



the general accounting office

answers to
frequently asked questions



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OBJECTIVES OF THE GENERAL ACCOUNTING OFFICE

During my more than 32 years in the Federal Government, 26 of them in the Executive Office of the President, I have become increasingly aware of the growing power and influence of the executive branch in relation to the Congress. One important factor in this shift of power has been the growing size and complexity of Federal programs. There is considerable concern in the Congress that the executive branch has most of the experts in such complex fields as major weapons systems, atomic energy, space exploration, and pollution control. In my opinion, this concern has a great deal of validity.

Many of these experts and much of the information from the executive branch are made available to the Congress through hearings, reports, and information consultations. However, inevitable questions are ever present.

- Whether the proper alternatives have been fully considered and set forth objectively to the Congress.
- Whether the executive branch is keeping the Congress advised on the progress and problems which develop as programs are carried out.
- Whether this information is provided to facilitate, and not frustrate, legislative oversight.

The increased use of science and technology has increased the imbalance in the roles of the executive branch and the Congress to the point where many students of Government have begun to question seriously whether the Congress has the machinery to exercise adequately the responsibilities which the Constitution placed upon it.

It is my objective to strengthen, wherever I can, the processes through which the Congress can obtain reliable information. This means that the work of the General Accounting Office must be more and more relevant to the needs of the Congress.

We have done much in this direction, and we can certainly do more. In the past 6 years, the work of GAO, which we classify as being of direct assistance to the Congress, has increased more than

threefold to the point where it currently represents nearly 30 percent of the total effort of our 3,100-man professional staff.

It is not our purpose to "sell" our services to the Congress. In fact, we often have resisted additional responsibilities if we thought we could not discharge them adequately. However, we have made strenuous efforts to foresee the needs of the Congress and to make our information, conclusions, and recommendations available timely in order to be relevant and useful to the work of the congressional committees.

GAO's objective certainly is not to become the "think tank" for the Congress on the best solutions to pressing national problems. Nor is it our job to assess overall national program priorities or budget-funding requirements.

Government has become more complicated since the Congress established GAO more than 50 years ago. The needs of the Congress for help have grown and will continue to grow.

GAO's greatest contribution is to provide answers to questions such as:

- Is it possible to eliminate waste and inefficient use of public moneys that the agencies and their contractors may have considered acceptable in the past?
- Are Federal programs, whether administered directly by the Federal Government or through other organizations, such as the United Nations, or through State and local governments, achieving their objectives?
- Are there other ways of accomplishing the objectives of these programs at lower costs?
- Are funds being spent legally? and is the accounting system for them adequate?

Our objective is to recommend ways of making both proposed and ongoing Federal programs work better and to make the results of our studies known before decisions are reached. This is especially important when there are strong pressures to move to new and untried approaches or to infuse more money into programs that have not yet demonstrated their worth.

The first and foremost responsibility for providing this type of information to the Congress should continue to rest with the operating agencies themselves. GAO, especially in view of the independent position which it holds, can advise the Congress how well we think the agencies have done their jobs of evaluating the effectiveness of their programs. GAO can supplement their efforts and go more deeply into problems which may not have been dealt with adequately by the agencies.

GAO's greatest asset is the competence, dedication, and enthusiasm of its staff. Whenever possible, we should emphasize to our staff, at all levels, the great responsibility with which we have been entrusted.

We are employing and developing individuals with varied backgrounds and competence in keeping with the diverse areas which we are called upon to review. Although the competence of our staff is highly important, it is essential that GAO maintain its hard-earned reputation for objectivity, accuracy, and high professional standards. This is particularly important as we increasingly emphasize audits having as their principal objectives the assessment of the results of Government programs and whether these programs are being carried out as the Congress intended.

We cannot avoid the situation where certain of these reports will be considered controversial in the eyes of those who may disagree with our conclusions and recommendations. This simply underscores the importance of developing and presenting our conclusions and recommendations as fairly, objectively, and factually as possible.

We do not lobby for a particular legislative or program decision. Rather, we endeavor to provide the kind of objective analysis of alternatives that can be valuable to the Congress in reaching its own conclusion. In short, GAO must avoid a partisan program role just as it has carefully avoided a partisan political role.

In a broader context, GAO is responsible to the public. GAO reports to the Congress, if not classified for national security reasons, are public reports. Although we have no official ombudsman responsibility, we try at all times to be sensitive to responsible criticisms of Federal programs and to take these criticisms into account in our reports and in deciding which areas to review.

We have not sought publicity for our reports. But we think it quite important that the public have full access to our findings and conclusions. We provide the public with a meaningful demonstration of the openness of our governmental processes.

We recognize that certain information must be classified in the interest of national security. The legal authority to classify information rests with the operating agencies. We should have as one of our objectives, however, the questioning of security classifications which seem unnecessary for the purposes of security legislation and regulations.

Concerns are being voiced increasingly in the Congress and elsewhere about the apparent decreased confidence in the Government, particularly in the Government's ability to make programs work effectively and to serve well those individuals and groups for which public funds are spent. If these concerns are valid, it now is more

important than ever before that the public be aware of the work of GAO as an organization which has as its principal concerns fiscal integrity and the economical and effective management of governmental programs. I believe that GAO can play a part in overcoming these concerns.

Thomas B. Staats

QUESTIONS AND ANSWERS

The General Accounting Office came into existence as an independent, nonpolitical arm of the Congress in 1921 when the Budget and Accounting Act was enacted.

Following are responses to frequently raised questions within and outside the Government about GAO purposes, responsibilities, objectives, policies, and procedures.

Purposes and Responsibilities

1. What are GAO's basic purposes and responsibilities?

GAO has these basic purposes.

1. To assist the Congress, its committees, and its Members as much as it can to carry out their legislative and oversight responsibilities, consistent with its role as an independent, nonpolitical agency.
2. To carry out financial control functions with respect to Federal Government programs and operations as assigned by the Congress. This responsibility includes legal, accounting, auditing, and claims settlement work.
3. To make recommendations designed to make Government operations more efficient and effective.

The Federal Election Campaign Act (approved February 7, 1972) and the Presidential Election Campaign Fund Act (approved December 10, 1971) assigned a new function to GAO. Under these laws, GAO is responsible for supervising and assisting in the control of Federal election campaign expenditures.

GAO's primary internal management objective is to perform all of its functions as effectively, efficiently, economically, and promptly as possible.

