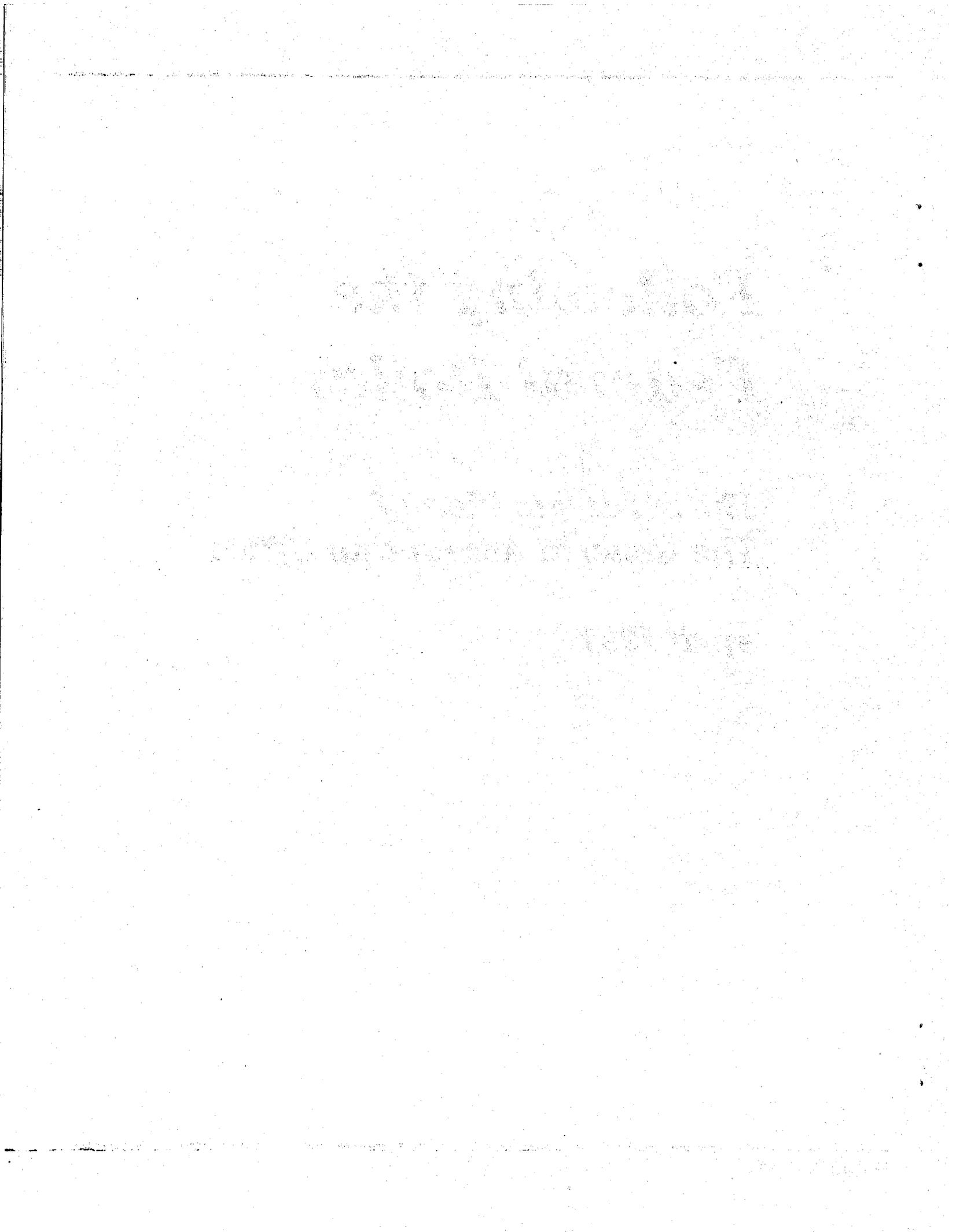


***Following the
Federal Dollar***

***The Strategic Plan of
The General Accounting Office***

April 1997



Introduction

The General Accounting Office, headed by the Comptroller General of the United States, is the investigative arm of Congress and the nation's auditor.

GAO seeks to achieve honest, effective management and full accountability throughout the federal government. It serves the public interest by providing members of Congress and others who make policy with accurate information, unbiased analysis, and objective recommendations on the use of public resources in support of the security and well-being of the American people.

GAO is staffed by specialists in many disciplines, including accountants, public administrators, business school graduates, computer scientists, engineers, statisticians, lawyers, economists, health care experts and others. Using the talents of this diverse staff, GAO each year produces a wide variety of audits, studies and testimonies to support Congress in the exercise of its constitutional authority to oversee the programs and activities of the federal government.

GAO has long utilized a planning process for the work carried out by its five divisions and the 32 issue areas to which GAO assigns its work. These plans are updated on a regular basis and describe and explain the major audits and studies GAO undertakes each year. Each of the 32 issue area plans is based upon consultation with majority and

