

091284

MAY 2 1973

STATEMENT OF  
ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES  
BEFORE THE LEGISLATIVE SUBCOMMITTEE  
APPROPRIATIONS COMMITTEE  
UNITED STATES SENATE  
ON  
BUDGET ESTIMATES FOR FISCAL YEAR 1974



LM091284

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

We appreciate this opportunity to present our budget estimates and our plans for operating the General Accounting Office in FY 1974. In a separate volume, we have furnished details on the work programs, manpower, and funds proposed for carrying out these plans. I would like to highlight the major factors we considered in our planning.

STAFFING AND FINANCIAL REQUIREMENTS

Our appropriation for FY 1973 is \$96,235,000. Our FY 1974 budget request, which has been passed by the House of Representatives, is \$103,850,000. This request does not provide for costs resulting from the general pay increase which was effective on January 7, 1973.

Funds appropriated for FY 1973 provided for a GAO staff of 4,951 manyears, including 21 manyears for consultants. In comparison, we are requesting 5,080 manyears for FY 1974, including 30 manyears for consultants, an increase of 129 manyears over the number authorized for this year.

720654/091284

We have been able to hold down the number of manyears for the current year to 4,852, or 99 less than were authorized. In view of our growing workload, however, we will be adding to our staff through the remainder of this fiscal year so that as of June 30 we expect to have an actual employment of 5,050, only 30 below the average we are requesting for 1974.

As outlined in our hearings last year, our workload in the GAO has increased sharply because of (a) the increasing number of requests which we have had for assistance from the Congress as a whole, from committees of the Congress, and from individual members, and (b) new or expanded programs authorized in the last Congress which provide for a GAO audit.

In reviewing our budgetary requirements, our division directors forecasted a need for fiscal year 1974 of a total of 5,872 manyears or 792 more than we are requesting.

I decided, however, to limit our FY 1974 budget to those increases necessary to meet workload or costs over which we will have little or no discretion. This includes a net staff increase of 129 manyears determined as follows:

1. Known or anticipated increases in Congressional requests for assistance which we estimate at: 130 manyears
2. Reviews of new and expanded programs enacted in the last session of Congress which we estimate at: 65 manyears
3. Work which we are required to carry on by law, such as handling of bid protests and other required legal services, claims settlement and debt collection, and the Federal election activities assigned to us: 24 manyears

The total for these represent 219 manyears, but we have been able to make reductions in other areas amounting to 90 manyears, leaving a net required increase of 129 manyears.

Our request for appropriations for FY 1974, then, will increase over the amount appropriated for FY 1973 because of:

1. Costs incident to staff increases: \$2,041,000
  2. Increased costs due to changes in employee pay (promotions, periodic step increases), price increases for travel and services and so forth, amounting to: 5,574,000
- Total FY 1974 increase over amounts appropriated for FY 1973: \$7,615,000

We have not in this estimate, taken into account the effect of the recent 10 percent devaluation of the dollar. The costs of our international operations involving three offices overseas

and the travel to and from the United States will increase because of the devaluation by about \$100,000 in fiscal year 1974.

#### GENERAL PERFORMANCE HIGHLIGHTS

It is always difficult to translate the full effect of GAO activities in terms of improvement of the operations and the effectiveness of the Government. Many actions taken in response to our recommendations cannot be readily measured in terms of dollar savings. We do make estimates of savings that are directly attributable to GAO recommendations when this can be done readily. However, we do not believe that dollar savings is a very good test of our effectiveness. Rather, our objective is to concern ourselves with opportunities for improving the economy and the effectiveness of Government programs irrespective of the amount of savings which we might claim from our work at the end of the year.

Nevertheless, we feel that it is useful to maintain a record of readily translatable dollar savings resulting from action taken by Federal agencies through the adoption of GAO recommendations. For fiscal year 1972 these amounted to \$292.3 million in additional revenues or savings. These are shown in some detail in our Justification of Estimates and are summarized for the record in Attachment I.