Organization

2. How is GAO organized?

Until early in 1972 GAO's audit organization was primarily on a Federal agency basis. For example, it had a Defense Division responsible for the audit of all activities of the Department of Defense, a Civil Division responsible for the audit of civil agencies, and an International Division responsible for the audit of the international activities of all agencies.

In 1972 the Comptroller General reorganized GAO to emphasize assigning audit and other responsibilities on a functional and program basis. The present organization is shown on the chart on page 7.

3. Why was the organization changed?

There were several reasons for the change.

- To accelerate the growth of program and functional expertise among GAO's senior staff members.
- To make it easier to carry out multiagency and Government-wide reviews by assigning lead responsibility to a particular organizational unit.
- To facilitate the timely completion of GAO's audit work.
- To assist the Comptroller General in dealing with his expanded responsibilities (for example, chairing the Cost Accounting Standards Board and carrying out GAO's newly assigned functions relating to Federal elections).

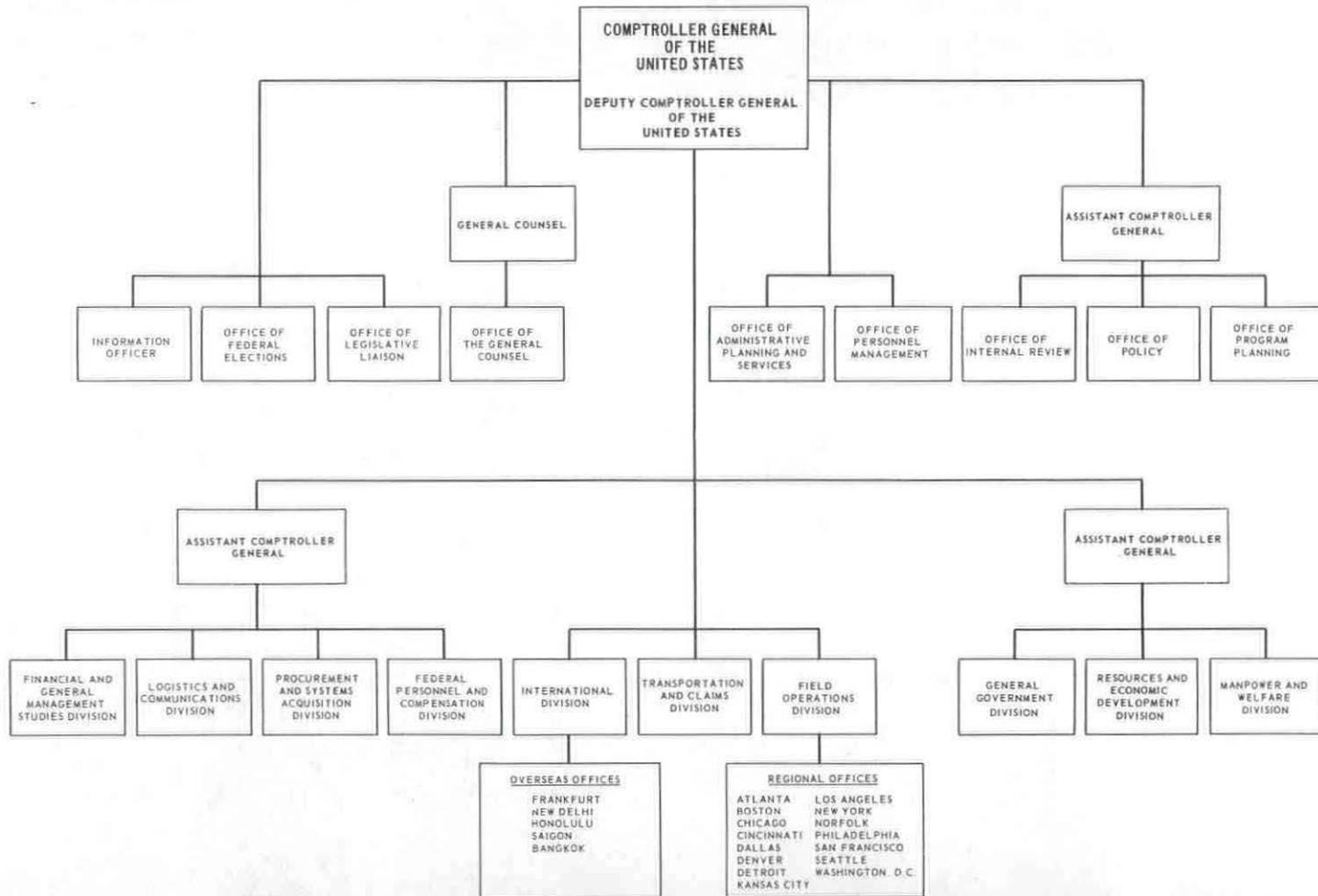
4. Is the Cost Accounting Standards Board a part of GAO?

No. The Cost Accounting Standards Board is a separate agency in the legislative branch. It was established by law (Public Law 91-379) in August 1970.

Its job is to develop and promulgate cost accounting standards to be followed by prime contractors and subcontractors in the pricing, administration, and settlement of negotiated defense contracts over \$100,000.

The Board's main relationship to GAO is that the Comptroller General, by law, is the Chairman of the Board and thus is the head of both agencies.

UNITED STATES GENERAL ACCOUNTING OFFICE



Direct Assistance to the Congress

5. How does GAO assist the Congress?

GAO views almost all of its work as assistance to the Congress in carrying out its legislative and oversight functions. However, certain GAO work *directly* assists the Congress. This work includes:

- Making specific surveys, reviews, and studies directed by law.
- Making special surveys, audits, and reviews requested by congressional committees and individual Members of Congress or recommended in committee reports.
- Providing information and legal services relating to Government operations and policies to congressional committees and Members of Congress through formal testimony, informal conferences, reports on proposed legislation, and interpretations of statutes.
- Providing advisory assistance in developing and drafting legislative proposals.
- Assigning staff members to directly assist congressional committees.

6. How much of GAO's work falls in this category?

In fiscal year 1973 about 30 percent of the work of the professional staff fell in this category.