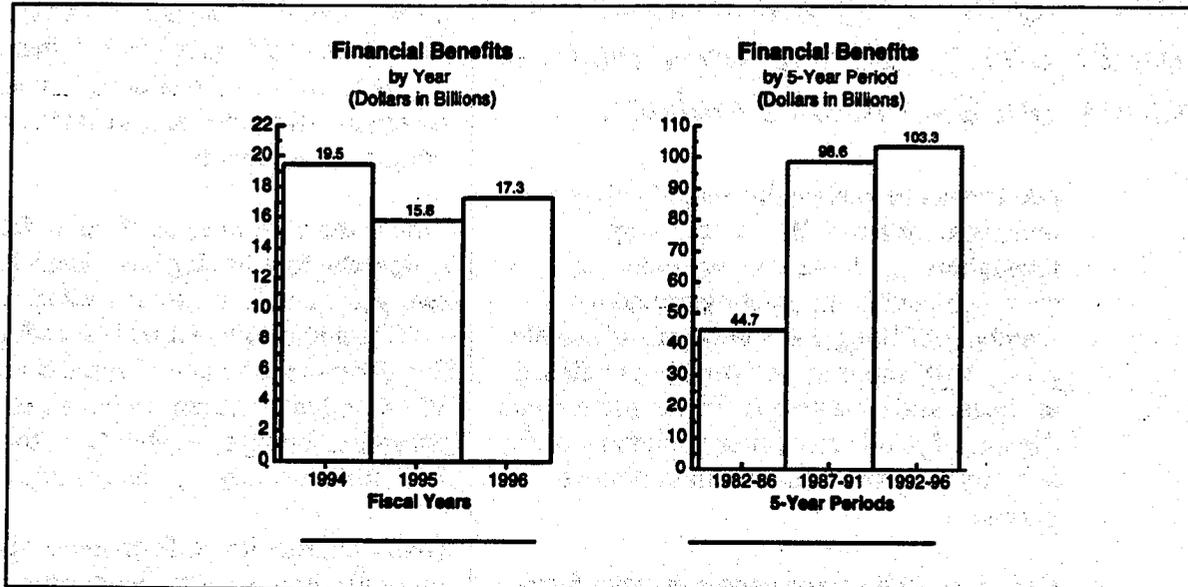
minority representatives of congressional committees. GAO also seeks advice from outside experts. The goal in drafting these plans is to seek a mix of work that takes into account assignments GAO believes are essential, given available resources and congressional needs.

This is the second strategic plan for the office—the first having been issued about two years ago. During the past two years GAO has undergone a budget reduction of 25 percent and a parallel reduction in staff. These reductions reinforce the necessity of careful planning to enable GAO to make the best and most efficient use of its resources.

GAO monitors its performance with a view towards continuously recognizing its goals of efficiency, effectiveness, and service to the Congress. The priorities for the next two years in this strategic plan reflect GAO's commitment to continually sustain the positive trends in its performance regarding these goals. GAO assesses its performance in two key areas—(1) service to the Congress and results of GAO's work, as measured by financial benefits to the government, other improvements in government operations, the percentage of GAO recommendations implemented, number of testimonies delivered, and overall product output and (2) efficiency and effectiveness of GAO's work processes, as measured by job duration, job cost, and timeliness in delivering work results.

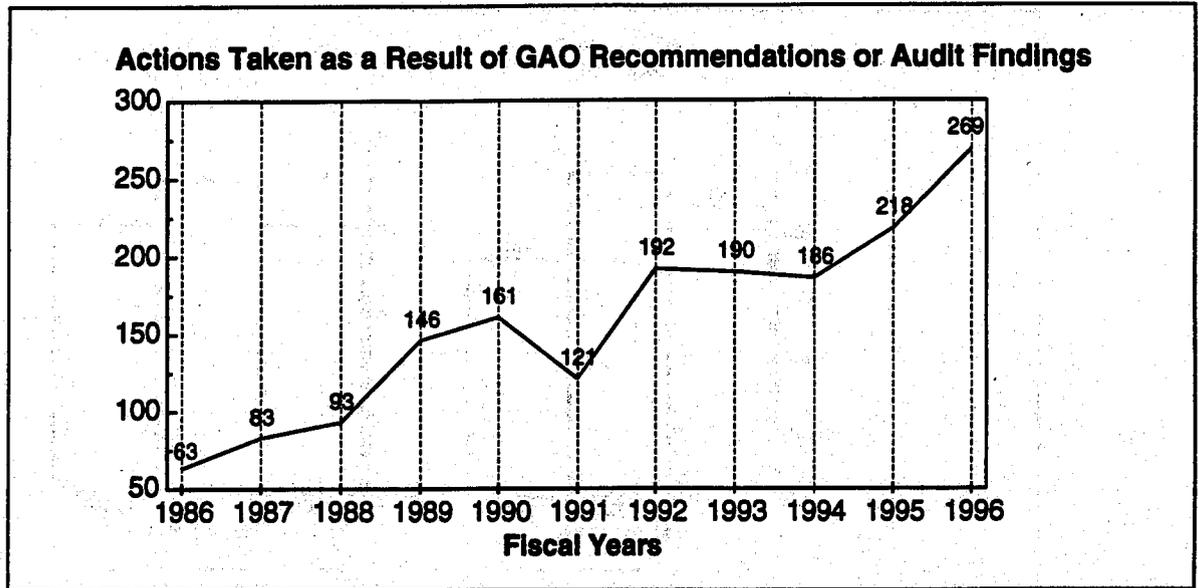
GAO's performance in nearly all of these key measures improved during fiscal year 1996.

