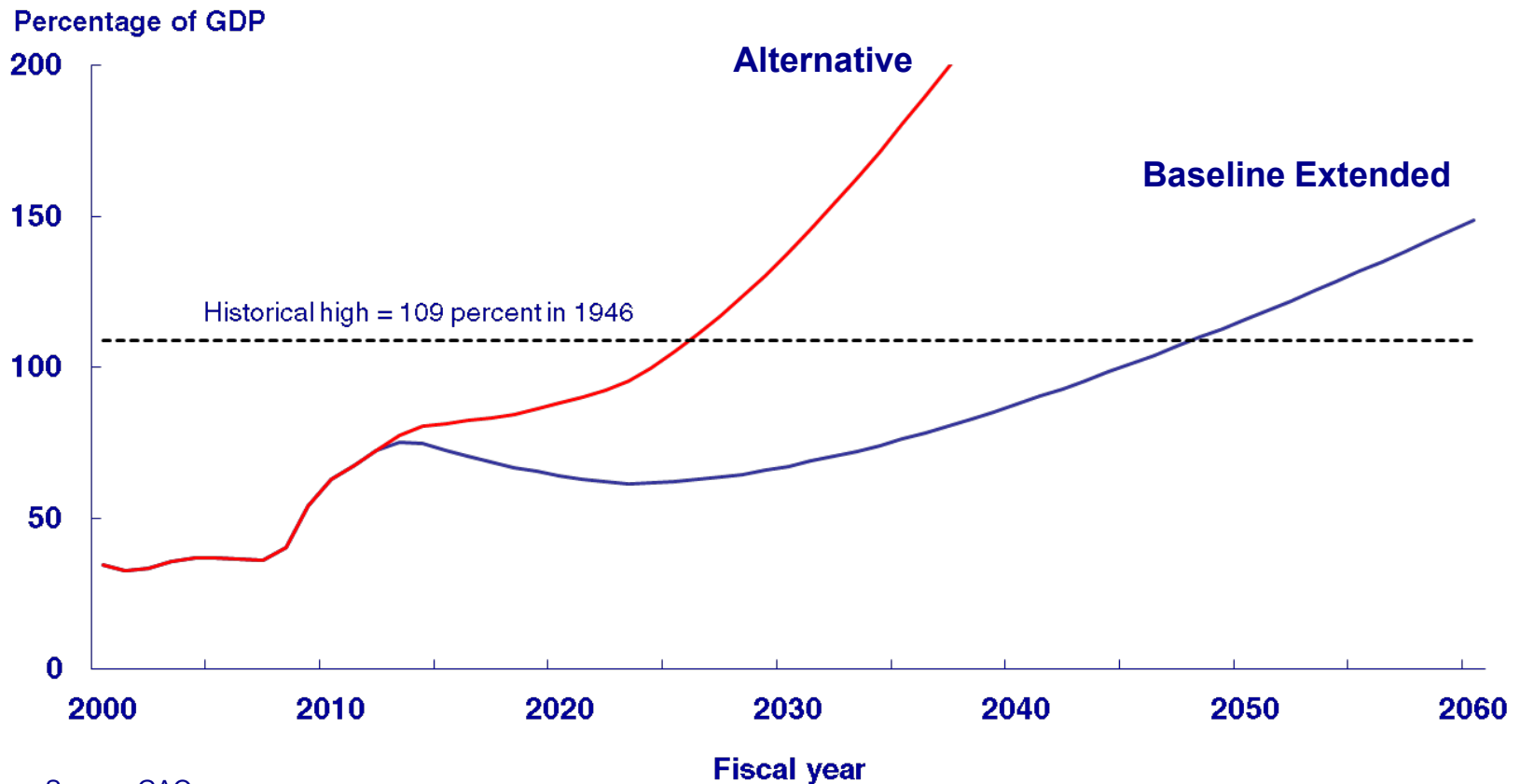


Source: GAO.

Note: Data are from GAO's Spring 2012 simulations based on the Trustees' assumptions for Social Security and the Trustees' and CMS Actuary's alternative assumptions for Medicare.