7. Did the Legislative Reorganization Act of 1970 provide for additional GAO assistance to the Congress?

Yes. It provided, for example, that GAO assist the Congress by:

- Reviewing and analyzing the results of Government programs and activities when directed to do so by either House of Congress or when requested to do so by committees having jurisdiction over such programs and activities.
- Having GAO experts assist congressional committees in analyzing and conducting cost-benefit studies.
- Representing the Congress in cooperating with the Secretary of the Treasury and the Director of the Office of Management and Budget in developing and maintaining a stand-

ardized information and data processing system for budgetary and fiscal data, including standard classifications of Federal programs, activities, receipts, and expenditures.

—Providing the Congress with monthly and annual lists of reports issued by GAO.

8. What is GAO's policy in responding to requests by individual Members of Congress for information or audits?

GAO's basic policy is to be as helpful as possible to all Members of Congress within the confines of staff resources and other work requirements and still preserve GAO's status as an independent, nonpolitical agency.

GAO does respond to requests from individual Members of Congress. This practice is in keeping with GAO's nonpolitical, bipartisan character, since it avoids the implication that GAO limits its assistance to a particular political party in the Congress by responding only to requests made by committee chairmen.

9. What other factors are considered in responding to requests from individual Members of Congress?

Sometimes the issue raised by a Member has broader implications than the concern of a particular State, congressional district, or constituent. GAO judges each request from this standpoint, and sometimes more comprehensive studies of management problems or procedures are made that come to GAO's attention through a limited request.

In some cases GAO receives requests on the same or similar subjects from several Members at about the same time. When this happens, a consolidated response is usually prepared. In some instances the results of GAO's work on these requests are included in a report to the Congress as a whole.

10. Doesn't the handling of requests from individual Members of Congress interfere with the conduct of other audit work?

This happens frequently, since most congressional request work is given priority. However, in determining what GAO will do in any given case, the availability of the requested information in the agency concerned or the possibility that a response might better

be made by the agency is considered and discussed with the requesting Member of Congress.

GAO's objective is to provide service and to help Members of Congress obtain needed information as speedily and efficiently as possible. In many cases their needs can be satisfied directly by the agency concerned.

11. Don't some of the requests from individual Members involve rather minor matters?

Obtaining information to respond to some requests sometimes does require GAO to review agency transactions or activities which are not large. If the information cannot readily be obtained directly from the agency or if the questions raised are of such a nature that an agency response would not be satisfactory or appropriate, GAO's policy is to do the necessary review work as expeditiously as possible to make an adequate response.

In many cases, this does involve performing audit work that GAO would not do on its own initiative simply because of the basic policy of using its audit staffs on major programs, activities, and problems as much as possible.

Auditing

12. To many people, the term "audit" means checking and verifying accounts, transactions, and financial statements. What does GAO mean by the term?

The term means much more in GAO operations. It includes examining accounting records and financial transactions and statements, but the full scope of a GAO audit also includes:

- Checking for compliance with applicable laws and regulations.
- Examining the efficiency and economy of operations.
- Reviewing the results of operations to evaluate whether desired results, including legislatively prescribed objectives, have been effectively achieved.

13. What is the difference between an audit and a review?

Both are general terms often used to describe the process of checking or evaluating an operation or an activity. In GAO an audit embraces these basic phases.

Survey—Obtaining working information and analyzing it to identify matters deserving of detailed examination.

Review—Detailed examination work.

Report—Communicating results of examination work, including recommendations.

14. What are the purposes of GAO audits of Federal agencies?

There are two primary purposes.

1. To evaluate the efficiency, economy, legality, and effectiveness with which Federal agencies carry out their financial, management, and program responsibilities.
2. To provide the Congress and Federal agency officials with significant and objective information, conclusions, and recommendations that will aid them in carrying out their responsibilities.

15. More specifically, what does GAO check or evaluate when it makes one of these audits?

GAO seeks to find out whether:

- The agency is carrying out only those programs and activities the Congress authorized.
- The agency's programs and activities are achieving the objectives the Congress intended and at the lowest cost.
- The agency is conducting its programs and activities effectively, efficiently, and economically and is meeting legal requirements in doing so.
- The agency is managing and using its resources (including funds, property, and personnel) effectively, efficiently, and economically.
- The agency's organization and management system is adequately monitoring and measuring how effectively its programs and activities are conducted.

- The agency is collecting and accounting properly for all revenues and receipts from its programs and activities.
- The agency's accounting system is adequate for accounting for its resources and its programs and activities according to (1) statutory requirements and (2) the accounting and auditing principles, standards, and related requirements prescribed by the Comptroller General.
- Agency reports to the Congress and to central control agencies fulfill their purposes adequately.

A GAO audit may cover one, or any combination, of the above objectives.

16. What terms does GAO use to identify different kinds of audits?

GAO audit work is classified into three broad categories.

- Audits of financial operations and legal compliance.
- Audits of efficiency and economy of operations.
- Audits of program results.

Each audit category is described in terms of objectives; in other words, general specifications for each category are developed to describe what the audit seeks to accomplish.

17. What is an example of such a description?

An audit of financial operations and legal compliance, for example, is an audit of financial transactions, accounts, and reports and of compliance with applicable laws and regulations. The audit includes enough work to determine whether:

- The agency controls and accounts effectively for its funds, property, and other assets; its liabilities; and its revenues and expenditures.
- The agency keeps adequate accounting records according to the principles, standards, and related requirements prescribed by the Comptroller General.
- The agency's financial reports show fully and fairly its financial condition and the results of its operations and provide adequate financial information for use by managers.
- The agency's accounting system provides:
 1. A basis for settling accountable officers' accounts.

2. Reliable information for use in preparing budget requests, controlling the budget, and furnishing financial information to the Office of Management and Budget.
 3. Information required for the Government's central accounting system in the Treasury Department.
- The agency is complying with the laws and regulations governing the receipt, disbursement, and application of public funds.

18. What about audits of efficiency and economy of operations?

Many GAO audits are concerned with efficiency and economy in the use of public resources. Policies, procedures, and transactions are examined (1) to evaluate the efficiency, economy, and legality with which an agency carries out its programs and activities and uses financial, property, and personnel resources and (2) to develop recommendations for improvements.

Specifically, these audits inquire into such matters as the:

- Need for goods or services provided or procured.
- Reasonableness of costs incurred or expenditures made.
- Adequacy of safeguards over and care of resources acquired.
- Proper utilization of resources.
- Adequacy of revenues received for goods or services sold.

Such matters are pursued primarily from the standpoint of improvements needed—usually by identifying avoidable costs or waste, possibilities for increased revenues, and alternative procedures for producing similar results at lower costs or better results at the same or lower costs.