Financial Benefits



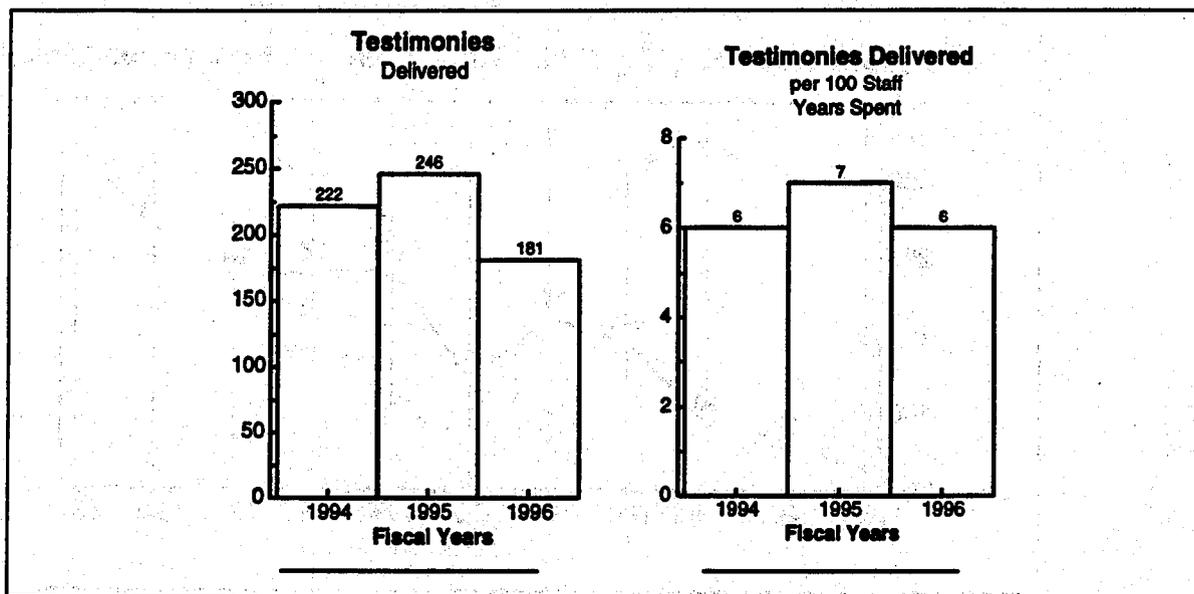
In fiscal year 1996, GAO's recommendations and audit findings contributed to legislative and executive actions that resulted in about \$17 billion in measurable financial benefits. Although the amount fluctuates from year to

year, between fiscal years 1992 and 1996, financial benefits totaled over \$103 billion, or nearly \$50 for every dollar appropriated for GAO.



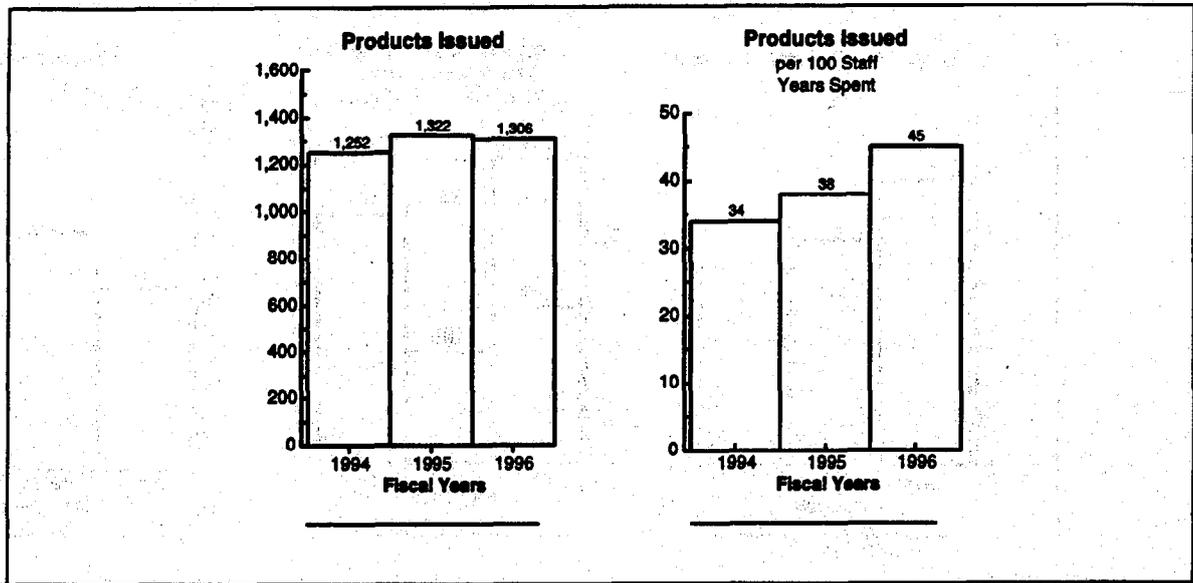
Many more of GAO's recommendations and audit findings result in or contribute to improvements in the effectiveness or efficiency of government operations and services, although their impact cannot always be quantified in monetary terms. As shown in the above chart, GAO documented

nearly 270 of these accomplishments in 1996. GAO also follows up on its recommendations to determine whether they have been implemented. If past experience is a good indicator, about 70 percent of the recommendations GAO made in 1996 will be implemented within 4 years.



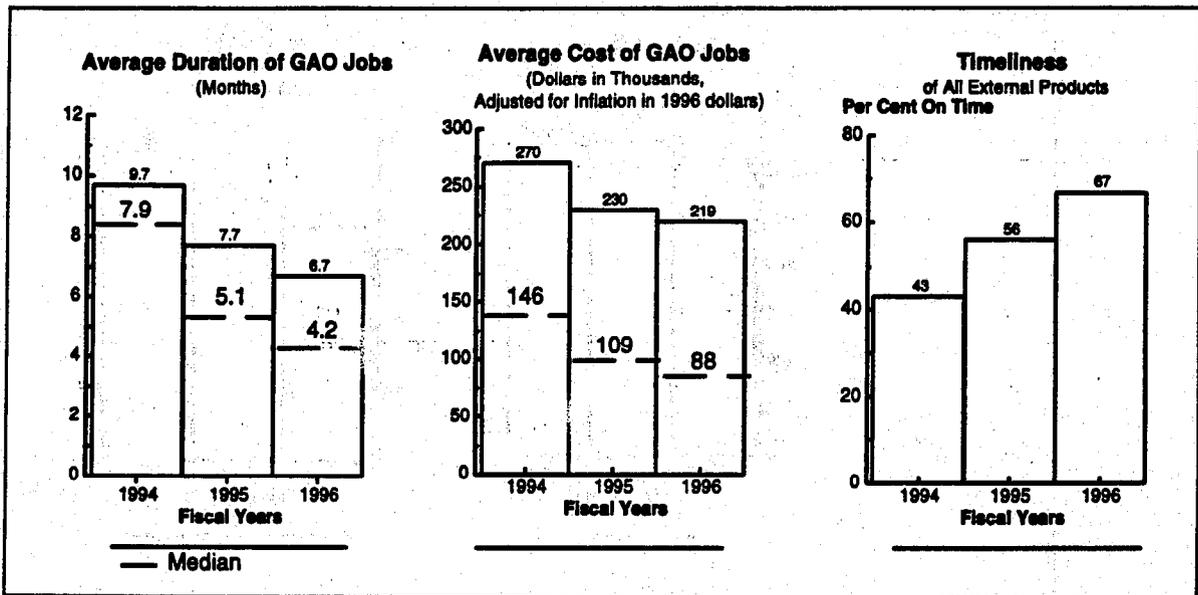
Responding to congressional requests for testimony is one of GAO's most important services. Although the number of testimony appearances varies from year to year,

congressional requests for GAO testimony are an indicator of the extent to which GAO's work adds value to the Congress and the legislative process.