Fiscal Sustainability and Debt Challenges

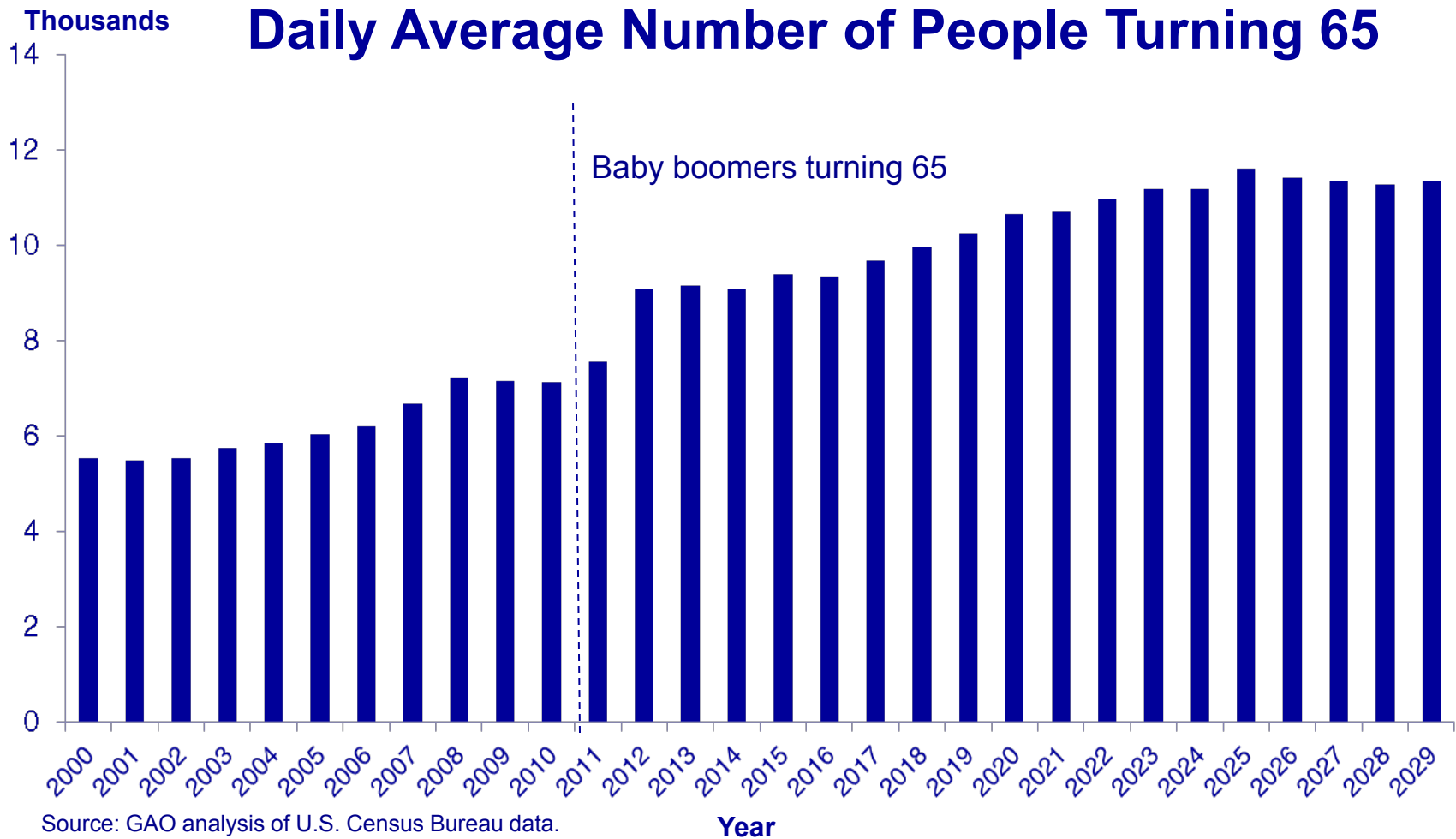
Debt Held by the Public Under Two Fiscal Policy Simulations



Source: GAO.