19. How would an audit of program results be described?

Such an audit would be concerned with inquiring into whether desired results or benefits are being achieved and whether the objectives established by the Congress are being met. The scope of an audit of program results often considers such additional factors as whether:

- Management weaknesses adversely affect the achievement of desired results.
- Alternative approaches might achieve program objectives more effectively or at a lower cost.

- Benefits or detriments are resulting that were not contemplated when the program was established.
- The Congress should reconsider the program objectives in the light of experience.

20. Federal agency programs and operations are so large that GAO cannot possibly audit everything. What factors does GAO consider in deciding what to audit?

GAO primarily considers those programs, activities, or operations which are known to be, or may be, of direct interest to the Congress or are of such importance that they should be audited by GAO as an independent arm of the Congress.

GAO's policy, except as otherwise required by statute or congressional request, is to apply its resources where it believes the effort will do the most good in promoting improvements in Government operations and in keeping the Congress informed about such operations.

21. Does the Congress specify what GAO shall audit?

The laws enacted usually assign audit authority and responsibility to GAO in rather general terms. However, some laws require GAO to make specific audits. For example, the Emergency Loan Guarantee Act requires GAO to audit the accounts, books, records, and transactions of borrowers under the act. The Government Corporation Control Act requires GAO to audit Government corporations periodically.

Sometimes a law requires a one-time audit or study. Good examples are:

- The Economic Opportunity Amendments of 1967 which required GAO to investigate the economic opportunity programs and activities financed under the act and to evaluate the efficiency of their administration and the extent to which program objectives were being attained.
- The military procurement authorization for 1970 which required GAO to make a study of profits made by defense contractors on negotiated contracts.
- The Comprehensive Health Manpower Training Act of 1971 which directed GAO to study the feasibility of reducing the cost of constructing health facilities.

22. What are some of the other factors GAO considers in deciding what to audit?

The important factors GAO considers in deciding what to audit are:

- Expressions of congressional interest, e.g., views stated in committee reports.
- 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 the need for corrective action.
- The extent and recency of prior work by GAO or by agency internal review groups.
- The opportunities to make constructive contributions to legislative or oversight operations of the Congress or to improve operations of Federal agencies.

The weight GAO gives to these factors varies from agency to agency and from program to program. Its decision in each case represents a composite judgment of all pertinent factors. The overriding factor is whether the work will *constructively contribute* to greater economy, efficiency, and effectiveness of Government programs and operations.

23. To what extent does GAO attempt to involve congressional committees in identifying programs, activities, or management problems for auditing?

GAO's audit planning is based largely on its own judgment of congressional interest. Congressional interest is determined through discussions with members of congressional committees, committee staffs, and individual Members of Congress. GAO also considers hearings, congressional debates, committee reports, and statements of individual Members of Congress and whether programs are coming up for renewal.

Committee staffs are briefed on GAO work plans and audits in process and on reactions obtained as to their interest in the work. GAO's Office of Legislative Liaison maintains contact with congressional committees and many individual Members of Congress as to their activities and interests and these contacts are also useful in audit planning.

GAO staff members are expected to be familiar at all times with

the interests and operations of the congressional committees involved with the agencies and programs on which GAO is working. This familiarity provides GAO with a basis for making appropriate changes in operating plans so that its work will be of the most benefit to the Congress.

24. Is it a GAO objective to stress multiagency audits?

Not necessarily, although GAO's Government-wide scope of interest and responsibility make it important that GAO consider problems from an interagency and Government-wide standpoint.

After considering several factors, GAO determines whether its audit of a problem should cover one agency or more than one. If the latter is decided upon, GAO then determines whether the audit should be done in all agencies simultaneously or in one agency at one time. Factors that are considered include the:

- Availability of supervisors and assistants.
- Complexity of the problem area.
- Importance of the problem in more than one agency.
- Need to review more than one agency to establish a case for improvement.

In some cases it is feasible and appropriate to analyze a problem common to more than one agency and to develop findings that provide evidence of a need for improvement more convincing than if only one agency were reviewed. In other cases an audit in a single agency will be sufficient for recommending improvements or corrective actions in other agencies.

25. Is it GAO's policy to consider agency internal audits in deciding what it will examine?

Yes. This policy is grounded not only on common sense in determining the best use of audit staff resources but also in law. The Budget and Accounting Procedures Act of 1950 specifically directs GAO, in determining audit work to be done, to consider "the effectiveness of accounting organizations and systems, internal audit and control, and related administrative practices" of Federal agencies.

One of GAO's objectives is to strengthen Government agency management controls and systems where possible. As these controls and systems have improved, GAO has been able to rely more on agency internal audits and management reviews. GAO must find

out, of course, whether the work of internal audit and other evaluation staffs is adequate and can be relied upon. GAO's objective is to avoid, when practicable, duplication of agency internal audits and reviews.

26. What limits are imposed on GAO's jurisdiction?

By law, GAO is authorized and directed to investigate all matters relating to the receipt, disbursement, and application of public funds.

Because of specific provisions of certain laws, however, some Government activities are excluded from GAO's jurisdiction. Notable exclusions are the Federal Reserve System; the Office of Comptroller of the Currency, Department of the Treasury; and the alien property functions of the Department of Justice. These activities are excluded mainly because they are not financed with funds appropriated by the Congress.

Various restrictions exist on GAO's audit authority for numerous other activities and categories of expenditure. A complete list of such restrictions is published by GAO's Office of General Counsel in "Legislation Relating to the Functions and Jurisdiction of the General Accounting Office."

27. Aren't the performing agencies primarily responsible for evaluating their efforts in achieving the goals or objectives of the programs they are responsible for carrying out?

Yes, very definitely. This principle was emphasized in a letter sent by the Comptroller General to the chairmen of congressional committees in August 1972. This letter stated that program evaluation was a fundamental part of effective program administration and that the responsibility for doing it should rest initially in the agencies responsible for carrying out the programs.

28. Do the laws setting up Federal programs assign evaluation responsibility to the performing departments or agencies?

It is not always specifically spelled out in the authorizing laws, but GAO believes that it should be. The Comptroller General's letter in August 1972 urged the Congress, in enacting legislation authorizing new programs or reauthorizing existing programs, to

include specific requirements for evaluation by the department or agency involved.

