SUBJECT: General Accounting Office Audits and Reports

References: (a) DoD Directive 7650.2, subject as above, November 17, 1980 (hereby canceled)
(c) Public Law 91-510, "Legislative Reorganization Act of 1970," Section 236 (84 STAT. 1140)
(d) Public Law 96-226, "General Accounting Office Act of 1980" (94 STAT. 311)
(e) through (i), see enclosure 1

A. REISSUANCE AND PURPOSE

This Directive:

1. Reissues reference (a) to update policies, responsibilities, and procedures for working with the General Accounting Office (GAO) when the GAO conducts surveys, reviews, and other activities within the Department of Defense.

2. Establishes procedures to ensure that DoD comments on GAO draft, letter, and final reports (as well as other documents) are timely, fully responsive and present accurately the position of the DoD.

B. APPLICABILITY AND SCOPE

1. This Directive applies to:

   a. Offices within the Office of the Secretary of Defense (OSD), the Military Departments, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies (hereafter referred to collectively as "DoD Components").

   b. GAO audit surveys, reviews, reports and requests for security review, as well as to other GAO documents, such as briefing papers, statements of fact, information syntheses and testimony the GAO issues in lieu of audit reports.

2. Portions of this Directive also apply to:

   a. Comptroller General decisions that sustain bid protests involving DoD procurements, thereby necessitating DoD responses in accordance with reference (c).
b. Comptroller General decisions issued in connection with GAO audit surveys and reviews that require DoD responses in accordance with reference (c).

c. GAO requests for DoD security review, or mandatory declassification review of classified documents, including Freedom of Information Act (FOIA) requests in accordance with references (g) and (i).

d. Identification of GAO access to records problems and, when they cannot be informally resolved, referral to the Assistant Secretary of Defense (Comptroller) for processing in accordance with reference (e).

3. This Directive does not apply to Comptroller General decisions involving DoD procurements that do not require a response in accordance with reference (c).

C. POLICY

1. The DoD recognizes that GAO reports:
   a. Generally contain findings, conclusions, and recommendations that provide a valuable means for identifying problems, highlighting areas where management could be improved, and offering potential corrective actions.
   
b. Have a substantial impact on congressional and public views concerning DoD activities.

2. It is DoD policy to cooperate fully with the GAO, and to respond constructively to, and take appropriate corrective actions on the basis of, GAO reports. All DoD Components shall:
   a. Make every effort to be responsive to requests for information from the GAO and respond to such requests as promptly as possible.
   
b. Ensure that fully responsive replies to GAO reports are submitted. Reference (f) prescribes that fully responsive corrective actions should be taken on agreed-upon deficiencies identified in GAO reports.
   
c. Ensure that responses to GAO reports are made in accordance with references (b), (c), and (d). (See paragraph E.2.c. for the various response periods established by references (b), (c) and (d)).
   
d. Be vigorous in identifying errors of fact or erroneous interpretation in GAO reports, as well as stating the DoD position against GAO recommendations that are perceived as not being in the best interest of the country.

D. RESPONSIBILITIES

1. The Secretary or Deputy Secretary of Defense shall resolve disagreements between DoD Components on GAO findings, conclusions, and recommendations that the Office of the Inspector General, Department of Defense (OIG, DoD), cannot resolve at lower levels. (See paragraph D.2.d., below.)
2. The Inspector General, Department of Defense (IG, DoD) shall:

   a. Serve as the central liaison with the Comptroller General on all GAO matters within the Department of Defense.

   b. Develop, implement, and review policies and procedures for the systematic and prompt consideration of GAO reports and documents involving the Department of Defense and coordinate and monitor all GAO activities within the Department of Defense.

   c. Review, evaluate, and coordinate proposed DoD responses to GAO reports, and ensure that they are timely, responsive, well-founded, and consistent with DoD policies. When necessary, require revision of proposed responses before authorizing their release. The OIG, DoD, shall provide written notification to the DoD Primary Action Office (PAO), within 30 days of receipt of the PAO-proposed DoD response, delineating the revisions needed or requesting a meeting to resolve differences.