GAO's product output, when measured in absolute terms remained about the same in the past few years. However, with GAO's decreased work force—about 35 percent

since 1992—the products issued in fiscal year 1996 per 100 staff years spent increased by over 18 percent compared to last year.



GAO implemented its redesigned job process in June of 1996 and, with less than a year's experience, it is still too soon to evaluate the full benefit of this change effort. However, performance against all three key efficiency measures has improved at a time when the workload has become

more technically complex and staff and budget resources have become more constrained. Although the chart shows both average and median duration and cost of jobs, the median is more important since it is most representative of the time and cost of a typical assignment.

The plan has two parts: GAO's priorities for the work it will do to achieve its goal of supporting the oversight and legislative agendas of Congress and a set of operational priorities to achieve its goal of improving the way in which GAO carries out that work.

In the first part, supporting the oversight and legislative needs of Congress, GAO has retained the five broad areas of concentration for its work that it has had for the past several years:

- Promoting a more efficient and cost-effective government.
- Exposing waste, fraud, abuse and mismanagement.
- Targeting spending reductions to reduce the federal deficit.
- Improving federal effectiveness through strengthened accountability and a focus on results.
- Identifying trends with fiscal, budgetary or oversight consequences for the government.

The second part of the strategic plans deals with GAO's internal operations. GAO will continue to concentrate its energies on efforts most likely to enhance the office's ability to provide Congress with high quality, timely work :

- Understanding the needs of Congress and others.
- Improving quality.
- Developing and maintaining a skilled workforce.
- Using technology.

GAO's priorities in both of these categories are spelled out in greater detail in the following pages. Also included is a listing of GAO's divisions and its issue areas—the organizational units within GAO responsible for carrying out the audits, evaluations, investigations and other assignments that make up GAO's work.

Supporting the Oversight and Legislative Needs of Congress

GAO's audits and evaluations of federal programs and agencies are carried out in support of Congress' constitutional obligation to oversee the operations of government or to assist congressional committees with their legislative agendas.

T*o meet these responsibilities, GAO is prepared to follow the federal dollar wherever it goes.*

GAO has authority to obtain and analyze federal records across the scope of government and it maintains field offices across the country to facilitate the gathering and verification of information. GAO's ability to carry out independent audits based upon original documentation gives Congress a unique strength in carrying out the nation's oversight and legislative business.

In broad outline, the following categories describe GAO's priorities for the work it plans to realize its goal to support the oversight and legislative needs of Congress.

Promoting a More Efficient and Cost-Effective Government

GAO will seek to do work that provides financial savings and other benefits to the American taxpayer.

GAO's program evaluations and the resulting recommendations offer the prospect for savings and efficiencies totaling billions of dollars. Financial benefits and savings have long been a hallmark of GAO's audits, evaluations and investigations: its work has yielded billions of dollars in savings over the past decade. Given the continuing need to find budgetary savings, GAO believes this area must be at the forefront of the work it does.

GAO also believes that it is possible to have a government that is not only less expensive to taxpayers, but which also operates in a more efficient and effective manner. If this is to happen, efforts to "reinvent" government must be carefully planned and implemented—a process that requires objective and comprehensive information which GAO is equipped to gather.

GAO has a number of audits and evaluations either underway or contemplated for coming months that could yield major savings. They include:

- Identifying methods to ensure that the Medicare program does not pay excessive amounts to Health Maintenance Organizations for health coverage and to fee-for-service providers for the services and supplies they furnish.
- Evaluating DOD's and VA's efforts to re-engineer their multi-billion dollar health delivery systems affecting more than 30 million potential beneficiaries of the two departments' health programs.
- Studying proposals to improve the operations and fiscal soundness of the Social Security system.
- Monitoring state implementation of recent welfare reform legislation aimed at moving more recipients from welfare to work.
- Assessing changes in military readiness in this budgetary environment as tradeoffs occur between operational and modernization investment needs.
- Examining the potential for tradeoffs in military operational costs to free up funding for longer-term force modernization.
- Identifying "best practices" that will enable the State Department and other agencies to reduce support costs for overseas diplomatic posts through reengineering of transportation, housing, communications, information management, and other functions.
- Examining tax expenditures to assure they serve mandated purposes at the least cost and with the lowest possible compliance burden.
- Monitoring government downsizing to ensure it is adequately planned and carried out in the most cost-effective manner.
- Evaluating opportunities to provide private sector competition for the delivery of government services.

- **Assessing the applicability and likely results of applying the performance-based organization approach to federal agencies.**
- **Identifying more cost-effective ways to clean up both the nuclear waste complex and federal hazardous waste sites, which are expected to cost the government as much as \$300 billion dollars.**
- **Assessing the benefit cost analyses that support major environmental regulations to improve the Environmental Protection Agency's use of this important tool.**
- **Identifying and comparing best practices for managing federal and state land management agencies.**
- **Analyzing the costs and impacts of the deteriorating recreational infrastructure in the nation's parks and other public lands.**
- **Evaluating the school meal program to identify best practices to ensure that America's school children are receiving the most nutritious food possible for the federal dollars expended.**
- **Assessing FHA's oversight of single family lenders to reduce costly defaults and foreclosures.**
- **Examining community development-related programs at 28 federal agencies to identify performance measures and potential opportunities for consolidation.**
- **Assessing Census' plans for carrying out an accurate census within policy and resource limitations.**

Exposing Waste, Fraud, Abuse and Mismanagement

That federal dollars continue to be wasted is intolerable. GAO is committed to finding and helping to end waste, fraud, abuse and mismanagement in government.

