



## A Conversation with Gene Dodaro, Comptroller General, U.S. Government Accountability Office

*Faced with seemingly intractable issues such as the ever-growing deficit, economic uncertainty, unemployment, and aging infrastructure, today's government leaders are presented with many difficult choices that go to the core of effective public management. Pressures to reduce the federal deficit will mean a greater need for analyses of programs and their effectiveness, as well as a reduction in improper federal payments and closing the gap between taxes owed and paid. GAO is uniquely positioned to help address the nation's challenges and identify opportunities. GAO seeks not only to help position the government to better manage risks that could compromise the nation's security, health, and solvency, but also to identify opportunities for managing government resources wisely for a more sustainable future. How is GAO working to put the country back on a sustainable fiscal path? How is GAO overseeing federal programs and operations to ensure accountability to the American people? Gene Dodaro, comptroller general of the United States and leader of the U.S. Government Accountability Office, joined me on The Business of Government Hour to explore these questions and so much more. The following provides an edited excerpt from our interview. —MJK*



### **On the History and Mission of the U.S. Government Accountability Office**

GAO was founded in 1921 as part of a package of budgetary and accounting reforms that were put in place following the large debt accumulated after World War I. In the beginning, GAO's role was to examine vouchers on government payments and purchases. Following World War II as the government grew and expanded, these functions were transferred to the executive branch. GAO began more comprehensive financial auditing. As the government continued to evolve with the war on poverty and the Great Society programs of the 1960s, GAO began doing program evaluations: looking at how programs operate, whether they're operating as intended, and [whether they] can be made more efficient and effective. These evaluations are what we are famous for today.

GAO is organized along subject area lines, covering the full range of the federal government's responsibilities. For example, we have teams focused on national defense, health care, transportation, natural resources and the environment, et cetera. We also have teams focused on technical disciplines such as financial management, auditing, and accounting, and information technology. We have a division focused on economics and one on science, technology and engineering. We have a full range of issues set up both for subject areas and technical disciplines. Our work is carried out in multidisciplinary teams. It's very important to ensure the quality and the sophistication of our work. Our budget is over \$500 million a year. We have about 3,000 people in the organization.

Our evolution has continued—we now provide a full range of management evaluations of core functions necessary to carry out the missions of today's government agencies. GAO has a very multidisciplinary workforce right now and our evolution continues based upon the needs of the government and the needs of our primary clients, the Congress.

### **On Being Comptroller General and Leading GAO**

As comptroller general, I provide the strategic direction and leadership for the GAO. As its chief executive, it's my job to make sure we carry out our mission effectively, which is to support the Congress in carrying out its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. We do that through the production of hundreds of reports and testimonies each year to the Congress that are also made available to the public. It's very important that we have good quality assurance systems around those reports, so my job is to ensure that that happens and that we have the skilled workforce necessary to carry out these responsibilities. I also provide testimony to the Congress before various Congressional committees, particularly on GAO's more important broad-based work during the year.

As comptroller general, I also set government auditing standards and internal control standards for the federal government. I have very important representational responsibilities both for domestic accountability purposes, such as chairman of the National Intergovernmental Audit Forum, and also internationally as the U.S. Representative to the International Organization of National Audit Offices, which is comprised of approximately 189 countries around the world.

It's very important that GAO be viewed as independent, nonpartisan, professional, objective, fact-based, and providing a full range of professional services to the Congress that are respected by both parties and both chambers of Congress. It's very important that we not only identify problems, but bring solutions to those problems to help policymakers and leaders in the executive branch, as well as Congress, to take the necessary actions to improve government for the benefit of the country.

### **On Challenges Facing the U.S. Government Accountability Office**

It's very important for us to focus on the areas of highest priority for the U.S. Congress and key national issues. Our workload is a very important challenge as we're asked by Congress to do anywhere from 900 to 1,000 evaluations annually. We obviously have to set priorities appropriately. To do this effectively, I meet with chair and ranking members



of all the standing Congressional committees to understand their priorities; the insights gathered from this interaction then inform our efforts.

Our second challenge centers on the budgetary realities of today. All of government is facing budgetary challenges; GAO is no exception. We're working through those issues very carefully to make sure that we maintain the high quality of our work to the Congress, work on items of highest priority, and also minimize any adverse effects on the very dedicated and talented GAO workforce.

Third, I would say a big challenge is succession planning. We've been working very hard on this issue over the last decade. We'll continue to be able to do that because we need to have the right skilled workforce; we need to have the right people in the right job. Having the right people in the right job is about 75% of success. I spend a great deal of time tackling these challenges.

### **On the Strategic Vision of GAO**

[Although]we are a legislative branch agency and exempt from many of the management reforms and legislative requirements applicable to executive branch agencies, we voluntarily comply with these requirements. We need to hold ourselves accountable in the same way other federal agencies do.