Note: Data are from GAO's Spring 2012 simulations based on the Trustees' assumptions for Social Security and the Trustees' and CMS Actuary's alternative assumptions for Medicare.

Fiscal Sustainability and Debt Challenges

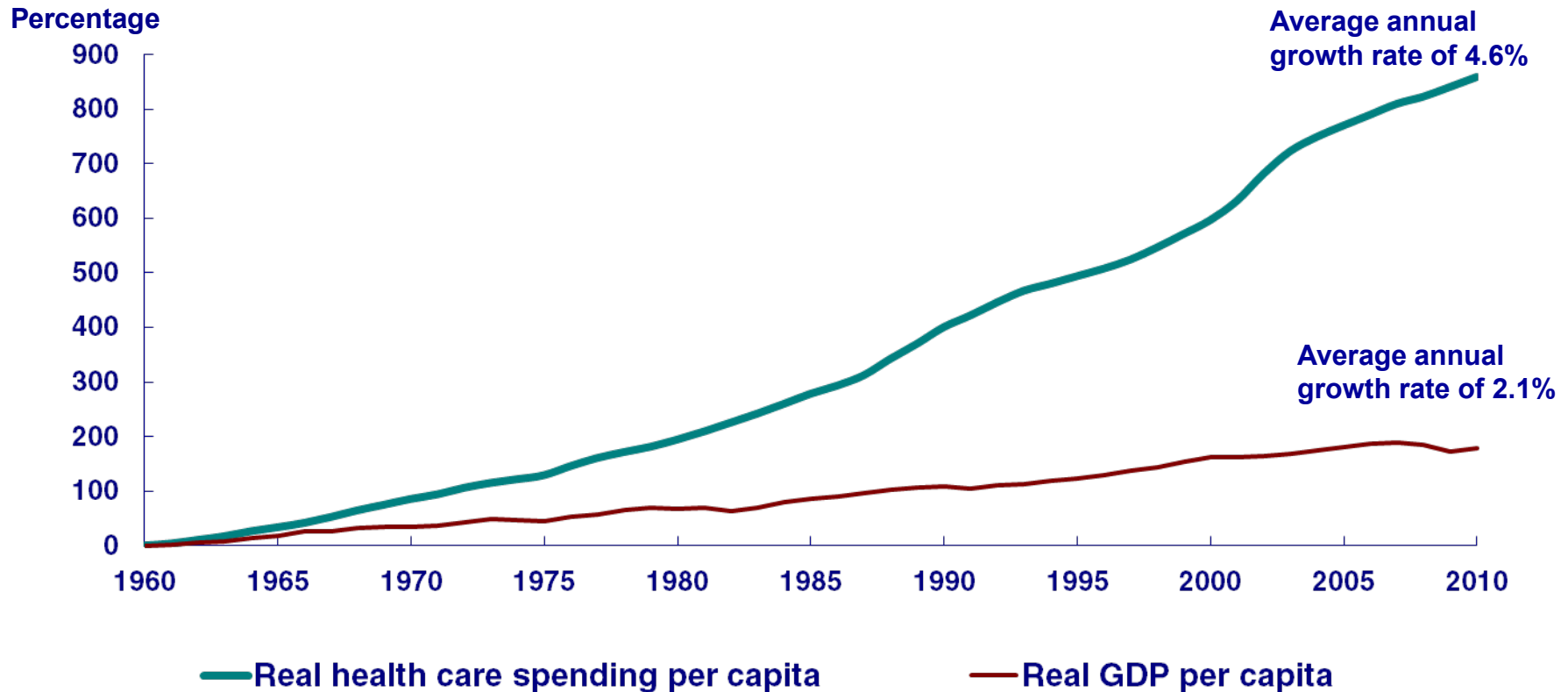


Source: GAO analysis of U.S. Census Bureau data.

Note: Data are from the U.S. Census Bureau's National Population Projections. For this analysis, we used data from the low net international migration series.

Key Drivers of the Long-Term Fiscal Challenge: Growth in Health Care Spending

Cumulative Growth in Real Health Care Spending Per Capita and Real GDP Per Capita, 1960-2010



Source: GAO analysis of data from the Centers for Medicare & Medicaid Services, Office of the Actuary, and the Bureau of Economic Analysis.