In commenting on such legislation, GAO suggests language, when appropriate, for including such a requirement, or it works with the committees or their staffs in developing suitable language.

29. In examining program results, what questions about objectives does GAO seek to answer?

GAO seeks answers to such questions as:

- How successful is the program in accomplishing the intended results spelled out in legislative objectives or in directives of the agency?
- Is the program succeeding within the costs anticipated when the legislation was enacted or amended?
- What are the costs? and what are the benefits?
- Is the program being carried out and are expenditures being made in compliance with applicable laws and regulations?
- Have alternative programs been examined, or should they be examined, to see whether objectives can be achieved more economically?
- Were all studies, such as cost-benefit studies, adequate for analyzing costs and benefits of alternative programs?
- Is the program producing benefits or detriments which were not contemplated by the Congress when it authorized the program?

30. In examining program results are any other questions inquired into?

Other questions that are pursued include:

- Has the management clearly defined and promulgated the objectives and goals of the program or activity?
- Have performance or output standards and goals been developed?
- Does top management have the essential and reliable information necessary for exercising supervision and control and for ascertaining directions or trends?
- Does management have internal review or audit facilities adequate for monitoring program operations? identifying program and management problems and weaknesses? and insuring fiscal integrity?

- Are there overlappings of jurisdiction and duplications of effort?
- Is the program coordinated with other programs that have similar objectives?

31. Is it GAO's policy to give audits of program results preference over all other types of audits and reviews?

No. In planning and programing its audit work, GAO considers all of its responsibilities and the various factors listed in the comment on questions 20 and 22 and then decides the nature, scope, and timing of the audit work.

Examining and evaluating the results or accomplishments of Government programs is a logical extension of the independent auditor's work and one in which there is increasing interest by congressional committees.

For this reason, and also because of the specific provision of the Legislative Reorganization Act of 1970 directing GAO to review and analyze the results of Government programs, GAO is emphasizing audits of program results more than in the past.

32. Does GAO audit program results when it is not possible to measure costs and benefits quantitatively?

Yes. The measurement of costs and benefits, however, is primarily a management responsibility, and thus the first step is to find out what information has been developed by or for management officials.

For some programs, however, the absence of historical data and of "control groups" and the difficulty of measuring benefits rule out meaningful quantitative studies. In these areas GAO must examine existing evidence as to program impact or benefits achieved and must obtain and evaluate the judgments of management officials and of program recipients as to whether, and to what extent, programs are effective.

33. How can GAO accountants and auditors make technical judgments on the performance of weapons systems or other kinds of technologically complex systems?

GAO does not make such judgments. It has a diversified staff, however, that includes engineers, and it has access to expert consultants in many fields. In this way, GAO is able to 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 those judgments.

34. With its increasingly diversified staff including systems analysts, does GAO make its own cost-benefit studies and trade-off analyses of weapons or other systems?

GAO seldom makes cost-benefit studies on its own on the basis of independently gathering all the basic data needed. More commonly, it reviews and evaluates the studies, including the data used, made by or for the agencies.

Cost-benefit studies of weapons or other systems are based on many assumptions which have to be made with respect to such things as hardware performance, cost, and enemy capabilities. GAO studies usually test the effect that variations in key assumptions would have on the results obtained in agency studies.

35. Does GAO audit programs or activities even if no particular problems are known or suspected?

Yes. There may be other reasons, such as a new and unevaluated program, a rapidly growing program, an area of significant congressional interest, or a matter requiring future congressional action.

In any case GAO makes preliminary surveys to obtain information and an understanding about a program or activity as a basis for further decisions on the nature, extent, and objectives of more detailed audit work.

36. Under what circumstances does GAO recommend changes in legislation?

GAO recommends changes in legislation when it concludes that changes are necessary if Government programs and activities are to be carried out more efficiently, economically, or effectively.

37. Does GAO make audits for the express purpose of developing policy recommendations on programs pending before the Congress?

No. However, GAO often contributes to the legislative process by advising congressional committees of the accuracy, completeness, or other aspects of program proposals by the executive branch.

If a committee requests it, GAO can render assistance relating to a new program by:

- Helping to develop questions for the committee to ask the executive branch.
- Analyzing the advantages and disadvantages of the program and possible alternatives.
- Analyzing the cost estimates.
- Reviewing management, organization, and other aspects of the program.

GAO can contribute to the legislative process also by providing congressional committees with information on the effectiveness of existing programs. Many executive agency proposals are extensions of, or variations from, existing programs.

38. Does GAO ever recommend levels of funding of Government programs or activities?

GAO is not responsible for recommending specific funding levels. However, in its audit work it does sometimes find that the funds or other resources available to an agency are not adequate for it to do an effective job.

In such a case, GAO makes a recommendation which could require an increase in funding if such an increase would enable the agency to carry out its programs and activities more efficiently and effectively. However, such a recommendation is not stated in terms of a specific level or amount of funding.

39. Does GAO use contractors and individual consultants?

Yes. Research firms or individual consultants having expertise in technical and specialized fields are engaged whenever GAO feels it lacks all the necessary skills to carry out an audit or study or when GAO considers it desirable to bolster its talents and resources with outside assistance.

40. Is GAO usurping the role of the Office of Management and Budget by seeking to become a major management improvement force in the Federal Government?

No. The two agencies have different roles. The Office of Management and Budget's principal job is to serve the President; GAO's principal job is to serve the Congress.

It is true that GAO identifies many management improvement opportunities; this is one of its major purposes. Thus GAO, rather than being a competing agency, is an additional source of information for the Office of Management and Budget in carrying out its management improvement work.

Some management improvement projects are carried out jointly and cooperatively with the Office of Management and Budget, as well as with the Treasury and the Civil Service Commission under the Joint Financial Management Improvement Program.

41. **At one time GAO did most of its audit work centrally in its own office. Is this kind of audit work still being done?**

About the only important segment of audit work that GAO is doing centrally in its Washington, D.C., office is auditing transportation payments.

Transportation bills paid by Federal agencies—about \$2 billion worth a year—are sent to the Transportation and Claims Division for audit, determination of correctness of charges, and recovery of any overcharges directly from carriers.

42. **Will GAO continue indefinitely to audit these payments centrally?**

Auditing transportation bills is highly specialized work. It requires expert technical knowledge and ready access to a great deal of transportation rate and classification information.