As part of that, we've developed a strategic plan that serves the Congress and the nation. It sets out our vision for a five-year period that outlines the issues we're pursuing to support

the Congress in carrying out its responsibilities and helping to provide leadership for the country. We've set broad goals rooted in some of the constitutional responsibilities of the Congress. For example, we want to provide timely and quality service to the Congress and the federal government to address current and emerging challenges to the well-being and the financial security of the American people. This includes everything from health care to education to transportation, et cetera, across the full breadth of the government's responsibilities.

The second goal is to address the changing security threats and the challenges of global interdependence, and this includes areas of national defense, homeland security, [and] international affairs, for example. The third broad goal is to help the government transform itself to improve its programs and activities to meet 21st-century challenges. Here we provide a lot of help in terms of implementation of the Government Performance and Results Act [GPRA], many other management reforms across government, the application of new technologies to improve government services and operations, and to develop government's management capacities to be commensurate with the challenges that the federal government faces right now and going forward. Our last and final goal is to improve ourselves on a continuous basis—to make sure that we are an organization that has the capacity to deliver on its mission.

Our strategic plan was informed by certain trends we identified as shaping the country and its place in the world. We spent time making sure we understand the trends because

we believe they will shape the types of challenges the federal government will face and the decisions that policy-makers might have to make now and into the future. These trends encompass the evolving national security threats, the fiscal sustainability challenges facing the U.S. government, economic recovery and growth issues, global interdependence, science and technology breakthroughs, [and the] shifting role of government. The last trend focuses on the shifting demographic and societal changes facing the country. With the retirement of the Baby Boom generation, there are far fewer workers now per retiree. This reality changes not only the financial status of entitlement programs, but also brings about other important changes. These demographic and societal changes are very important to understand because they present serious policy ramifications.

### On Fiscal Sustainability and Debt Challenges

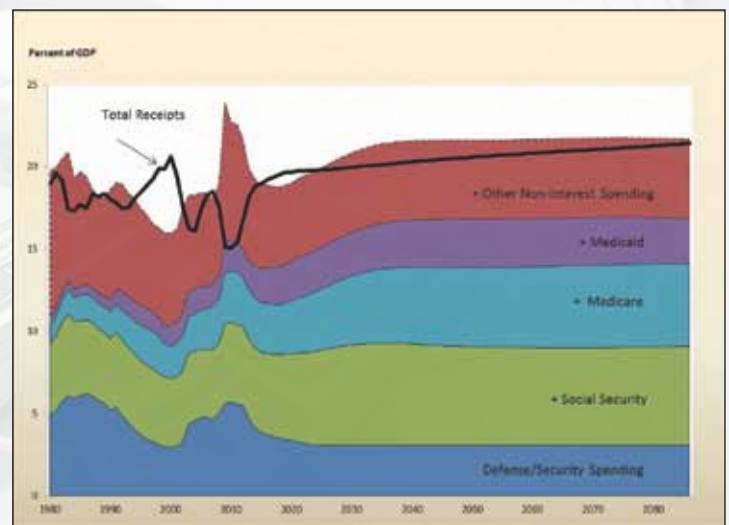
This is a very important issue. For years GAO has done long-range simulations of the federal government's fiscal path in order to illustrate what the long-term effects may be of policy decisions. Even prior to this last recession, GAO warned that the federal government was increasingly on an unsustainable fiscal path [and] that significant deficits and debt were accumulating. The recession itself affected the government's finances and the government's policy response to the recession added to the government's debt burden, as well.

The Budget Control Act of 2011 has sought to improve the federal government's fiscal situation. It calls for \$2.1 trillion of cuts between 2013 and 2021; these will help improve the situation in the short term, but even with these changes,

Debt Held by the Public as Percent of GDP



Historical and Current Policy Projections for the Composition of Non-Interest Spending



“It’s very important that GAO be viewed as independent, nonpartisan, professional, objective, fact-based, and providing a full range of professional services to the Congress that are respected by both parties and both chambers of Congress.”

— Gene Dodaro



in the longer term serious issues remain and need to be addressed. The Budget Control Act also provided a backup in the event the so-called Super Committee did not reach consensus. That would be a \$1.2 trillion sequestration or changes in the caps over the next 10 years. This part will go forward, but obviously there are many implementation issues associated with that, and Congress always has the flexibility to deal with these matters going forward.

We will continue to do our long-range simulations to help support the Congress in making difficult tradeoffs, [and] try to identify ways to save money, to enhance revenues, and help Congress evaluate policy options for dealing with this long-term fiscal issue.

### **On the Changing Dynamic of Global Interdependence**

This is a very important trend that presents significant ramifications for the federal government. A prime example is in the financial institutions and financial markets sector. The recent financial crisis, above all, illustrated the extent to which economies, trade, and information flows have become linked. We saw [this] when the federal government needed to change its federal regulatory regime in order to deal with these problems; the failure to do so led to some of the issues that caused the turmoil in the financial markets. Going forward, there are new capital requirements that are international standards we have to implement.

