



Opportunities to Strengthen Government Performance and Enhance Auditor Communication

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Overview

- GPRRA Modernization Act Goals
- Financial Management Challenges
- GAO's Social Media Initiatives
- International Auditor Cooperation Efforts



GPRA Modernization Act Goals

GPRA Modernization Act Goals

- Adopting a more coordinated and crosscutting approach to achieving common goals
- Addressing weaknesses in major management functions
- Ensuring performance information is both useful and used in decision making
- Instilling sustained leadership commitment and accountability for achieving results
- Engaging Congress in identifying management and performance issues to address

Adopting a Coordinated and Crosscutting Approach

- GAO's report on duplication, overlap, and fragmentation highlights areas where such an approach is needed, including programs related to:
 - Teacher Quality
 - Surface Transportation
 - Employment & Training
 - Domestic Food Assistance
 - Economic Development
 - Financial Literacy

Addressing Weaknesses in Major Management Functions

- Agencies need more effective management capabilities to better implement programs and policies.
- GPRA Modernization Act requires OMB to develop goals to improve management functions across the government, including in the following areas:
 - Financial management
 - Human capital
 - Information technology
 - Procurement and acquisition
 - Real property

Ensuring Performance Information is Useful and Used

- To ensure performance information will be both useful and used, it must meet various users needs for completeness, accuracy, validity, timeliness, and ease of use.
- Act has several requirements that could help meet these needs:
 - Agencies to disclose more information on the accuracy and validity of their performance data, such as data sources
 - Quarterly, rather than annual, reporting for priority goals
 - Information to be posted on a governmentwide website

Ensuring Performance Information is Useful and Used (cont'd)

- To ensure that federal officials have the knowledge and skills necessary to use the information they are gathering, the Act requires OPM to
 - Identify key skills and competencies needed to carry out performance management activities
 - Incorporate those skills and competencies into relevant position classifications and agency training

Sustained Leadership Commitment and Accountability for Results

- The Act creates several new leadership structures and responsibilities aimed at sustaining attention on improvement efforts:
 - At the agency level, a Chief Operating Officer and Performance Improvement Officer at each agency
 - A governmentwide Performance Improvement Council to assist in carrying out the governmentwide performance and reporting requirements of the act
 - Quarterly reviews for the governmentwide and agency priority goals that involve top leadership

Engaging Congress

- The Act significantly enhances requirements for agencies to consult with Congress when establishing or adjusting governmentwide and agency goals.
 - OMB and agencies are to consult with relevant committees, obtaining majority and minority views, about proposed goals at least once every 2 years.
 - In addition, OMB and agencies are to describe how they incorporated congressional input into their goals.
 - OMB is required to report on unmet agency goals each year, and where a goal has been unmet for 3 years, OMB can propose the program for termination or restructuring, among other actions.

GAO's Role in Evaluating Implementation of the GPRA Modernization Act

- The act includes provisions requiring GAO to evaluate implementation over time:
 - By June 2013, GAO is to report on implementation of the act's planning and reporting requirements at both the governmentwide and agency levels.
 - By September 2015 and 2017, GAO is to evaluate whether performance management is being used by federal agencies to improve results.
 - Also by September 2015 and 2017—and every 4 years thereafter—GAO is to evaluate implementation of the federal government priority goals and performance plans, and related reporting requirements.

GPRA Modernization Act Implementation Timelines

- **June 30, 2011** – **Quarterly agency priority progress reviews**, consistent with the Act, begin for the goals listed in the FY11 Budget
- **February 6, 2012** –
 - OMB publishes interim **federal government priority goals** and prepares **federal government performance plans**, consistent with the Act
 - Agencies adjust their current **strategic plans**, prepare **performance plans**, and identify new or update existing **agency priority goals** to make them consistent with the Act
- No later than **February 27, 2012** – Agencies make **performance reporting updates** on FY2011 performance consistent with the Act
- **June 30, 2012** – **Quarterly federal government priority progress reviews** begin
- No later than **October 1, 2012** – **Governmentwide performance website** launched
- **February 3, 2014** – **Full Implementation** with a new strategic planning cycle



Financial Management Challenges

CFO Act – Key Accomplishments and Progress Made

- Cultural change – accountability
- Governmentwide leadership structure and agency CFOs
- New accounting and reporting standards
- Preparing timely, auditable financial statements
- Strengthening internal control
- Improving financial management systems
- Improving performance information
- Establishing fiscal sustainability reporting
- Issuing summarized financial reports, including the governmentwide Citizen's Guide