   d. Resolve disagreements between DoD Components concerning the appropriateness of proposed responses to GAO reports. If resolution at this level is not possible, refer the dispute along with pertinent documentation to the Secretary or Deputy Secretary of Defense for final resolution.

   e. Ensure that appropriate actions are taken by DoD Components in response to findings, conclusions, and recommendations contained in GAO reports, as prescribed in DoD Directive 7650.3 (reference (f)). (See paragraph 2.f. (1) below).

   f. Designate the Deputy Assistant Inspector General for GAO Report Analysis (DAIG(GAORA)) to:

      (1) Act as the central liaison with the staffs of the GAO and the Department of Defense on all matters concerning GAO surveys, reviews, reports, and activities, and to process DoD responses to GAO reports and other documents. This includes tasking, controlling and monitoring the preparation of responses to the GAO, to ensure that the requirements of references (b), (c), and (d) are met, and authorizing the release of DoD responses to the GAO. This also includes monitoring ongoing GAO surveys and reviews within the Department of Defense. It does not include ensuring followup of agreed-upon corrective actions in response to GAO findings and recommendations, which is the responsibility of the Deputy Assistant Inspector General for Audit Followup, OIG, DoD.

      (2) Arrange and participate in meetings, as necessary, with representatives of DoD Components and/or the GAO on GAO surveys, reviews, reports, or other GAO activities within the Department of Defense.

      (3) Provide the Secretary of Defense, the Deputy Secretary of Defense and the IG, DoD, with early notice of pertinent GAO surveys, reviews, reports, or activities, and make status reports on in-progress GAO surveys and reviews within the Department of Defense available to the interested DoD Components.
(4) Provide copies of DoD responses to GAO final and letter reports to the OMB and the Congress, in accordance with the requirements of OMB Circular No. A-50 and Public Law 91-510 (references (b) and (c)).

3. Heads of DoD Components shall:

   a. Develop written procedures to facilitate the conduct of GAO surveys and reviews; ensure that responses to the GAO are prepared in the manner prescribed by this Directive and fully satisfy OMB Circular No. A-50, Public Law 91-510, and Public Law 96-226 (references (b), (c), and (d)); and implement agreed upon corrective actions in response to GAO reports.

   b. Establish a liaison office or individual as the focal point to monitor and coordinate GAO matters with the DAIG(GAORA), the GAO, and the DoD Components; distribute information concerning GAO matters; and maintain appropriate records.

   c. Ensure that GAO representatives have appropriate security clearances before disclosing classified information to them.

   d. Ensure that GAO contacts and requests for documents are in connection with, and within the scope of, the survey or review work formally announced by the GAO.

   e. Ensure that written responses to GAO reports are signed by an Assistant Secretary of Defense, his or her designee, or an authorized individual of equivalent rank. Coordination on proposed replies to GAO reports shall be at the same rank.

   f. Ensure that the DAIG(GAORA) is kept informed on all ongoing GAO activities within that DoD Component.

E. PROCEDURES

1. Relationships with the GAO. Administrative relationships between the DoD and the GAO are described in an interagency agreement (reference (h)). The DAIG(GAORA) may deviate from the general arrangements from time to time to accommodate special circumstances. Such deviations shall be documented for future reference in information or guidance memoranda for the specific DoD Components and/or in the individual case files.

2. Responses to GAO Reports

   a. For all GAO reports referred to the Department of Defense, a DoD response shall be prepared when any of the following apply:

      (1) The report contains recommendations to the Secretary of Defense, the Secretary of a Military Department, or the Director of a Defense Agency; or

      (2) The GAO or the Congress requests DoD comments on the report; or
(3) The GAO or the Congress requests advice concerning action that has been taken, or is planned, in connection with the subject matter of the report; or

(4) The DAIG(GAORA) and the PAO determine a response is appropriate and in the best interest of the Department of Defense.

b. When a response to a GAO report is required under paragraph E.2.a., above, the DAIG(GAORA) shall designate appropriate DoD Components as the PAO and collateral action office (CAO), and shall task the heads of the PAO and CAO(s) to prepare a written reply on behalf of the Secretary of Defense. The taskings will, barring extraneous circumstances, be within 5 workdays after receipt of a draft report, and within 10 workdays after receipt of a final report. A DoD Component within the Office of the Secretary of Defense normally will be designated as the PAO to ensure that responses on the Secretary's behalf constitute DoD responses. The DAIG(GAORA) shall send copies of the GAO report to appropriate offices immediately upon receipt and then follow up with the formal tasking.

c. Priority shall be given to meeting the dates established for responding to GAO reports.

