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STATEMENT OF
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COMPTROLLER GENERAL OF THE UNITED STATES
BEFORE THE
SUBCOMMITTEE ON CIVIL SERVICE
OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
UNITED STATES HOUSE OF REPRESENTATIVES
ON
H. R. 12845, 95th Congress

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Mr. Chairman and Members of the Committee:

We appreciate the opportunity to appear here today in support of H. R. 12845, a bill to provide for the employment and compensation of employees of the General Accounting Office (GAO) without regard to certain provisions of title 5, United States Code, and for other purposes. We thank you, Mr. Chairman, for scheduling this hearing so that we might present the reasons why we feel this bill is necessary to the more effective functioning of our Office and to discuss any specific points which may be of particular interest to you. We would like to point out that this bill was drafted, and introduced by Chairman Nix at our request, prior to the time that the Post Office and Civil Service Committee acted on the civil service reform legislation.

This is one of three legislative proposals pertaining to the GAO which have been introduced in the House of Representatives during this session of the Congress. The other two, H. R. 12171 (to strengthen the right of access of the Comptroller General to public and certain private records, to allow for the limited auditing of unvouchered expenditures, and for other purposes), and H. R. 12196 (to provide for cost-of-living adjustments in the annuity of a retired Comptroller General and for other purposes) were referred to the Committee on Government Operations. The latter, H. R. 12196, was passed by the House of Representatives on July 25, 1978, and is now pending in the Senate. H. R. 12171 has been ordered to be

favorably reported but has not yet been acted upon by the House. These three bills have been the subject of careful study by us over a long period of time and, in our opinion, their enactment will greatly strengthen the basic charter of the GAO, thereby enabling us to better serve the Congress in the years ahead.

The primary objective of H. R. 12845, the bill under consideration here this morning, is greater independence of the GAO from the executive branch. Such independence is needed to eliminate any potential for conflict of interest or appearance thereof in GAO's role as the agent of the Congress for evaluating programs administered by the executive branch. The absence of even the appearance of such conflict is essential to the effectiveness, the integrity, and the credibility of the GAO in its dealings with the executive departments and agencies.

In addition the bill would, by exempting our employees from certain civil service laws administered by the Civil Service Commission, give us greater flexibility in personnel management. Most other legislative agencies now have much more flexibility in personnel management matters than we do.

It should be emphasized, however, that H. R. 12845 provides safeguards for the rights of employees and applicants and requires adherence to the principles of merit, equal employment opportunity, and veterans preference. The GAO is committed to a merit system

second to none. The language of the proposed bill makes this clear. It specifically requires that all appointments be made on a merit basis. Likewise promotions must be made solely on the basis of fitness and merit. Suspensions, reductions in rank or pay, and separations can be effected only for such cause as will promote the efficiency of the service. Appeals regulations must to the extent practicable be consistent with existing laws. In our opinion, this bill will afford employees at least as much protection as they now have under present law, and they retain the right to appeal to the courts.

Returning now to the issues of independence and conflict-- until approximately 6 years ago, the GAO devoted only a relatively small proportion of its resources to audits and evaluations of personnel management in the executive branch. In 1972, however, a new division, the Federal Personnel and Compensation Division, was established especially to carry out GAO's responsibilities in this area. It was created because of the increasing expenditures for Federal employees' compensation and benefits which will exceed \$85 billion in 1978. This division was allocated 253 staff years in GAO's budget for 1978.

Our experience over the past 6 years indicates that the decision to place increased emphasis on the personnel operations of the executive branch was a wise one and we do not contemplate diminishing

this effort in the foreseeable future. We have issued many useful reports to the Congress and we have brought about substantial savings and improvements. Moreover, requests for reviews which we receive from committees and members of Congress reflect a growing congressional interest in this area. Much of this work has been of particular benefit to this Subcommittee.

Our reviews have covered virtually all aspects of personnel management including ways to improve personnel utilization and productivity, the financing of retirement systems, pay systems, fringe benefit allowances, equal opportunity employment, and financial disclosure. An integral part of these reviews is an evaluation of the adequacy with which the Civil Service Commission and other departments and agencies carry out their personnel management responsibilities, and we must frequently be quite critical of their operations.

Consequently, the existing interrelationship between the GAO and the Commission presents a continuous conflict of roles. On the one hand, the GAO audits the effectiveness, propriety, and legality of Commission policies and enforcement of Commission regulations. Reports on these audits are usually made public. On the other hand, the Commission controls the system upon which the GAO must rely for acquiring and managing its staff. Within this relationship exists a very real danger that GAO audits may appear to be compromised.

Similarly, the activities of the Commission that affect the GAO directly could appear to be compromised.

An important point to be noted here is that unlike the GAO's recommendations with respect to the Commission which are advisory only, the Commission has direct regulatory authority over the GAO. To illustrate, the Commission has authority to direct the GAO to reduce the grades and salaries of its staff, to disapprove promotions or appointments of its personnel, and to otherwise regulate its personnel procedures and policies. This situation breeds suspicion that GAO reports to the Congress may be influenced in some way by fears on the part of GAO staff that criticism of the Commission's operations will result in actions, consciously or unconsciously taken, which would impact adversely on the GAO as an organization or on the appointment, compensation, or advancement of any of its employees.

The proposed legislation will remove the basis for any such suspicion by establishing GAO's authority, independent of the Commission, to appoint personnel, classify positions, rate the performance of, promote, suspend, and separate its employees on the basis of fitness and merit and for such cause as will promote the efficiency of the service. It should, we believe, eliminate any doubts in the Congress or elsewhere concerning GAO's objectivity and independence, or that of the Commission.

Viewing the matter from a slightly different angle--it has been a fundamental policy of the Congress and all Comptrollers General since 1921 that GAO audits remain free of control by the executive branch, and that decisions with respect to matters which are to be audited remain within the judgment of the Congress and the Comptroller General. However, full effectuation of this policy depends upon the extent to which the GAO has control over the two basic resources it must have--people and money. We are presently confronted with the anomalous situation in which GAO's budget is not subject to review by the executive branch, whereas the vast array of personnel actions by the GAO are subject to control and direction by the Commission. We can see no valid reason why the rationale for excluding the GAO budget from review and revision by the executive branch does not apply with equal force to the selection and management of our personnel resources.

The Committee may be interested in learning that the policy of insulating principal auditing organizations from executive control has been adopted in other countries. The Australian and Canadian Governments, for example, have recently taken action to remove their Auditor General's Offices from controls over personnel selection and advancement. While we have not researched the matter extensively, it is our understanding that a similar policy has been followed by other countries.

In closing, we wish to assure the Committee that we will continue to cooperate with the Commission, or its successor agency, in pursuing our common interest in improving personnel management in the departments and agencies of the executive branch. But our efforts should not be tainted by any possible suspicion in the Congress or elsewhere that GAO's findings, conclusions, and recommendations may be watered down or compromised because of concern that retaliatory actions by the Commission might jeopardize the status of individual employees within the GAO or jeopardize the ability of the GAO to perform its statutory responsibilities.

We strongly recommend the enactment of H. R. 12845 because it would radically reduce the appearance of conflict of roles; would free the GAO from certain procedures which have handicapped it in the effective performance of its mission for the Congress; and would reaffirm the GAO's proper role as an oversight arm of the legislative branch.

Mr. Chairman, this concludes our prepared statement. We shall be pleased to take any questions the Committee may have at this time.