This interdependence goes beyond the global financial markets and flows of capital. It involves how we deal with ensuring food safety for our public. Most of the seafood, fruits, and vegetables now come from foreign sources. In the medical products area it’s been estimated by the FDA that 80% of the ingredients for prescription drugs come from foreign manufacturers. The assurance and oversight systems were originally set up for domestic production. Given this situation, we’ve put the oversight of food safety, medical products, and the modernizing of the financial regulatory system on our high-risk list—issues and programs we monitor.

### **On Eliminating Overlap, Duplication, and Fragmentation in Government Programs**

GAO has a statutory requirement to produce an annual report on overlap and duplication in the federal government. On February 28, 2012, [we] released the second annual report to Congress in response to the statutory requirement that GAO identify and report annually on federal programs, agencies, offices, and initiatives, either within departments or government-wide, which have duplicative goals or activities. We believe this work can help to inform government policy-makers as they address the fiscal pressures facing the federal government.

We issued the first report in this series in March 2011, which presented 81 opportunities to reduce potential government duplication, achieve cost savings, or enhance revenue. For example, we identified that ... each [military service] had [its] own military command, and that there had been options explored by the Pentagon to try to streamline this process that could have led to savings of anywhere from \$200 million to \$400 million a year. We also identified other opportunities for cost savings or revenue enhancements, for example, with our growing tax gap where there’s a difference of about \$385 billion between what’s owed and collected. We’ve found overlap and duplication in dozens of programs that focused on teacher quality, economic development, and surface transportation.

### **On Achieving a Clean Financial Audit for the Federal Government**

This is a very important area that I’ve been working on for many years. It’s very good that there’s progress at individual departments and agencies, with 21 out of 24 receiving an unqualified audit opinion. When we first started this, implementing it across government in 1996, only six of 24 were able to get a clean opinion. There’s been great progress, but there are very important large agencies, such as the Department of Defense and the Department of Homeland Security, which have yet to receive clean opinions.

The first main impediments to getting an opinion on government-wide consolidated statements are focused on making improvements in the Department of Defense. DoD owns so much property and their budget, expenditures, and operations are so large that they're a very material item to the consolidated financial statements of the federal government.

The second impediment involves eliminating intra-governmental transactions among departments and agencies. Reconciling agency fund balance with the Treasury has been an issue that's been very nettlesome and difficult to remedy.

The third impediment is the process of preparing the financial statements; Treasury's compilation process to make sure that it is consistent with the underlying financial statements at departments and agencies hasn't yet been able to be done without material changes to the financial statements or adjustments in the numbers.

There are many activities underway to make the necessary improvements. The Congress has levied some tough requirements on DoD to improve its financial statements and be auditable by 2017. The Secretary of Defense has said they want to be auditable in their statement of budgetary resources by 2014; DoD has a plan underway to be able to do this that is focused on improving the department's budgetary numbers and the existence and completeness of

their records on military equipment. Both elements are critical to their operations. Treasury has a number of activities underway with OMB to deal with intra-governmental eliminations and preparing the financial statements. I'm hopeful that we'll see continued progress on these items before the end of my tenure.

### On the Future

We need to continue doing the most important work necessary for the country. People come to GAO and stay because of the interesting work that we do and the ability to make a difference on key national issues. It is very important; it goes back to my earlier discussions about prioritizing our work and working with the Congress to make sure that we're working on the most important issues.

Federal managers and public servants can step up during these periods in a number of ways. First, pay attention to people; pay attention to the workforce. When there are difficult challenges a workforce can feel devalued and dispirited. You need to engage the people in the process to help them manage the changes, and not let the changes manage them. Second, step up efforts to fix high-risk or longstanding problems in federal agencies that drain resources unnecessarily away from productive means.

Public service is a tremendous way to give back to your country. It's the reason that I was drawn to the federal government many years ago and why I've stayed in the federal government. It's a very rewarding career; people should think about pursuing a career in public service at any point in their career whether they start out as an entry level person, come in as a mid-career manager, or senior manager in government. We need to do the best we can to make sure we have the strongest country possible now and into the future. ■



To learn more about the U.S. Government Accountability Office, go to [www.gao.gov/](http://www.gao.gov/).



To hear *The Business of Government Hour's* interview with Gene Dodaro, go to the Center's website at [www.businessofgovernment.org](http://www.businessofgovernment.org).



To download the show as a podcast on your computer or MP3 player, from the Center's website at [www.businessofgovernment.org](http://www.businessofgovernment.org), right click on an audio segment, select Save Target As, and save the file.



To read the full transcript of *The Business of Government Hour's* interview with Gene Dodaro, visit the Center's website at [www.businessofgovernment.org](http://www.businessofgovernment.org).