Results of the FY 2010 Financial Audits

- 20 of 24 CFO Act Agencies received unqualified audit opinions on their accrual-based financial statements. (Only 6 did in 1996.)
- Three major impediments continue to prevent GAO from rendering an opinion on the U.S. government's accrual-based consolidated financial statements:
 - Financial management problems at the Department of Defense (DOD)
 - Inability to adequately account for and reconcile intragovernmental activity and balances between federal entities
 - Ineffective process for preparing the consolidated financial statements

U.S. Government's Consolidated Financial Statements - Getting to a Clean Opinion

Department of Defense (DOD)

- Several entities have received a clean opinion:
 - U.S. Army Corp of Engineers, Defense Finance and Accounting Service, Defense Commissary Agency, Defense Contract Audit Agency, Military Retirement Fund
- U.S. Marine Corps working toward an auditable Statement of Budgetary Resources as a first step. Lessons learned may pave the way for other military services.
- DOD focus on improving business systems, ensuring reliability of budget information, and existence and completeness of all mission-critical assets
- Financial Improvement and Audit Readiness plan (FIAR) defines path for DOD's plans to achieve auditability by 2017

U.S. Government's Consolidated Financial Statements - Getting to a Clean Opinion

Intragovernmental activity & balances between federal entities

Key actions taken/planned by Treasury

- Developed and issued Intragovernmental Business Rules.
- Established various focus groups, consisting of Treasury and federal entity personnel.
- Developed and implemented intragovernmental confirmation and reporting and analysis systems.
- Developing financial statements for the General Fund of the U.S. Government to help address unreconciled differences existing between the General Fund and federal entity trading partners related to appropriation and other intragovernmental transactions.

U.S. Government's Consolidated Financial Statements - Getting to a Clean Opinion

Consolidated financial statements (CFS) preparation process

Key actions taken/planned by Treasury

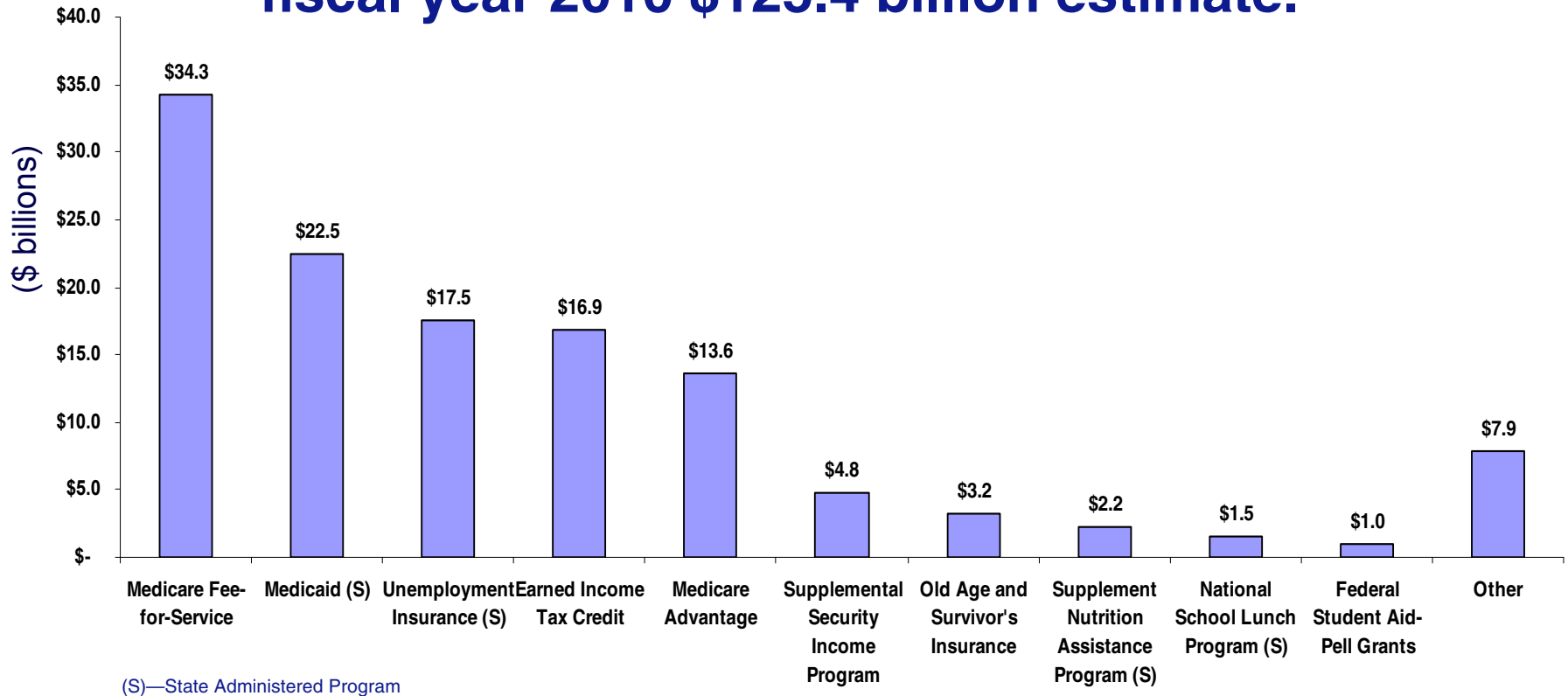
- Developed, documented, and implemented numerous standard operating procedures.
- Hired contractors to assist in addressing certain control deficiencies.
- Continuing to execute and implement corrective action plans to address previously identified control deficiencies.
- Considering obtaining personnel from certain other entities, with additional financial reporting expertise, to assist Treasury during the year-end CFS preparation process.