The centralized audit system has so far been judged the most efficient, as well as the most beneficial, system to both the Government and the carriers. However, GAO is making studies which may lead to gradually changing this method of audit.

GAO's objectives are to bring about more auditing of transportation payments in the agencies through computer and other techniques and to gradually change GAO's role to that of assessing agency payment and audit procedures. This change will mean much less centralized auditing in GAO.

43. **Why has GAO ceased to use the term "investigations"?**

GAO has not ceased to use this term entirely. For example, the Budget and Accounting Act, 1921, specifically directs the Comp-

troller General to "investigate" all matters relating to the receipt, disbursement, and application of public funds. GAO does not emphasize the term, however, because it has different meanings and is frequently misused by the press.

GAO is not an investigative agency in the sense of initiating studies having as their primary objectives exposing personal wrongdoing or criminal activities. When GAO identifies such problems during an audit, its policy is to turn the information over to the Federal Bureau of Investigation or other law enforcement agencies for appropriate followup.

44. How does GAO report on the results of its work?

In a variety of ways, including:

- Submitting individual reports to the Congress as a whole; that is, to the Speaker of the House of Representatives and to the President of the Senate.
- Submitting reports to specific committees, subcommittees, or Members of Congress.
- Sending to interested committees and Members of Congress reports addressed to agency officials.
- Rendering legal opinions.
- Testifying before congressional committees.
- Making oral presentations to, and discussing audit findings with, committees and Members of Congress and their staffs and agency officials.
- Preparing and distributing the annual report of the Comptroller General on the work of GAO—a requirement of the Budget and Accounting Act, 1921.
- Distributing copies of periodic publications containing summary information on GAO activities; e.g., the monthly list of GAO reports—a requirement of the Legislative Reorganization Act of 1970.

GAO sends copies of reports addressed to agency heads to the House and Senate Committees on Appropriations and Government Operations, as required by the Legislative Reorganization Act of 1970, *if the reports include recommendations to the heads of Federal agencies.*

45. If GAO is an arm of the Congress, why does it address some reports to agency officials? Isn't it responsible to the Congress for all of its work?

GAO is responsible to the Congress for all of its work. However, not all of its reports need to be formally transmitted to the Congress. This is particularly true when congressional action is not called for and when agency officials are taking, or have agreed to take, appropriate corrective action.

GAO sends reports to agency officials and sends copies to any congressional committees interested in or concerned with the subject matter. Sending reports to an agency head or other officials is just as important to GAO operations as is sending reports to the Congress when its work contributes to improving Government operations, which, as stated earlier, is a primary GAO objective.

The Congress as a whole is informed about the reports to agency heads through the monthly list of GAO reports which is prepared and distributed to all Members of Congress. The annual report of the Comptroller General lists all reports.

46. Is it necessary to identify and develop a deficiency to justify a report?

No; however, descriptions of deficiencies, evaluations of their significance, and analyses of their causes are highly important in identifying the need for corrective actions and in supporting recommendations for such actions.

When its audits disclose no major adverse findings or problem areas warranting closer examination, GAO recognizes this fact and also reports favorable findings and examples of successful operation.

From time to time GAO prepares reports which summarize, but do not evaluate, information about specific Government programs and activities. These reports do not contain conclusions or recommendations but are useful to the Congress.

47. Why does GAO wait until it can write a report before it advises agency officials about a problem or a deficiency it has identified?

This is not GAO's operating policy, although occasionally it happens. GAO's policy is to discuss with agency officials the existence of or the possibility of deficiencies *before* they are fully developed

so that the agency can take, or at least consider, prompt corrective action.

If the agency takes effective action at that point, GAO may not need to devote its resources to examining the problems as extensively as it otherwise would. This practice can be just as effective in promoting improvements in Government operations as can writing reports and sometimes more so.

48. What is GAO's policy with respect to following up on its recommendations?

GAO's policy is to follow up on its recommendations until either appropriate action is taken or it is convinced that the recommendations were considered but not adopted for good and sufficient reasons.

Followup reviews are often made when agencies have agreed to make changes or to make further studies relating to recommendations GAO has made.

49. What is GAO's policy for obtaining agency views on proposed reports?

GAO's longstanding policy is to obtain agency views, to consider them carefully in reaching its final conclusions and recommendations, to discuss them in its reports, and to include in full in its reports agency positions which differ from those of GAO.

This procedure helps to insure that GAO's reports are fair, complete, and objective. It also makes it possible for GAO to present its findings, recommendations, and agency views to the Congress in one package.

Obtaining agency views can seriously delay the completion and issuance of GAO reports. For this reason, every effort has to be exerted to obtain this information promptly so as to make GAO reports as timely and useful as possible.

50. What about obtaining comments of a contractor or grantee whose activities are discussed in a proposed report?

Where a contractor or grantee is involved, GAO normally obtains and considers its written comments on the information in the report draft applicable to its operations. It is seldom necessary, however,

to request a contractor or grantee to provide comments on an entire report.

51. Does GAO make its report drafts available to trade, industry, or professional associations or other interested parties for advance review and comment?

This is done only rarely and with the approval of the Comptroller General or Deputy Comptroller General.

Some GAO audit work leads to recommendations which could result in important changes in Government policies or standards affecting the interests of numerous private companies or persons. During the audit work, GAO auditors are expected to obtain background information, points of view, copies of studies, and other pertinent information from many sources, including professional organizations, trade associations, or consumer organizations having direct concern with the subject.

This kind of information is part of the evidence obtained in support of GAO findings. But, except in unusual cases, it is not GAO policy to obtain the views of such organizations on tentative conclusions and recommendations by means of their reviewing report drafts.

52. What publicity does GAO give to its reports?

GAO's practice is to see that the Congress, its interested committees and Members, and the Federal agencies and third parties directly concerned are provided, before anyone else, with copies of reports to the Congress. Committee staffs are briefed when they are especially interested in the subject matter of a report.

Shortly after the reports are released to the Congress, GAO makes public such reports which are not classified for national security reasons. At this time they are made available to other Federal agencies, contractors, grantees, the press, and interested public and private organizations.

One technique followed to make known the existence of GAO reports is the monthly list of GAO audit reports required by the Legislative Reorganization Act of 1970. These lists, which annotate each significant report, are distributed to Members of Congress. They are also printed in the *Congressional Record*.

