Government Audit Institutions:
Meeting the Challenges of the 21st Century

By the Honorable David M. Walker
Comptroller General of the United States
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It's a pleasure to speak to you today about the accountability challenges facing the United States and other nations around the world, including Albania. I'd like to spend a few minutes explaining the role and mission of my agency, the U.S. General Accounting Office (GAO). Then I'd like to talk about GAO's own transformation efforts to meet the demands of the 21st century. And finally, I'll discuss the characteristics of successful supreme audit institutions (SAI) in the future.

I think it's important to clarify what GAO does and does not do. I realize that our name can be confusing. Many people think GAO keeps my government's books and records. That's actually the job of the Treasury Department, the Office of Management and Budget, and the chief financial officers at the various federal agencies.

GAO is an independent agency in the legislative branch. We're sometimes called the "investigative arm of Congress" or the "congressional watchdog" because GAO helps Congress oversee the rest of government. We're in the business of improving the government's performance and ensuring its accountability to the American people. Simply stated, we try to make government work better for all Americans. To this end, GAO provides Congress with oversight of agency operations, insight into ways to improve government services, and foresight about future challenges.

GAO also serves as the auditor of the U.S. government's consolidated financial statements, but financial audits are only a small fraction of GAO's current workload. Most of our work involves program evaluations, policy analyses, and legal opinions on a broad range of government activities at home and abroad. We also formulate the generally accepted auditing standards for audits of federal funds. I'm pleased to say that these standards have been voluntarily adopted by several other nations, including Albania.

Yes, part of GAO's job is to combat waste, fraud, abuse, and mismanagement. But today, it's the inspectors general at the various U.S. departments and agencies who are on the front lines in fighting these problems. At GAO, we focus more on long-range, complex, and cross-governmental issues. We also focus more on ways to improve the economy, efficiency, and effectiveness of government.

Unlike the work of most SAIs, GAO's work is primarily done at the request of congressional committees or is mandated by public laws. But we also initiate our own audits, research, and investigations into issues we think deserve greater attention and debate. For example, we've been keeping a close eye on the U.S. government's

worsening financial situation and our nation's mounting challenges from homeland security, Social Security, and health care.

In recent years, GAO has become a modern, multidisciplinary professional services organization whose more than 3,200 employees include economists, social scientists, engineers, attorneys, and accountants as well as specialists in areas from national security to Social Security. You name the profession, you can probably find it at GAO.

The scope of GAO's work today includes virtually everything the federal government is doing or thinking about doing anywhere in the world. You might be surprised to know that GAO analysts have been in Iraq recently looking at everything from military logistics to contracting costs to the U.N.'s oil-for-food program.

Most GAO reports go beyond the question of whether federal money is being spent appropriately to ask whether federal programs and policies are meeting their objectives and the needs of society. GAO also typically looks at the results that departments and agencies are getting with the taxpayer dollars they spend.

Every two years, with the start of each new Congress, GAO issues its "high-risk list" of troubled areas in government. GAO has found that putting an agency or a program on this list brings an issue to light. History shows that with light comes heat, and with heat comes action. And action is exactly what's called for with these high-risk areas.

GAO regularly consults with lawmakers and agency heads on current and emerging challenges and ways to make government work better. For example, GAO has urged agencies to adopt best practices from the private sector and has recommended the consolidation of redundant federal programs. We view our job as doing more than just pointing out what's wrong with government. We strive to improve government, and we try to acknowledge federal programs and practices that are working well.

Beyond our insights into how well government is working, GAO also provides policy makers with foresight about emerging issues. Right now, GAO is concerned about several long-term trends and challenges, including our growing fiscal imbalance, new security threats, increasing global interdependence, changing economic conditions, demographic trends, the impact of science and technology, quality-of-life issues, and changing governance structures. These trends and challenges have no boundaries anywhere in the world. In fact, they show that the world is growing smaller every day.

Since its creation in 1921, GAO's work processes and organizational structure have changed considerably. But our central mission remains the same: to provide Congress with the best information available on government operations. GAO reports have credibility because the information they contain is professional, objective, fact-based, nonpartisan, non-ideological, fair, and balanced. Our work has impact because key players in Washington know they can count on the facts and analyses presented in GAO reports. Members of Congress from both parties routinely use GAO reports as the basis for hearings, floor statements, and legislation. In news stories, GAO continues to be one of the world's most cited entities.

How do we consistently deliver such high-quality work? When I become Comptroller General more than five years ago, I made GAO's own transformation a top priority. "Leading by example" became one of GAO's main objectives. And ever since, we've been working hard to stay number one and show other government agencies how things can be done.

We started our transformation efforts by putting together our first strategic plan. This document, which is available on our web site, is essentially GAO's framework for the future. GAO's strategic plan defines our mission, lays out the key trends and themes that GAO will focus on, and outlines the agency's goals and objectives. Over a four- to five-year period, this document also guides a range of high-level internal and external decisions.

The strategic plan also spells out GAO's core values, which form the foundation for what we do and how we do it. These core values supplement the professional standards we follow and represent a higher calling. Our three core values are accountability, integrity, and reliability. If you come to Washington, you'll see these core values just above the main entrance to GAO's headquarters building. More important, these core values are in the heads and hearts of GAO employees.

Speaking of strategic plans, I'm delighted to report that just yesterday in Vienna, the governing board of the International Organization of Supreme Audit Institutions (INTOSAI) unanimously adopted that organization's first strategic plan. The United States had the privilege to chair that effort. The strategic plan builds on INTOSAI's past successes and positions the organization to better meet future challenges.

GAO's own strategic goals are ambitious but straightforward. GAO seeks to produce positive and measurable benefits for Congress and the American people. Meeting the needs of our clients is another top priority. GAO also seeks to help government transform itself to meet the challenges of the 21st century. Finally, GAO seeks to become a model agency for the rest of government and for accountability organizations everywhere.