Increases in Improper Payment Estimates

- Improper payment estimated amounts have been steadily rising over the years, primarily due to expansion in the number of programs being measured.
- However, the fiscal year 2010 increase in the estimates was primarily related to an increase in reported outlays and, for the Unemployment Insurance and Earned Income Tax Credit programs, increases in reported error rates.
- The fiscal year 2010 \$125.4 billion improper payment estimate rose \$16.2 billion from the prior year estimate of \$109.2 billion.

Fiscal Year 2010 Improper Payment Estimates by Program

10 programs account for 94 percent of the fiscal year 2010 \$125.4 billion estimate.



Source: GAO analysis.

Improper Payments Elimination and Recovery Act of 2010

- In July 2010, the President set goals under the Accountable Government Initiative which include (1) reducing overall improper payments by \$50 billion by fiscal year 2012 and (2) recapturing at least \$2 billion in actual improper payments by fiscal year 2012.
- On July 22, 2010, the Improper Payments Elimination and Recovery Act (IPERA) was enacted.
- IPERA establishes additional requirements related to (1) manager accountability, (2) recovery auditing, (3) compliance and noncompliance determinations and reporting, and (4) an opinion on internal controls over improper payments.
- IPERA requirements related to agencies' improper payment estimating and reporting, manager accountability, recovery auditing, and compliance determinations and reporting, became effective for fiscal year 2011 under OMB's April 14, 2011, implementing guidance.
- OMB expects to issue guidance related to providing an opinion on internal controls over improper payments in the future.

Challenges to a More Comprehensive Picture of Improper Payments

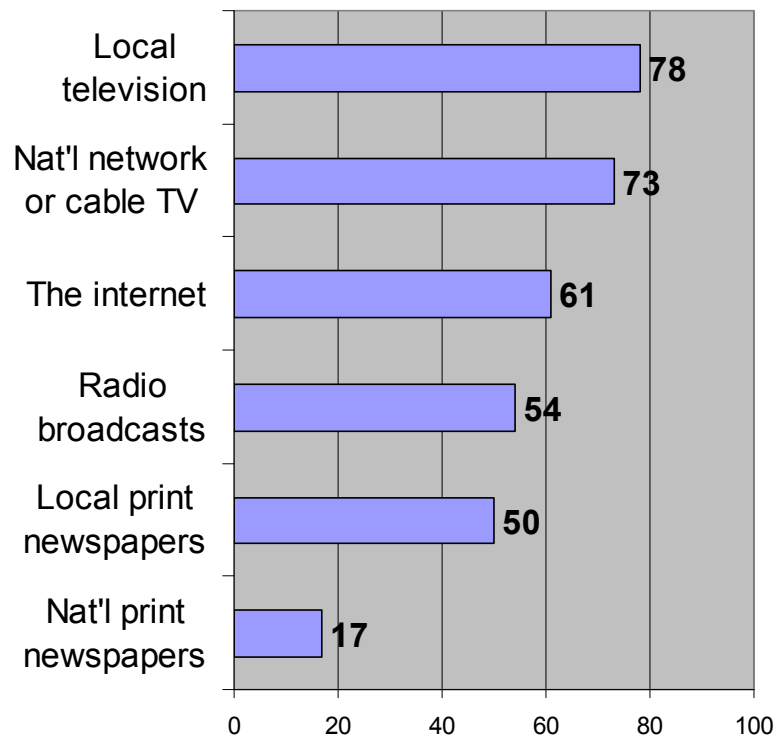
- Full extent of improper payments is still unknown because some agencies have not yet reported estimates for all risk-susceptible programs.
- Categories of improper payments and the root causes are not consistently identified in programs' improper payment estimates or included in aggregate estimates.
- Corrective actions are unique to specific entities and programs across the federal government.
- Preventing, reducing, and recovering improper payments needs to be a high priority.