53. Does GAO hold press conferences on its reports?

As a general practice, GAO does not issue special press releases or hold press briefings on its reports to seek publicity. Occasionally GAO conducts a press briefing when it believes that such a procedure will serve a useful purpose in explaining a particularly complex or important report.

After a report has been made public, GAO makes available to the press or other inquirers whatever additional explanations may be necessary so that the report is understood correctly. Usually these explanations are provided by auditors at the request of GAO's Information Office.

54. Why does GAO need an Information Office?

When newspapers or radio or television stations have questions about a Government agency, they usually direct their inquiries to the head of that agency. GAO's Information Office assists the Comptroller General and the Deputy Comptroller General in answering such inquiries.

In addition, the information Office handles most of the telephone inquiries the Comptroller General receives from the general public.

The Information Office also serves the Comptroller General as an advisor in GAO communications with the media, the public, and the Congress.

55. What is GAO's policy on naming in its reports the Federal employees who are directly involved in its audit findings?

The primary reasons for reporting adverse conditions in a Federal agency are to get management to make improvements and to prevent future waste, rather than to fix blame or to recommend penalties against lesser officials and employees for deficient performances.

If, for any reason, GAO considers it desirable to name the persons directly involved in the findings, it does so in discussions with appropriate top management officials or in the letter sending the report to the head of the agency, rather than in the published report. On request, or when deemed desirable, GAO reveals such names to congressional committees.

GAO includes in its reports the names of Federal agency *top* management officials responsible for the activities discussed. GAO

does not name in its reports Federal employees at lower levels who are directly involved in its findings.

56. Why does GAO list the names and titles of Federal agency officials in its reports?

GAO lists these names and titles as a convenience to the reader. This information is not always readily available elsewhere, particularly when the report relates to activities over a period of years.

The list not only identifies top officials but also relates, at least at top agency levels, the officials with their responsibilities.

Another reason for this list is that, in some cases, it shows a frequency of turnover in top positions that, although not specifically discussed, may be an important factor in the problems described in a report.

57. What are GAO's practices on disclosing the names of third parties?

If a report pertains to a single Government contractor or grantee or to State, local, or foreign governmental bodies, GAO's practice is to disclose their names in the reports.

If the review primarily is an evaluation of a Federal agency's operations—and if a part of the work includes examinations at a sampling of contractor plants, grantee offices, or other third-party locations—GAO's general policy is to not disclose the names of the third parties in the report, *unless* they have been found to be in violation of a Federal law, regulation, or other requirement or unless such disclosure will not adversely affect them or may even be to their benefit.

If the names of violators of an existing law, a regulation, or other requirement are disclosed, GAO practice is to confirm with them during the review the findings of fact that are expected to be included in the report.

58. Does GAO measure its effectiveness by the amount of cash savings it can make each year?

Only in part. GAO does attempt to identify savings attributable to its work, when practicable, just as it identifies management or program improvements. However, many savings are not readily measurable in dollar terms, and these savings may be even greater than those which are measurable.

Actions taken by the Congress to save money are not included in GAO's cash savings figures unless such action is taken specifically in response to GAO's recommended actions.

Audits of program results are concerned more with determining whether public funds are being productively applied to realize the purposes intended by the Congress than with identifying opportunities to save money. The measure of effectiveness for such audits is the usefulness of the information produced and reported rather than the financial savings that may be attributable to them.

59. Does GAO top management consider that the number of audit reports it issues is the most important measure of GAO productivity?

No. Reports are an important medium for communicating the results of GAO's audit work, and they often lead to needed corrective actions or operating improvements. However, by themselves, they do not always provide any measure of GAO productivity.

More important measures for this purpose are the extent to which GAO's work, including preparation of reports, results in such accomplishments as:

- Improved Government operations through better management systems and increased efficiency.
- Savings of public funds.
- Better compliance with requirements of laws and regulations.
- More effective operations.
- Assistance to congressional committees and Members of Congress in carrying out their legislative and oversight responsibilities.
- Better congressional understanding of Government operations and of whether and to what extent Government programs and operations meet congressional objectives.

60. Is the progress of GAO staff members directly related to the number of reports they work on or complete?

Definitely not. GAO does not play the "numbers game" in measuring the productivity and ability of individual staff members.

As stated in answer to the previous question, the test of accomplishment in GAO is not the number of reports issued but the improvements in Government operations which result from GAO's

work and the disclosure of information needed by or useful to the Congress in carrying out its responsibilities.

The progress of an individual staff member in GAO is determined by many factors, including his contribution to assignments which lead to accomplishments of this nature. Other factors include skill and effectiveness in carrying out and completing assignments in accordance with GAO policies; innovating when necessary; communicating orally and in writing; working with congressional committees and with agency personnel; and supervising subordinates, including assisting them and encouraging them in their continuing professional development.

61. What about membership of staff members in professional organizations?

GAO encourages its staff members to become members of, and to be active in, professional organizations whose activities are related to GAO work. These activities are considered to be additional ways for staff members to keep abreast of developments in their profession and to further their growth.

62. What are GAO's policies for employing persons other than those trained or experienced in the fields of accounting or auditing?

In recent years, GAO has employed many persons trained or experienced in other fields, to strengthen its audit staff and enable it to better carry out increasingly complex audit assignments. Of a total of about 3,150 professional staff members, about 20 percent are persons whose major fields of study or experience have not been in accounting or auditing.

GAO's staff thus includes engineers, economists, mathematicians, statisticians, actuaries, and persons with academic backgrounds or experience in business and public administration. The increased diversity in GAO's staff has been highly beneficial and has enabled it to make more comprehensive and penetrating audits.

63. How does GAO insure that its standards of independence and objectivity are followed in its widespread audit work?

In several ways. For example:

- Through training programs where these important characteristics of GAO's work are explained and emphasized.

- Through day-to-day supervision of the work of all staff members.
- By avoiding the assignment of staff members to audit work where conflicts of interest *may* exist.
- Through careful review of written reports and other work products.
- Through systematic rotation of staff members to audit assignments.
- By requiring, as a matter of policy, the consideration of all pertinent, significant information relating to audit findings, conclusions, and recommendations.
- By obtaining and systematically considering comments of Federal agency officials (or contractors, grantees, or other third parties who may be involved) on findings, conclusions, and recommendations.