Several years ago, GAO began a widely-publicized program to identify and monitor programs at risk for waste, fraud, abuse and mismanagement. Through scores of studies and three special series of reports, GAO has sought to cast light on areas where major improvements are needed to protect taxpayer resources.

GAO's priorities in this area include:

- **Monitoring defense programs where billions of dollars have been spent on unneeded inventory and millions of dollars have been incorrectly paid by DOD for defense contracts.**
- **Evaluating USDA's procurement activities and procedures to ensure that waste, fraud, and abuse are minimized and that federal funds are not being expended unnecessarily.**
- **Monitoring the Federal Aviation Administration's modernization of the antiquated air traffic control system—**

originally a 10-year \$12 billion program that has spent over \$20 billion since 1982. FAA has had a longstanding history of cost, schedule and performance problems with this program.

- **Identifying opportunities for filing fraud and assessing IRS efforts to reduce it.**
- **Evaluating whether HUD has adequate controls in place to ensure that its contracting activities comply with federal procurement requirements.**
- **Improving Medicare's review of claims to reduce the potentially billions of dollars in payments for services and products that are either billed at excessive rates, not medically necessary, or fraudulently billed.**
- **Identifying ways to improve the management of the Supplemental Security Income Program to ensure program integrity and reduce overpayments, which have grown steadily to nearly \$1 billion per year, which is about 5 percent of total benefit payments.**
- **Minimizing defaults in federal loan programs for such activities as student assistance, where loss exposure runs into the billions of dollars.**

Targeting Spending Reductions to Reduce the Deficit

There is broad agreement that the federal deficit must be reduced substantially. And while a consensus is developing on the overall areas that must be the focus of deficit reduction, there are many specific decisions that will have to be made to realize the savings. Information developed over the years of evaluating federal programs has given GAO a wealth of information that is useful to Congress and other policy makers as these deficit reduction decisions are made.

As they carry out their assignments, GAO expects its auditors and evaluators to be alert to potential recommendations for reductions in federal expenditures. At the same time, GAO has underway or will begin a number of specific reviews that are expected to assist the Congress in making budget decisions. These include:

- Evaluating the requirements for and the efficiency and effectiveness of planned military acquisitions of major air, sea, ground, space, missile, electronic warfare, and command, control, and communications systems.
- Identifying more affordable force structure options in terms of air power, submarines, theater missile defense, forward presence, and the mix between active and reserve forces.
- Analyzing military budget requests to identify funds Congress may want to rescind or reallocate to higher priority needs in research and development, procurement, and in operations and maintenance accounts.
- Identifying opportunities to reduce the cost of federal workers compensation program.
- Identifying efforts to maximizing total receipts and net revenues to the U.S. Treasury through timber sales on Forest Service lands.
- Assessing ways of ensuring the collection and disbursement of appropriate revenues from oil and gas and other mineral leasing activities on public lands.
- Identifying ways to increase revenues and reduce spending through our annual "budget scrubs" at such agencies as DOT, DOE, EPA and IRS.
- Assessing the financial and other impacts of reducing the Federal Housing Administration's 100 percent insurance coverage on single-family loans.
- Identifying specific opportunities for VA to contribute to deficit reduction efforts by not constructing unneeded facilities, closing underused hospitals or converting them to other uses, and changing currently cost-ineffective operating policies and practices.
- Identifying ways to improve control of the growth in Medicare and Medicaid spending.
- Recommending a more effective method for directing resources by the Rural Health Clinic Program which would also achieve budget reductions.

Improving federal effectiveness through strengthened accountability and a focus on results

GAO's work has shown that the basic underpinnings of well-run organizations often were not in place in many agencies. Missions were unclear, goals were not result-oriented, strategies were not well-conceived or grounded in realistic resource expectations, technology was not being adequately exploited to achieve program goals, and critical financial and program performance information was lacking.

GAO has reported that federal agencies could not adequately account for hundreds of billions of dollars. Despite years of experience—including an investment of \$146 billion over just the last 6 years—agencies across government continue to have chronic problems harnessing the full potential of information technology to improve performance, cut costs, and enhance responsiveness to the public. Frequently, systems development efforts suffer from multimillion dollar cost overruns, schedule slippages measured in years, and/or dismal mission-related results.

Congress addressed these weaknesses in federal management by putting in place a statutory framework intended to improve executive branch performance, strengthen accountability, and reduce costs. The essential elements of this framework are the following:

- Under the Government Performance and Results Act (GPRA) executive branch agencies are to set strategic and annual goals, measure their performance, and use that performance information to make improvements.

- The 1990 Chief Financial Officers (CFO) Act, as expanded by the Government Management Reform Act of 1994, provides a blueprint for much needed fundamental reforms of the federal government's financial management practices.

Agencies will prepare financial statements based on the federal financial reporting objectives and the accounting standards and concepts developed by the Federal Accounting Standards Advisory Board, which was created in 1990 jointly by the Office of Management and Budget, the Department of the Treasury, and GAO. The overall reporting objectives are to provide financial report users with information about federal agencies' budgetary integrity, operating performance, stewardship, and systems and controls. Financial statements that are based on these reporting objectives and audited under the CFO Act will for the first time give congressional leaders and agency managers comprehensive, reliable data to help reduce federal spending, better assess the performance of federal operations, and ensure greater accountability to American taxpayers.