Note: The most current data available on health care spending per capita are for 2010.

Mandate for GAO Duplication Reviews

124 STAT. 8 PUBLIC LAW 111-139—FEB. 12, 2010

PUBLIC LAW 111-139—FEB. 12, 2010 124 STAT. 29

Feb. 12, 2010 [R.J. Est. 45]

Statutory Pay-As-You-Go Act of 2010.

2 USC 901 note.

2 USC 901.

2 USC 902.

31 USC 712 note.

Investigations. Reports. Deadline.

IDENTIFICATION, CONSOLIDATION, AND ELIMINATION OF DUPLICATIVE GOVERNMENT PROGRAMS

The Comptroller General of the Government Accountability Office shall conduct routine investigations to identify programs, agencies, offices, and initiatives with duplicative goals and activities within Departments and governmentwide and report annually to Congress on the findings, including the cost of such duplication and with recommendations for consolidation and elimination to reduce duplication identifying specific rescissions.

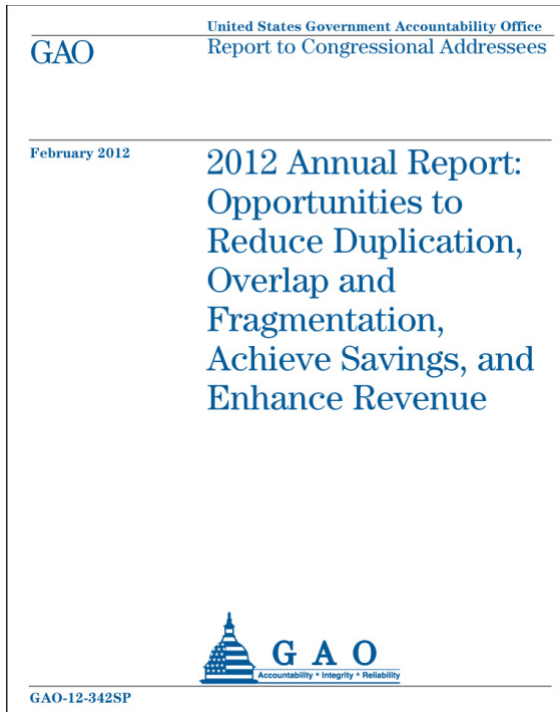
124 STAT. 30 PUBLIC LAW 111-139—FEB. 12, 2010

and with recommendations for consolidation and elimination to reduce duplication identifying specific rescissions.

Approved February 12, 2010.

Source: Pub. L. No. 111-139, 21, 124 Stat. 29 (2010), 31 U.S.C. 712 Note.

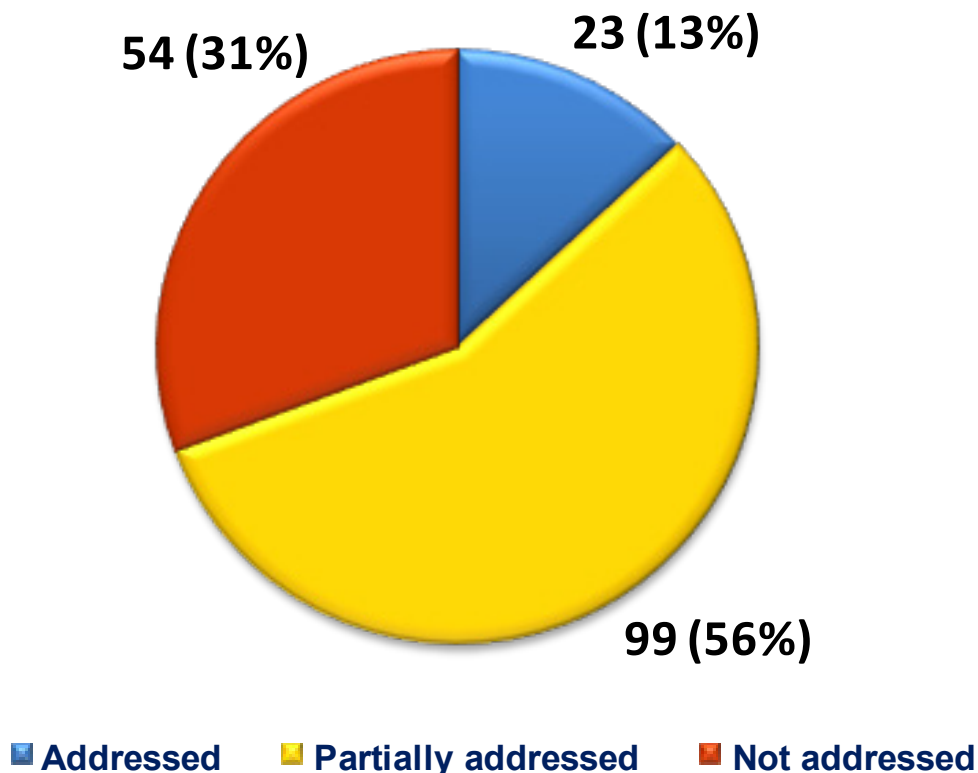
2012 Annual Report on Duplication, Overlap, and Fragmentation