Accounting

64. What are GAO's accounting responsibilities?

In its earlier years, GAO kept thousands of ledger accounts as part of its effort to centrally control the financial operations of Federal agencies. This was changed in 1950 when the Congress passed the Budget and Accounting Procedures Act. The law made agency heads responsible for properly accounting for their resources and operations and gave the Comptroller General the following overall accounting responsibilities.

1. To prescribe the accounting principles, standards, and related requirements for the executive agencies of the Federal Government.
2. To cooperate with the executive agencies in developing their accounting systems.
3. To approve executive agency accounting systems which are adequate and meet prescribed principles and standards.
4. To conduct, jointly with the Office of Management and Budget and the Treasury Department, a continuous program to improve accounting and financial reporting in the Federal Government.

The 1950 law also directed GAO to review from time to time the executive agency accounting systems and to report the results of such reviews to the agency heads concerned; the Secretary of the Treasury; and the Director, Office of Management and Budget; and the Congress, if appropriate.

Legal Services

65. What is the scope of GAO's legal services?

The Comptroller General, as the head of GAO, renders legal decisions and advice to:

- Heads of Federal agencies and to disbursing and certifying officers on questions of authority granted to the agencies by the Congress and of the circumstances under which they may spend public funds.
- Debtors and creditors of the Government who are dissatisfied with the handling of their affairs by other Government agencies.
- Government contracting and procurement officers and individuals and firms doing business, or seeking to do business, with the Government on legal questions about the award of Government contracts.
- Members of Congress, congressional committees, the Attorney General, and the Office of Management and Budget, as requested.

GAO decisions on the legality of expenditures are binding on the executive branch and on GAO, but they are not binding on the Congress or on the courts.

Settling Claims

66. What is GAO's authority and responsibility to settle claims?

Numerous laws affecting GAO's function of settling claims have been passed.

- The basic Federal law on claims provides that GAO settle all claims and demands by or against the Government.
- Another law, originally enacted in 1894, provides that GAO superintend the recovery of all debts certified by it to be due the United States.
- The Federal Claims Collection Act of 1966 authorizes GAO to compromise debts owed the United States. Another law authorizes GAO, under certain conditions, to waive, in whole or in part, claims arising from erroneous salary payments to executive agency employees.
- Various laws provide that specific classes or types of claims against the United States be paid only after settlement by GAO.

Settlement of certain claims (such as most claims based on veterans' legislation, internal revenue and customs laws, and retirement and social security laws) are, by law, the responsibility of the administrative agency concerned.

67. How does GAO discharge its responsibilities for settling claims against the Government?

In three ways:

1. By reviewing and passing on the claims before payments are made or denied.
2. By reviewing agency denials of claims.
3. By audits of transactions after payments and by settlements of accounts of accountable officers.

Claims which involve no doubtful questions of law or fact are paid, subject to GAO audit, by the agencies under which the claims arose.

68. How does GAO discharge its responsibilities for superintending the recovery of debts owed to the United States?

Federal agencies are responsible for collecting their debts but may compromise, terminate, or suspend action on them under the Federal Claims Collection Act of 1966. To the extent they do so, GAO discharges its responsibilities for superintending the recovery of such claims by:

- Reviewing agency regulations, procedures, and collection operations.

- Reviewing records of uncollectible debts referred to GAO for further collection action.

The following types of debt claims by the United States must be submitted to GAO for handling.

- Those in which elements of doubt exist as to the amount or validity of the Government's claims.
- Those over \$200 which Federal agencies have tried unsuccessfully to collect in full, compromise, suspend, or terminate under the Federal Claims Collection Act of 1966.

After a debt which an agency finds uncollectible is submitted to GAO, it attempts to collect from the debtor. In some cases, it refers debts to U.S. attorneys to sue for collection.

69. Does GAO have any responsibility for waiving the recovery of erroneous payments of pay and allowances?

Yes. This responsibility is carried out by:

- Considering and acting on requests for waiver when the amount involved is over \$500 or when the request is referred to GAO by an agency because of doubt as to whether the debt should be waived.
- Reviewing agency regulations, procedures, and operations for waiving recovery of such payments to promote as much as possible Government-wide uniformity in carrying out the laws providing for waivers.

Federal Election Campaign Financing and Control

70. What are GAO's responsibilities in this area?

The Federal Election Campaign Act of 1971, which became effective April 7, 1972, requires GAO to prescribe regulations relating to limitations on the use of communications media by candidates for Federal elective office, on charges for using communications media, and on related matters.

The law also requires, *as to presidential and vice-presidential candidates*, that GAO:

1. Prescribe regulations, reporting forms, and an accounting manual for the guidance of candidates and political committees in filing organization statements and in recording and reporting contributions and expenditures in primary and general elections.
2. Receive, file, and make available to the public, and maintain for 10 years, reports required by law to be filed.
3. Compile an annual report on each political committee filing reports each year.
4. Publish an annual report, and special reports from time to time, on contribution and expenditure data received.
5. Audit and investigate reports and statements filed and alleged failures to file.
6. Investigate complaints and other problems and refer them, as appropriate, to the Attorney General for action.
7. Encourage and cooperate with State election officials to develop uniform reporting procedures.

The law also requires GAO to serve as a national clearinghouse for information on the administration of elections.

The Presidential Election Campaign Fund Act, approved in December 1971 but not effective until January 1, 1973, provides that a taxpayer can designate \$1 of his tax payment (\$2 on a joint return) to go to a particular political party. GAO is required under this law to:

1. Certify to the Secretary of the Treasury for payment to presidential and vice-presidential candidates the amounts to which they are entitled under the checkoff procedure.
2. Audit candidates' reports of campaign expenses.
3. Report to the Congress on payments to political parties and campaign expenses.
4. Seek recoveries of funds from candidates on the basis of determinations of ineligible receipts or campaign expenses.

71. What additional authority did the Congress give the Comptroller General to enable him to discharge these new responsibilities?

The Federal Election Campaign Act authorized the Comptroller General to prescribe regulations and forms and to audit books and records of the candidates and committees.

The Presidential Election Campaign Fund Act empowers the Comptroller General, through attorneys and counsel:

1. To appear in, and defend against, any action brought against him on account of any certification, determination, or other action by him under that law.
2. To petition the courts of the United States for declaratory or injunctive relief concerning civil matters covered by that law.
3. On behalf of the United States, to appeal from, and to petition the Supreme Court for certiorari to review, judgments or decrees entered with respect to such actions.

This is the first law which has authorized the Comptroller General to appear in court in his own behalf.