GAO is responsible, beginning with fiscal year 1997, for annually auditing the consolidated financial statements of the executive branch. To carry out this unprecedented audit, GAO will work closely with, and oversee, the efforts of CFOs and Inspectors General to prepare and audit individual financial statements for the 24 largest departments and agencies.

- The 1995 Paperwork Reduction Act and the Clinger-Cohen Act of 1996 incorporate

the best practices for improving mission performance through strategic information management and technology and require agencies to implement a framework of modern technology management to improve performance and meet strategic goals. These best practices were drawn from GAO work on the lessons learned in leading public and private sector organizations. Using this work on best practices as a basis, GAO worked closely with Congress and the Administration on the technology legislation which if successfully implemented, will fundamentally revamp and modernize federal information management practices.

Implemented together, these laws provide a powerful framework for developing fully integrated information about agencies' missions and strategic priorities, results-oriented performance goals that flow from those priorities, performance data to show the achievement (or not) of 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 mission outcomes.

GAO will continue to support congressional and executive branch efforts to use the statutory framework to improve the effectiveness of federal programs. GAO work will focus on

- Examining critical implementation issues associated with each of the acts in Congress' framework, including whether agencies are adopting the practices needed for effective implementation, building and sustaining strong and in-

spired leadership, and strengthening capacity, particularly the technical capacity needed to improve financial management and better manage information resources and system development efforts.

This effort also will assess (1) whether the strategic and annual plans agencies developed under GPRA are useful documents to Congress in making policy, allocating resources, and conducting oversight and for agencies in managing programs and operations; (2) progress toward integrating accounting and information systems to produce reliable, complete, and useful financial and program performance data; and (3) the degree to which agencies are implementing sound processes for approving and managing investments in technology.

- Assessing the financial condition and performance of federal operations to assist the Congress in (1) making budgetary decisions, (2) reviewing the results of costs of government activities, and (3) providing oversight of agency's efforts.
- Assessing (1) improvements in computer security needed to reduce risks to government and nongovernment operations, (2) how, and the degree to which, the use of electronic benefits transfer and transactional systems can achieve cost savings and operational improvements, and (3) agencies' progress in preparing for the computer implications of the date change at the turn of the century.
- Identifying opportunities to use the framework to correct high-risk federal operations vulnerable to waste, fraud, abuse,

and mismanagement and using the plans and performance and financial data generated under the acts to recommend

specific program and funding changes to improve effectiveness and save money.

Identifying Trends With Fiscal, Budgetary, or Oversight Consequences for the Government

From major problems with how the government reimburses providers of health care services to our elderly, from spiraling costs of HUD's section 8 housing program, from the deteriorating condition of the major computer systems of the IRS to pointing out the gap between what new major weapons systems may cost and moneys allocated by DOD to procure them to cost overruns in major weapons systems, GAO has issued major reports to alert members of Congress and other policy makers to crises in the making.

GAO believes that one of its priorities must always be the identification of trends that could pose major problems for the government. With a multi-disciplinary staff and with access to financial and other records throughout the federal government, no other agency is as well placed as GAO to be the eyes and ears of Congress.

Currently, there are several possible developments that could pose future problems of major consequence. Issues and questions include:

- A trend has emerged in which the Pentagon plans for more programs than it may be able to afford. With diminishing resources, this can lead to program instability, stretched-out procurement of weapons systems at extra cost, and other problems. Are defense programs affordable within planned defense budgets and consistent with security priorities?
- Since environmental protection arose as a national interest in the 1970s, the quality of the nation's air, water, and other resources has improved. This progress is a notable achievement given the increases in both population and levels of economic activity during this same time. However, these improvements have imposed high costs. In constant 1995 dollars, annual environmental compliance costs have grown from \$64 billion in 1973 to \$119 billion in 1993. Moreover, since many environmental protection needs remain unmet, both the public and the private sectors can expect further cost increases. What options exist to find the most cost-effective ways to achieve further improvements in environmental protection?
- The 1996 Farm Bill will make U.S. agriculture less dependent on federal subsidies. What will be the impact of the phase out of income and price support payments on the government, the agriculture industry, and the consumer?
- USDA believes the new food safety system will help reduce the estimated 9,000 deaths and up to 81 million foodborne illnesses that occur each year. How well is USDA monitoring the meat and poultry industry's transition to the new food safety system?
- Maintaining and enhancing the existing margin of aviation safety will continue to be a challenge for the Federal Aviation Administration. Air traffic is increasing steadily while FAA's resources for management and oversight are limited—its air traffic control equipment is antiquated and its safety inspectors are stretched thin. How can FAA maintain its aviation safety track record in the face of these obstacles?