- 32 areas where agencies, offices, or initiatives have similar or overlapping objectives or provide similar services to the same populations; or where government missions are fragmented across multiple agencies or programs.
- 19 additional areas describing other opportunities for agencies or Congress to either reduce the cost of government operations or enhance revenue collections for the Treasury.
- Collectively, we identified about 130 actions that the executive branch or Congress could take. Depending on the extent of actions taken, these savings and revenues could collectively result in billions of dollars in savings.

Duplication, Overlap, and Fragmentation: Status of 176 Actions in 2011

The majority of 176 actions needed within the 81 areas identified by GAO have been partially addressed.



Source: GAO analysis, as of February 10, 2012

GAO's High-Risk List

- Begun in 1990s – areas most in need of reform or most vulnerable to fraud, waste, abuse, and mismanagement
 - 30 areas currently on list; next update January 2013
- Qualitative & quantitative factors
- Helps focus attention of both agencies and the Congress on needed actions
- A number tied to financial management

High-Risk List: Emphasis on Solutions

- Goal is to have programs move off the list
- 2011 Update & web site contain expanded information on actions needed to resolve identified issues
- Over 30 meetings with agency and OMB leaders
- Numerous additional meetings with other GAO participants at all levels

Importance of Networks, Collaboration and Partnerships

- Solutions to cross-cutting challenges
- Opportunities for increased collaboration
- Expanded networks to leverage limited resources
 - GAO's participation in INTOSAI, Intergovernmental Audit Forums, and CIGIE meetings
 - Sister agency contacts
 - Advisory boards and panels

Opportunities for the Audit Community to Have an Impact at DOD

- As DOD seeks to develop plans and budgets in light of the nation's fiscal situation, it will need to:
 - Reexamine programs and activities, including adjusting or terminating those that are outmoded or not performing; and
 - Eliminate inefficient ways of doing business
- The audit community can help to identify areas where DOD may be able to achieve additional efficiencies and enhance accountability
- For example, opportunities for improvement exist in several areas that GAO has designated as high risk or has identified as having significant potential for overlap and duplication.

DOD Financial Management

- CFO Act laid the foundation for reforms that called for increased accountability and better management practices
 - Designated agency CFOs with broad responsibility for modernizing financial management
 - New accounting standards; strengthened internal control; improved performance information; greater transparency; and the implementation of automated systems
- IGs at various agencies have been instrumental in the implementation of the CFO Act and related reforms

DOD Financial Management

- CFO Act is an important part of improving federal government accountability through financial audits of the CFO Act agencies.
 - Unqualified audit opinions were rendered for 21 of the 24 CFO Act agencies for FY 2011
 - Most produced statements within an accelerated time frame
- Success in federal financial reporting will be the result of sustained collaboration
 - Agencies, OMB, Treasury, agency IGs, and GAO