(1) OMB Circular No. A-50 and Public Law 91-510 (references (b) and (c)) impose a 60-day limitation on responding to certain GAO final reports. In summarizing and tasking GAO final reports for response, the DAIG(GAORA) shall establish suspense dates for PAO and CAO actions based on the normal 60-day statutory requirement. If the PAO determines that the fully staffed and coordinated DoD reply will be delayed unavoidably, the PAO shall prepare an interim response and provide it to the DAIG(GAORA) for coordination and submission to the GAO by the established suspense date. The interim response shall address as many of the GAO findings, conclusions, and recommendations as possible, and shall state when a final response will be made. The DAIG(GAORA) also may issue general interim replies to ensure satisfaction of the legal requirements.

(2) Public Law 96-226 (reference (d)) requires comments on draft reports within 30 days. This law also imposes requirements on the GAO. Unless the GAO finds that agency comments would improve the accuracy of the report, the GAO is not permitted to grant an extension of time for comments, or delay issuance of the final report. The GAO also is required to identify and explain in its final report any significant changes from the draft report that were based on agency comments. In order to satisfy legal requirements for draft reports, the DAIG(GAORA) shall arrange and participate in PAO/CAO meetings with GAO representatives to present oral comments to the GAO. The PAO designee shall speak officially for the Department of Defense. In such a case, a copy of draft DoD written comments on the draft report, which serves as the DoD talking paper for the meeting, shall be provided to the GAO at the meeting to ensure that the official oral comments are reflected accurately in the final report. It is GAO practice, however, to include also the final signed and dated DoD comments as an appendix to the final report, if the inclusion does not delay issuance of the final report. Accordingly, the DoD written comments will be prepared with the objective of meeting the 30-day
requirement. In authorizing the release of a DoD response on a draft report, the DAIG(GAORA) shall strive to allow the PAO a minimum of 3 workdays to release the signed, dated reply to the GAO within the 30-day period.

d. The form, content, and processing of responses to GAO reports are determined by the OIG, DoD. These requirements are discussed in information sheets routinely distributed by the DAIG(GAORA), and/or in DAIG(GAORA) memoranda on individual reports distributed to the PAO and CAO(s).

e. Frequently, GAO reports identify potential savings and/or cost avoidances achievable from implementation of a report recommendation. When the Department of Defense concurs in such a recommendation, the response to the report shall address the estimated monetary benefits to be achieved. Whenever possible, the anticipated estimated monetary benefits shall be identified by fiscal year and appropriation.

f. Report recommendations may require additional resources to implement. The response to a GAO report that contains a recommendation in which the Department of Defense concurs, but cannot implement within its existing resources, shall identify the estimated additional funding required. The estimated additional funding requirement shall be identified by appropriation for the budget year and the following 4 fiscal years.

3. Security Review and Mandatory Declassification Review (MDR) of GAO Documents. GAO requests for DoD security review or MDR of GAO documents containing DoD information shall be processed through the DAIG(GAORA) in accordance with Executive Order 12356 and DoD 5200.1-R (reference (g) and (i)).

a. The DAIG(GAORA) shall designate the PAO and CAO(s) and task the PAO, with CAO participation, as needed, to place the classification authority and downgrading instructions on the cover sheet and to perform a preliminary security review. The PAO shall indicate, by black pencil brackets, those portions that are classified and the levels of security classification. Security classifications shall be as specific as possible, and markings shall be in accordance with DoD 5200.1-R (reference (i)). Thereafter, the PAO shall refer the documents to the Director, Freedom of Information and Security Review, Office of the Assistant Secretary of Defense (Public Affairs) (OASD(PA)), for further review and to mark with red brackets all portions that are not cleared for open publication. DD Form 1910, "Clearance Request for Public Release of DoD Information," shall be used for this referral and the OASD(PA) clearance shall be evidenced by appropriate stampings on the document's front cover. The annotated document then shall be returned to the PAO, which shall transmit it to the GAO under a cover letter granting the GAO permission to transfer the classified DoD information to cognizant congressional and executive branch addressees, provided they have appropriate security clearances and storage containers, and to release any information cleared for open publication. A copy of the transmittal letter and annotated document also shall be sent to the DAIG(GAORA).