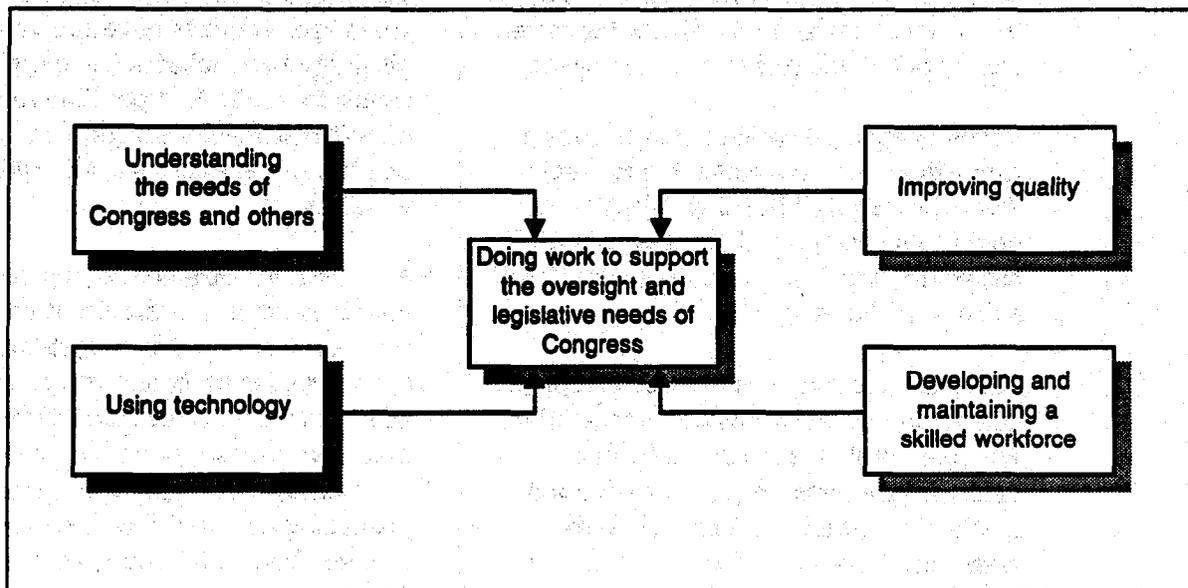
- As the financial services industry expands its services into new and competing areas and increasingly international markets, what are the implications for regulatory organizations and oversight?
- The costs for renewing the Department of Housing and Urban Development's Section 8 housing assistance contracts have spiraled. This makes it increasingly difficult to keep federal spending at or below discretionary caps limiting budget authority. What options does the Congress have to deal with these increasing costs?
- In recent years, FHA's reserves for future losses on single-family homes it has insured has steadily increased and now exceeds the 2 percent of insurance-in-force legislative requirement. Is there a need for FHA to continue to build reserves or can some reserve funds be used to reduce the premiums of new borrowers and/or pay dividends to old borrowers?
- Recently enacted welfare reform legislation will limit welfare benefits for recipients of subsidized housing. What impact could this have on HUD's budget, housing assistance providers, and the recipients of subsidized housing?
- There is a growing trend toward employee self-management of private pension plans, wherein employees make individual decisions on pension plan contribution levels, investment options, and early withdrawal options—all of which have far-reaching consequences for later retirement income levels. As more Americans become covered by such pension arrangements, how adequate will the monitoring be of the adequacy and safety of those plans to assure that workers receive adequate benefits in their retirement years?
- The multi-billion dollar Medicare and Medicaid programs face continuing financial pressures. At the same time, health care cost increases in the private sector have abated somewhat as employers adopt more aggressive insurance purchasing strategies and "managed care" becomes the prevalent model for the delivery of health services. How can these innovations be adapted for Medicare and Medicaid to enable the programs to limit costs while preserving beneficiaries' access to benefits?
- Over 7 million Americans receive disability insurance or Supplemental Income at an annual cost of about \$60 billion—a 140 percent increase over the approximately \$25 billion spent on these programs 10 years ago. Reports have shown that few disability beneficiaries leave the rolls to return to work. Is it possible to devise effective strategies for increasing the number of beneficiaries who return to the workplace?
- As the health care delivery system undergoes a structural transformation, moving to a more market-driven system of managed care, health care cost growth has begun to slow. At the same time, however, both patients and providers have begun to question whether managed care is compromising the quality and appropriateness of care. What role, if any, should the federal government play in ensuring consumer protection and the quality of care delivered by managed care organizations?

Operational Goals

Since it set forth its operational priorities in March of 1995, GAO has undergone a budget reduction of 25 percent and a parallel reduction in staff. These reductions reinforce the necessity of careful planning to enable GAO to make the best and most efficient use of monetary and human resources. The operational priorities identified in GAO's strategic plan published in March 1995, built upon a number of initiatives that grew out of GAO's quality management program.

It concentrates GAO's goals on efforts most likely to enhance the agency's ability to provide Congress with high quality, timely work. The link between these operational goals and GAO's mission is shown in the following diagram.

The priorities identified in this plan similarly build on the experience of the past two years, and focus on the operational objectives GAO can reasonably expect to achieve over the coming 2 years.



Understanding the Needs of Congress and Others

GAO's ability to provide objective, nonpartisan audits, evaluations, and other analytical work is closely linked to a number of factors. Independence and integrity are critical. Also important is achieving a balance of work that encourages the most efficient and productive use of resources while enhancing staff skills and expertise. This involves a mix of short-term and long-term assignments, work that challenges the methodological and analytical skills of the agency, and products that are relevant to emerging problems with which members of Congress and executive policymakers must deal.

As an agency within the legislative branch of government, GAO is charged with serving the needs of Congress, especially its committees. These customers have expectations and requirements to which the agency must be attuned if it is to fulfill its mandated responsibilities.

To better serve the needs of its congressional customers while making the best possible use of scarce resources, GAO has reengineered the way it handles its assignments. This new process is meant to provide better on-time delivery of reports at lower cost while maintaining or improving quality. Its success requires improved communication between GAO's staff and the agency's customers, as well as more sharing of information within GAO itself.

To facilitate better communication, GAO has sought periodic meetings with members of

Congress and congressional staff to obtain feedback on satisfaction with GAO products: were they delivered on time; were they relevant to congressional needs; did they meet expectations for quality? This feedback has been valuable in developing future work plans for GAO's issue areas and in further refining the agency's job management practices. Meanwhile, "best practices" are being identified and shared within GAO on ways to more effectively meet timetables, allocate resources, and manage staff.

While GAO works for Congress, the majority of its recommendations are directed at executive branch agencies. Because of this, GAO is also mindful that it continually needs to evaluate working relations and communications with federal agencies to assure effective implementation of its recommendations.

Against this backdrop, GAO's strategic goals in this area will emphasize:

- Institutionalizing annual meetings with GAO's congressional customers to discuss levels of satisfaction with past work in terms of quality, timely delivery, and relevance, and to plan future work.
- Achieving a mix of work that addresses issues of both immediate and long-term congressional and public concerns and that meets the highest standards of quality, timeliness, and relevance.
- Implementing a process to assure continued effective working relationships between GAO and executive branch agencies.