GAO's Social Media Initiatives

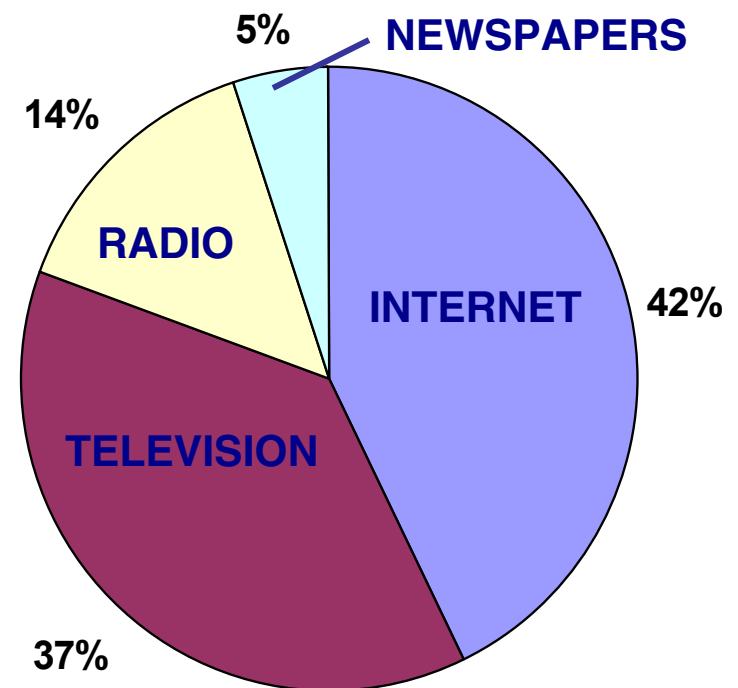
How Citizens Consume Information is Changing

Americans' news sources



Source: "Understanding the Participatory News Consumer," Pew Internet & American Life Project, March 2010.

"Most essential" medium



Source: Arbitron/Edison Research, "The Infinite Dial 2010"

GAO Now Provides Information Through More Formats and Channels

- Using video to provide content for GAO channel on YouTube
- Automated Twitter feeds of our work now have more than 8,000 followers
- A mobile version of GAO website allows users of smart phones to access GAO's reports and testimonies
- Podcasts available on iTunes make summaries of our work more accessible
- Images – photos and graphics – from our reports are on Flickr to drive more people to our products
- Sharing widgets encourage users to share and e-mail our work with others they know may be interested
- E-report format gives easier web-based access to our work

Other New Media Opportunities for GAO

On the horizon:

- GAO Facebook page (coming soon)
- Online chats and blogs
- Video podcasts
- iPhone and other smartphone apps
- External GAO reports widget
- E-reader capability for Kindle, Nook, etc.



International Auditor Cooperation Efforts

International Auditor Cooperation Efforts

- INTOSAI's triennial congress held last November
- Updated INTOSAI Strategic Plan approved with focus on priority areas for the next 5 years:
 1. Helping to ensure the independence of supreme audit institutions (SAIs)
 2. Implementing the International Standards for Supreme Audit Institutions (ISSAIs)
 3. Strengthening SAI capacity building
 4. Demonstrating the value and benefits of SAIs
 5. Fighting corruption
 6. Strengthening INTOSAI communication

International Auditor Cooperation Efforts

INTOSAI triennial congress (cont'd)

- Johannesburg Accords were endorsed and include discussions & recommendations on 2 themes:
 1. Value and benefits of SAIs
 - Emphasizes that accountability and transparency are an indispensable part of democracy
 - Communicating with citizens & stakeholders
 2. Environmental auditing
 - Raises awareness of audit issues related to the environment, the economy, and society.

International Auditor Cooperation Efforts

INTOSAI triennial congress (cont'd)

- International Standards for Supreme Audit Institutions (ISSAIs)
 - Adoption of more than 40 new standards
 - Finalizes a complete framework of international audit standards, which individual SAIs can use as a reference point
 - Focus now on implementation support for countries wishing to apply the standards

International Auditor Cooperation Efforts

- INTOSAI-Donor Cooperation
 - INTOSAI and about 15 donor organizations and countries, including the United States, are continuing to make progress on a key international effort to strengthen the capacity of SAIs in developing countries
 - Stocktaking report completed (90% response rate)
 - INTOSAI working with international donors and aid organizations to support SAIs most in need of assistance
 - Next Steering Committee meeting to be held in Washington, D.C. this summer

On the Web

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