More frequently our work contributes to significant improvements which, for various reasons, cannot be included in our tangible savings report. For example, in a report to

the Secretary of Defense we stated that Army and Air Force developments of tactical airborne reconnaissance systems had been duplicative and that both services were proposing follow-on systems which also appeared to be duplicative. Following our suggestion that DOD review the proposed programs to eliminate unnecessary duplication, the Director of Defense Research and Engineering reported to the House Committee on Appropriations that the Air Force proposal for a follow-on tactical airborne reconnaissance system had been canceled. The Air Force estimated that the total cost of this program would have been about \$510 million.

As another example, in March 1972 the House Appropriations Committee asked us to closely monitor the test program and the evaluation of the Cheyenne, Blackhawk, and the KingCobra advanced attack helicopters. In our August 7, 1972, report, we discussed a serious flight stability and control problem in the Cheyenne helicopters. Just after this, on August 9, the Army terminated the Cheyenne program. The Army, therefore, avoided committing itself to a multi-billion dollar production contract for a helicopter which was not satisfactory.

While there are many considerations involved in the termination of a program of this magnitude, the GAO evaluations in support of the committee were cited by one of its members as being instrumental in canceling the Cheyenne. The Report of the House Committee on Appropriations gave credit to the objective studies of the General Accounting Office for making many savings in military expenditures possible.

## GAO ORGANIZATION

In my testimony last year, I discussed plans for a substantial reorganization of the General Accounting Office to improve our capability to deal with our increasing responsibilities. This reorganization was accomplished in April 1972 and our budget estimates reflect the new organization. While I will not discuss our organization in detail in my testimony this morning, Attachment 2 includes for the record the chart of our present organization.

### IMPACT OF RECENT LEGISLATIVE AND OTHER CONGRESSIONAL ACTIONS ON GAO PROGRAMS

Numerous legislative and other congressional actions--including those which require GAO to make specific studies and those which create new Federal programs or expand existing ones--continue to have a marked effect on GAO work programs. The impact of the Legislative Reorganization Act of 1970, for example, will likely increase in the future. My emphasis today, however, will be on the more recent legislative actions which affect GAO's workloads.

#### A. Recent Legislative Actions Directly Requiring Performance by GAO

Following are a few of the more significant legislative actions occurring since January 1, 1972, that will increase the workload of the GAO:

1. The Water Pollution Control Act Amendments of 1972 require the Comptroller General to conduct a Governmentwide review of the research, pilot, and demonstration programs related to the prevention of water pollution. We estimate that the cost of this study in FY 1973 and 1974 will be about \$840,000.

2. The State and Local Fiscal Assistance Act of 1972 (Revenue Sharing) directs GAO to review the work done by the Secretary of the Treasury and the State and local governments to enable the Congress to evaluate compliance and operations.
3. The Amendment to the National School Lunch Act dated September 26, 1972, requires the Comptroller General to evaluate a pilot program administered by the Department of Agriculture to provide supplemental foods to eligible mothers and infants determined to be nutritionally disadvantaged because of an inadequate income.
4. The Amendment Authorizing Waiver of Claims of the United States for Erroneous Payments, in balance, will increase our work somewhat.
5. The Federal Election Campaign Act approved February 7, 1972, and The Presidential Election Campaign Fund Act, approved December 10, 1971, gave us responsibilities which led to establishment of the Office of Federal Elections within the General Accounting Office.
6. The Education Amendments of 1972 established a number of new education programs and also made changes in existing programs. It contained a specific provision placing responsibility upon the Comptroller General to evaluate education programs.
7. Reporting on the Department of Defense appropriation for fiscal year 1973, the House Committee on Appropriations in its September 1972 report directed us to make a comprehensive review of the Navy's ship overhaul and repair programs for fiscal years 1972 and 1973.