With the strategic plan in place, we reassessed our organizational structure and resource allocations. We completed a major realignment in 2001 that more clearly delineated responsibilities for achieving the goals laid out in the strategic plan. Our budgeting and spending decisions are now guided by the strategic plan. For example, people, dollars, and technology are consistently allocated with an eye toward the agency's long-term goals.

Efforts and attitude are important, but ultimately it's results that count. Since 2000, GAO has issued annual performance and accountability reports that explain the results we've achieved with the resources we've been given. Last year, GAO generated more than $35 billion in measurable financial benefits. That's a $78 return on every dollar invested in GAO. GAO also reports significant non-financial accomplishments, like strengthening security at federal buildings and enhancing the quality of care at the nation's nursing

homes. Last year, GAO testified about 200 times before Congress. We also made more than 2,000 specific recommendations on ways to improve government operations. In recent years, about four out of five GAO recommendations have been implemented within four years.

GAO is committed to an appropriate degree of transparency about our key policies, procedures, and criteria. This transparency is seen in our new protocols for dealing with Congress and the agencies that we audit.

At GAO, our independence is crucial. After all, how can a supreme audit institution be effective without an appropriate degree of independence? To begin with, GAO's location in the legislative branch gives us some distance from the executive branch agencies that we audit and oversee. On top of that, our personnel system is separate from that of the executive branch and our budget comes directly from Congress. Finally, the law guarantees GAO's access to agency records.

Importantly, as Comptroller General of the United States and the head of GAO, I serve a 15-year term, which gives my agency a continuity of leadership that is rare in the federal government. The Comptroller General can be removed from office only by impeachment, and then only for very specific reasons. This job security allows the Comptroller General and GAO to take a long-term view and "speak truth to power." Consequently, GAO is in a unique position to bring attention to a range of complex, sometimes controversial issues. GAO's independence is further safeguarded by the fact that its workforce consists entirely of career civil servants hired on the basis of their knowledge, skills, and abilities.

In representative government, a system of checks and balances is vital. For more than 200 years, this system has ensured that no one of the three branches of the U.S. government becomes too powerful, that all government officials must answer to the American people, and that no one is above the law. GAO is an important part of this system of checks and balances. As a strong advocate of efficient, transparent, and accountable government, GAO has never wavered in its belief that the public deserves to be fully informed about all aspects of government operations—from spending to policy making.

Given the importance of transparency, public reporting of our work is vital. Consistent with the values of a free and open society, GAO makes its work available not just to Congress or agency heads but to the public and the press. Virtually all GAO reports and testimonies are posted on the agency's web site the day they are issued. The only exceptions are classified work and some security-sensitive subjects. Interestingly, during the last four years, the average number of daily hits on GAO's web site has more than tripled—from under 50,000 to over 150,000.

Representative government depends on an informed electorate. To keep taxpayers informed of its work, GAO relies heavily on the news media to report our findings, conclusions, and recommendations. GAO appreciates the important role that a free press plays in making citizens aware of important policy choices and challenges. Over

the years, we have made it a point to build good working relationships with major print and broadcast reporters.

Today, SAIs around the world face a new set of challenges. Public expectations of government are changing. Citizens are increasingly intolerant of corruption and poor government services. At the same time, as I mentioned earlier, we're seeing the emergence of a number of long-term trends that will affect most countries. For example, the United States and other industrialized nations will face difficult choices in caring for their aging populations. Increasingly, SAIs will need to consider moving beyond routine audits of government finances to alert their countries to emerging challenges—before they become reach crisis proportions. SAIs will need to educate policy makers and the public to the specific long-term challenges facing their nations. This will not be easy because the impact of these long-term challenges may not be felt for some time.

In the future, three elements will be key to the success or failure of both democracies and audit institutions. These elements are incentives, transparency, and accountability. In the case of SAIs, when I speak of incentives, I'm talking about sufficient independence and resources to get the job done. When I speak of transparency, I'm talking about the consistent use of working protocols and the public reporting of SAI findings. When I speak of accountability, I'm talking about an SAI having adequate access to records and subjecting itself to external peer reviews.

In the years ahead, SAIs can play several roles. They can help to combat corruption. They can help to ensure accountability. They can help to enhance economy, efficiency, transparency, and effectiveness in government operations. They can increase insight into how government programs and policies are working. Finally, they can facilitate foresight about emerging trends and challenges.

Regardless of the roles they ultimately play, SAIs must focus on the needs of their clients and meet or even exceed those needs. Effective SAIs must be able to recruit and retain top talent. After all, people are an organization's most valuable asset, and government is no exception. Finally, effective SAIs must be able to build effective partnerships with outside groups—whether they are other accountability organizations, government agencies, colleges or universities, or nonprofit entities. In the future, partnerships will be a catalyst of change and will help governments leverage limited resources. SAIs can help to build bridges between nations and help ensure progress not just in their own countries but around the world.

In today's world, no country and no SAI can or should go it alone. Because many nations face common challenges, we must learn from each other. The motto of INTOSAI is "Mutual experience benefits all." By working together, different audit offices can share in each other's successes and avoid each other's mistakes. In the end, such cooperation will enable government auditors everywhere to better meet the needs of their clients, countries, and citizens. Such cooperation will also help to modernize the accountability profession worldwide.

Through my travels, I've come to realize how most countries now face similar challenges. It's become increasingly clear that governments and their audit institutions will have to work together and with their colleagues in other nations to address these challenges. We at GAO are dedicated to doing our part and we look forward to working with our counterparts in Albania and elsewhere to help meet the needs of our respective clients, countries, and citizens.