b. DoD security reviews and MDRs of GAO documents shall be completed and provided to the GAO as expeditiously as possible, generally within 15
days after the DAIG(GAORA) tasking memorandum. When a GAO draft report is received for both DoD comment and security review, the DoD security review shall be provided to the GAO no later than the date on which the Department of Defense meets with GAO representatives and orally comments on the draft report.

4. Freedom of Information Act (FOIA) Requests for GAO Documents. The Department of Defense, on occasion, receives FOIA requests for GAO documents containing DoD information, either directly from requesters, or as referrals from the GAO. It is the general DoD policy that FOIA requests seeking documents that originated with another agency or activity be forwarded to the originating agency or activity for determination in accordance with the appropriate guidelines. Since the GAO is outside the executive branch, all FOIA requests for GAO documents containing DoD information will be processed under the provisions of security review and mandatory declassification review directives.

   a. FOIA Requests Direct to the Department of Defense. Requests for unclassified GAO reports containing DoD information that are received directly by DoD Components shall be transferred to the GAO Distribution Center:

   General Accounting Office
   Attn: DHISF
   P.O. Box 6015
   Gaithersburg, MD 20877

   The requester shall be notified of the transfer and advised that future requests for unclassified GAO documents should be sent to the GAO Distribution Center. The point of contact with the GAO Distribution Center is the Information Handling and Support Facility, telephone number 275-6241. The ASD(PA), DFOISR, shall make such transfers on behalf of OSD/OJCS staff elements.

   Requests for classified GAO documents (or documents unidentified as to classification) received by DoD Components shall be forwarded to the GAO, Office of Security Policy. The ASD(PA), DFOISR, will also make such transfers on behalf of OSD/OJCS elements. After initial processing, the GAO may refer these requests back to the DAIG(GAORA) for DoD processing in accordance with the procedures set forth in Subsection E.3. above.

   b. FOIA Requests Referred From the GAO. FOIA requests referred from GAO which contain DoD information will be processed in accordance with Subsection E.3. above.

5. Congressional Inquiries

   a. When a DoD Component receives an inquiry from a congressional member or committee concerning issues raised in, and readily identifiable to, a GAO draft or final report and the DoD response to the GAO final report has not been released officially, a letter of acknowledgement shall be prepared by the DoD Component indicating that the DoD position is being developed and a copy of the response to the final report will be furnished when it is completed. Typical coordination requirements for interim responses to the Congress apply to these acknowledgement letters. A copy of the acknowledgement letter shall be provided to the DAIG(GAORA) when completed. If the DoD Component proposes to address any issue in the GAO report in responding to the inquiry, a proposed response shall be submitted to the IG, DoD, for coordination.
b. If the DoD written response to the GAO final report has been released officially, a copy may be furnished in response to the inquiry without notifying the IG, DoD, before it is sent. A copy of the communication then shall be forwarded to the DAIG(GAORA) for inclusion in the case file.

6. Congressional Testimony

a. When a DoD Component is called upon to testify on issues raised in, and readily identifiable to, a GAO document before the DoD response has been authorized, the testimony shall state specifically that the official DoD response is not yet available. The testimony shall be referred to the IG, DoD, for coordination, either directly by the DoD Component, or as part of the ASD(PA) clearance process.

b. If the DoD written response to the GAO document has been released officially, the testimony shall reflect the official DoD position.

c. Copies of testimony dealing with GAO report issues shall be provided to the DAIG(GAORA) for the case record.

F. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward one copy of implementing documents to the Inspector General, Department of Defense, within 120 days.

William H. Taft, IV
Deputy Secretary of Defense
(g) Executive Order 12356, "National Security Information," April 2, 1982