

*Keynote Address by The Honorable David M. Walker
Comptroller General of the United States
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David M. Walker, Comptroller General of the United States, opened his remarks by emphasizing the fact that both the General Accounting Office (GAO) and the JFMIP consider government transformation a priority. Mr. Walker is the Chief Accountability Officer for the federal government and works for the Congress and the citizens of the United States. Mr. Walker is also the Chief Executive Officer of the GAO. In his role he is very concerned about government transformation as well as the President's Management Agenda – which also focuses on government transformation. According to Webster's Dictionary, transformation is defined as “an act, process or instance of change in structure, appearance or character; a conversion, revolution, makeover, alteration or renovation.” We do need fundamental change in what the federal government is doing; how the government is doing business; and in some cases who is doing the federal government's business in light of real trends and emerging challenges that face this nation and many other nations around the world. Transformation is about creating the future rather than perfecting the past.

Why does the federal government need this fundamental change? According to the Comptroller General, “the government is on a burning platform” – the status quo is unacceptable and we must engage in fundamental change. We must reposition ourselves for the 21st century. There are several reasons why fundamental change is a must. One reason is the continued rising public expectations for results and enhanced responsiveness from the federal government. Another reason is that the past fiscal trends and future fiscal and budget outlooks contain very disturbing information. The rising costs of Social Security, Medicare, Medicaid, interest of the federal debt, and mandatory spending is a very real trend. We also know that the cost of national security is not going to go down. These and other trends and challenges are noted in GAO's strategic plan. The rapidly growing deficits are another reason for the need for fundamental change. The growing deficits are primarily due to the aging and retirement of the “baby boomer” generation as well as overall rising health care costs. This fiscal “gap” can be helped if we can further increase economic growth; however the “gap” is so great that we cannot “grow” our way out of it

We must fundamentally review, revise and reassess the proper role of the federal government in the 21st century. Tough choices will have to be made on the spending side, on the revenue side, and from a regulatory perspective. We need to look at the base of federal spending and need to recognize that there may be existing government programs that were created decades ago that are desirable, but may no longer be affordable or sustainable. The last reason given by the Comptroller General for fundamental change is the need for additional resources to defend against any future terrorist events here on U.S. soil and efforts to defend against those beyond our borders. Transformation will be required.

Who will have a role in the responsibility of the government's fundamental change? According to the Comptroller General, “everyone in the room, as performance and accountability professionals, has an important role to play in this change.” We must look beyond mere financial management to provide vision, leadership, and integration of various key initiatives

that have a cornerstone in financial management. Others who have a role in this change are the executive and legislative branches of the federal government, the press, “good government” organizations, and ordinary citizens. In fact, every American has a stake in the success of our federal transformation efforts.

How do we proceed with transformation? We proceed through leadership, vision, a plan with key milestones and appropriate incentives, transparency, and accountability mechanisms. The Executive Branch has a responsibility to create this plan. The President’s Management Agenda is the Executive Branch’s initiative to drive the transformation and is a positive and constructive step. Priorities must be set; attention must be focused and geared towards results, and accountability for results must be assured. The Comptroller General emphasized that the President’s Management Agenda is not enough.

The Government Performance and Results Act (GPRA) is 10 years old this year, and the Inspector General’s Act is 25 years old this year. We hope that Congress will assess each of these acts, given the significant milestones being reached this year. For instance, GPRA has called for a government-wide performance plan – yet 10 years later we do not have one. We need to develop a set of key national indicators that would not be goals or priorities but outcome-based measures that would deal with a variety of economic, social, security, and environmental factors. These factors could be used to assess our nation’s overall position and progress, both domestically and internationally. Success should not be measured solely on the priorities set by each administration or the views of the opposition party; the indicators should state the facts so that people can make their own judgments about where we are, how far we have come, and where we are headed. The Comptroller General suggests that certain federal departments and agencies consider implementing a second level position – Chief Operating Officer — that would focus on the planning and integration of various key transformation initiatives.

The Comptroller General highlighted the five goals of the President’s Management Agenda (PMA). The PMA not only gives the status of agencies with regard to the five goals, but it also gives the agencies’ progress toward the PMA goals. Strategic management of human capital should emphasize that people are the key to the success of our government transformation effort. As such, they should be treated more like assets instead of liabilities. Competitive sourcing is a means to an end and must be a fair process. There have been significant improvements in financial management because of the emphasis being moved to substance over form – receiving a “clean” audit opinion should not be held as the definition of success. Expanded e-government includes the integration or elimination of legacy computer systems. Budget and performance integration links resources to results and the data should be used to set priorities and to allocate limited resources.

The Comptroller General also touched on what GAO is doing towards government transformation. First, GAO is dedicated to “leading by example” and has the responsibility to be better than any agency that they are evaluating on basic management issues; GAO is committed to “practicing what they preach.” GAO is transforming its organization to better serve its client and to achieve measurable results, as well as improve the transparency of its policies and criteria (e.g., high risk criteria). GAO is changing the nature of its work to move beyond fraud, waste, and abuse to include a range of economy, efficiency and effectiveness activities. GAO is also

working constructively with federal agencies to identify not only what is not working but what is working right and the progress that is being made. Finally, GAO is working with entities outside of the federal government, such as state and local government officials and auditors-general from other countries in the areas of long-range fiscal challenges, human capital, competitive sourcing, independence, and a range of other areas of mutual concern.

In closing, the Comptroller General stressed that it takes years of concerted effort to build a positive reputation, a reputation of integrity and trust; however such trust can be lost easily if one does not do the right thing in connection with a critical issue. Also, keep in mind that laws and other policies (e.g., auditing and accounting standards) set the floor or minimum standards of acceptable behaviors, not the ceiling or desired state. We must exercise our independent and professional judgment; we must be dedicated to professional standards and core values; and we must always do what we think is right, even if it may not be the popular thing to do.

Finally, the Comptroller General told everyone that each financial management specialist has a major role to play, not just in the area of financial management, but also in the overall challenge in how to transform the federal government. He challenged all present to work together to achieve positive and lasting change.