DOD Financial Management

- Reaching auditability is a long-term process
 - Six years after the CFO Act, only 6 agencies had received an unqualified opinion
 - It took two decades to get to 21 agencies with an unqualified opinion
- IRS took 8 years to obtain a clean opinion
 - Constructive engagement
 - Prioritizing of recommendations

DOD Financial Management

- Auditability of DOD financial statements
- Congressional attention and reinforcement
- Commitment of DOD leadership to long-term goal of full financial statement auditability
- DOD's improvement efforts follow a plan with long-term objectives and interim milestones

DOD Financial Management

- GAO efforts
 - Constructive engagements
 - Auditor-auditee communication that is timely, clear, and useful without sacrificing GAO's independence
- GAO works collaboratively with the DOD IG
 - Oversight of USMC's audit of its SBR
 - Continuing to work with DOD IG to help DOD achieve auditability and financial management reform

Weapon Systems Acquisition

- DOD's ongoing efficiency initiatives represent a significant attempt to achieve costs savings by controlling the growth on major weapons programs, targeting affordability, promoting real competition, and reducing non-productive processes
- Audit opportunities to facilitate these efforts:
 - Identifying redundancy in weapons portfolios
 - Identifying redundant and/or non value-added requirements
 - Flagging programs at risk of cost and schedule growth earlier in the development cycle
 - Assessing the status of non-major programs that still represent a significant investment

DOD Business Systems Modernization

- For decades, DOD has been challenged in modernizing its business systems
- Designated as high risk in 1995
- About 2,200 business system investments, which account for billions of dollars in annual expenditures
- Significant potential exists for identifying and avoiding costs associated with duplicative functionality across these investments

DOD Business Systems Modernization

- GAO has provided a series of recommendations aimed at strengthening the department's approach to modernization, including:
 - developing and using a business enterprise architecture (BEA) modernization blueprint,
 - establishing effective investment management controls to guide and constrain DOD's multi-billion dollar business systems environment, and
 - ensuring that DOD follows best practices when acquiring information technology systems and services.
- DOD has made progress implementing key institutional modernization management controls, but more needs to be done.

Duplication and Overlap Issues

Examples of DOD Duplication and Overlap Issues in the 2011 & 2012 Annual Reports



Potential duplication in DOD's prepositioning programs for equipment and supplies



Potential Duplication in Counter-Improvised Explosive Device efforts



Overlap in Electronic Warfare programs



Overlap in Unmanned Aircraft Systems

Building on DOD's Ongoing Efforts to Identify Efficiencies

- In May 2010, Secretary Gates directed DOD to undertake a departmentwide initiative with the overarching goal of significantly reducing excess overhead costs and reinvesting these savings in sustaining the current force structure and modernizing its weapons portfolio.
 - Projected savings of about \$154 billion over 5 years to be integrated into DOD's budget beginning in fiscal year 2012.
- In its fiscal years 2012 and 2013 budget requests, DOD identified additional reductions and potential savings that could be achieved in future years.

Additional Areas Where DOD May Be Able to Achieve Efficiencies

- **Health Care:** Opportunities may exist for DOD to gain efficiencies in managing health care services by modifying DOD's medical command structure, consolidating common services, and partnering with the Veterans Administration in some areas.
- **Contracting:** Opportunities exist for strategically managing services acquisition, enhancing competition, and addressing weaknesses with contracting arrangements and incentives.
- **Overhead/Headquarters:** DOD has identified some efficiencies but needs to improve its visibility over headquarters personnel and seek additional opportunities to reduce overhead.
- **Logistics/Supply Chain:** For example, DOD has begun to achieve efficiencies by improving its secondary inventory management processes but may be able to achieve additional efficiencies in managing spare parts.

Accountability Community – Ensuring an Impact Today and the Future

- Significant efforts are underway across government
- Building partnerships and networks is more important than ever
- In a dynamic environment, the value and benefits of the accountability community are in high demand

On the Web

Web site: <http://www.gao.gov/>

Contact

Chuck Young, Managing Director, Public Affairs, youngc1@gao.gov
(202) 512-4800, U.S. Government Accountability Office
441 G Street NW, Room 7149, Washington, D.C. 20548

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