Improving Quality

Congress expects GAO to produce reports of consistently high quality that are responsive to congressional needs and delivered on time.

GAO's commitment to quality begins with a continual emphasis on compliance with Generally Accepted Government Auditing Standards (GAGAS), the uniform standards which are applicable to government auditors throughout the nation and which form the framework for GAO's audits and evaluations. Beyond these standards, GAO has reengineered its job management process to make better use of resources in support of improved timeliness and reduced costs – an effort which has also allowed the agency to refine its performance measurement system to better capture process efficiency, product quality, and other results that are components of quality.

GAO has also come to recognize that it needs a vocabulary with which to talk about quality. To this end, the agency developed *Dimensions of Quality*, a multi-faceted framework that encompasses expectations, standards, processes and a recognition that GAO's work is affected by many events,

issues and factors that must be kept in context.

An important component of audit quality is peer review. An external peer review is designed to determine whether internal quality assurance and control systems are in place and that these systems are effective in providing reasonable assurance that established policies, procedures and applicable auditing standards (such as GAGAS) are followed. GAO's financial audit work was subjected to an external peer review in 1996. This peer review, which resulted in a clean opinion, was complimentary to the agency.

Building on these efforts, GAO seeks to further improve the quality of its products and processes by emphasizing the following strategic goals:

- Reinforcing for all staff the importance and expectations of quality as the foundation of the agency's work and preparing for an external peer review of GAO's audit and evaluation divisions.
- Refining job management to improve responsiveness to Congress as a key component of quality.

***Developing and Maintaining
a Skilled Workforce***

In response to substantial budget reductions, GAO reduced its workforce by 35 percent between fiscal years 1992 and 1996 from over 5,300 to 3,500 through a combination of attrition, staff "buyouts" and "early outs", the closure of several regional offices, and several reductions-in-force. At the same time, GAO suspended recruitment, curtailed training, and deferred enhancements to its rewards and recognition system, among other cost-saving initiatives.

With this downsizing now behind it, GAO needs a time of stability. It needs to fortify its talent base by selective hiring of personnel with specialized skills. It needs to encourage and reward exceptional performance. And it needs to continually reinforce the importance of teamwork, communication, and fair treatment for all staff.

GAO's strategic goals in this area thus emphasize:

- Achieving agency goals by linking GAO's performance appraisal and rewards systems more directly to performance measures.
- Enhancing the capabilities of its staff by upgrading general skills; identifying and assigning priorities to new or special skills that will be needed for the future; rebuilding the recruiting effort needed to acquire such skills; providing training to support new or reengineered job processes through the use of technology or innovative training delivery methods; and recognizing exceptional staff contributions through pay increases as well as an expanded array of non-monetary awards.
- Continuing to improve teamwork and communications throughout GAO.

Using Technology

Technology has played a major role in GAO's ability to maintain productivity as the agency has been reduced in size. Technological improvements include replacement of outdated personal computers with machines of higher speed and capacity, integrated agency-wide through local-area and wide-area networks; video conferencing that links GAO's headquarters in Washington with regional offices; and replacement of an outdated telephone system with a digital system that includes voice mail, news broadcasts, and other features.

Investments in this technology, which continued even in the face of the budget reductions of the past two years, have enabled a smaller GAO staff to improve its productivity and to become far more efficient in meeting the information requirements of today's audits and evaluations. GAO wants its information resources management practices to be considered among the "best practices" of leading organizations.

Towards that end, GAO has made increasing use of the Internet to distribute its written products. Reports, legal decisions, and other products are routinely posted on the World Wide Web, where they are available to all. Thousands of government officials, scholars, representatives of interest groups, reporters and editors, and ordinary citizens routinely access GAO's homepage to obtain GAO products. Internet technology, along with our network, offers opportunities for reengineering GAO's printing and distribution processes and for structuring new ways to share information.

Having built this comprehensive communications infrastructure for voice, video and

data, GAO is now completing the installation of automated systems to support data collection and analysis (DCA). DCA is designed to directly enhance the agency's reengineered job management processes. DCA will allow auditors and evaluators to make more efficient use of data, to share that data more easily among themselves, and to make use of such tools as a "knowledge collection" of information generated by GAO during the course of its work. As it is improved and enhanced, this technology will allow staff to better plan and execute assignments within an environment that further enhances staff productivity.

While the network and the DCA are in place, workstations, software applications, and network operating system hardware and software need to be upgraded to ensure efficient operation and to maximize productivity gains.

Within available budget resources, GAO's strategic goals in this area will emphasize:

- Further improvement of the software and hardware of the information management systems that directly support GAO's mission.
- Reengineering printing and distribution processes, stressing increased utilization of electronic distribution of GAO products through the Internet and other electronic media to reduce printing and warehousing costs, as well as increased distribution of internal information and materials through GAO's internal Intranet and its local-area and wide-area networks as a means of reducing distribution costs and enhancing staff capability for sharing information.

Organizational Units and Issue Areas

Division/Issue Areas

General Government Division
Financial Institutions & Markets
Tax Policy & Administration
Administration of Justice
Federal Management & Workforce Issues
Gov't Business Operations

Health, Education and Human Services
Income Security
Veterans' Affairs & Military Health Care
Education & Employment
Health Services Quality & Public Health
Health Financing & Systems

Nat'l Security and International Affairs
National Security Analysis
Military Operations & Capabilities
Defense Acquisitions
Defense Management
International Relations & Trade
Special Studies & Evaluations

**Resources, Community,
and Economic Development**
Energy, Resources, & Science
Food & Agriculture
Transportation & Telecommunications
Housing & Community Development
Environmental Protection

**Accounting and
Information Management**
Budget Issues
Corporate Audits
Defense Audits
Civil Audits
Audit Oversight & Liaison
Info Resources Mgmt Policy & Issues
Defense Info & Financial Mgmt Systems

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