B. Impact on GAO of New Legislation Creating or Expanding Federal Programs

Perhaps even more significant over the long run than legislative actions which directly require action by GAO is that which creates new Federal programs or expands existing program levels. These actions require additional work by the GAO. A few examples follow:

1. The Social Security Amendments of 1972 which provided for Federal administration of programs for the aged, the blind, and the disabled, which replace existing Federal-State cooperative programs will increase our staff requirements in the income security area.
2. The Education Amendments of 1972 made major changes to existing programs and established a number of new educational programs. We will need to increase our audit effort in connection with education.
3. The Equal Employment Opportunity Act of 1972 aimed at promoting equal employment for American workers including those employed by the Federal Government will require a considerable audit effort on our part.
4. The Public Buildings Amendments of 1972 authorize the General Services Administration to charge agencies for space occupied in Federal buildings and related services based on comparable commercial charges. We are cooperating with GSA in developing an accounting system which meets GAO requirements.
5. The Rural Development Act of 1972 provides for greatly expanded programs to develop rural businesses, industrial parks, and community facilities. We will need to audit this area as well.
6. Other Examples, of a growing list of legislation which has made specific provisions requiring program evaluations are:

P.L. 92-424 - Economic Opportunity Amendments  
of 1972

P.L. 92-218 -- National Cancer Act of 1971

P.L. 92-129 -- Amendments to Military Selective  
Service Act of 1967

P.L. 91-616 -- The Comprehensive Alcohol Abuse  
and Alcoholism Prevention, Treat-  
ment and Rehabilitation Act of 1970

P.L. 92-255 - The Drug Abuse Office and Treatment  
Act of 1972

We are already receiving requests to tell the committees how good a job we think the agencies are doing in their own assessment of the effectiveness of their programs. We will need to give more attention to this area.

7. The Foreign Assistance Act of 1971 and The Armed Forces Appropriation Authorization for FY 1972 and FY 1973 placed ceilings on economic and military assistance to Laos and Cambodia. We will review the application of those ceilings.

C. Pending Legislation Which Would Affect the GAO Workload

As you know, many bills have already been introduced in this Congress which, if passed, will materially affect our workload. For example, certain such bills would require GAO to:

1. Conduct a Governmentwide study of all research, pilot, and demonstration programs related to environmental quality.
2. Study the operations of the Federal electoral system and report findings and conclusions to Congress within one year.
3. Monitor and report to the Congress on pilot tests of new major expenditure programs.
4. Establish, within GAO, a board for the revitalization of rural and economically distressed areas, evaluate reports and recommendations made by Federal agencies, and advise Congress of progress being made in revitalizing such distressed areas.
5. Audit and review nonappropriated fund activities.
6. Review Executive Branch reports of impoundment actions, determine the legality of impoundments, and pursue judicial remedies where necessary.
7. Establish and maintain a standard data processing and information retrieval system which would be the central national depository for all information on research programs conducted with Federal assistance.

There are of course many other bills which would significantly affect our operation and workload. In preparing our manpower and appropriation requirements, we have considered generally the impact that known legislative actions, such as those identified, will have on GAO resources. We do not, of course, add staff for

each requirement, but assess their impact on an overall basis. We have not included any provision for possible new legislation not yet enacted.

STAFFING REQUIRED FOR OFFICE-WIDE PROGRAMS

For GAO-wide planning and management of our staff resources, we classify our work into eight broad program categories. These categories and our manyear requirements for each are summarized as follows:

	<u>Requested FY 1974</u>
Direct Assistance to Congress	1015
Reviews of Economy, Efficiency; and Program Results	2302
Examination of Financial Systems, Transactions, Accounts, and Reports	858
Legal Services and Decisions	202
Financial Management Improvement	111
Claims Settlement and Debt Collection	152
Federal Election Activities	33
Executive Direction and Administrative Support	<u>407</u>
Total Manyears	<u>5080</u>

I would like now to briefly describe these categories for the Committee and to give a few examples of our work in each. The Program and Performance section of our "Justification of Estimates" includes additional examples and descriptions of our activities by program category.

## DIRECT ASSISTANCE TO THE CONGRESS

A principal objective of GAO is to render maximum assistance to the Congress, its committees, and Members consistent with our responsibilities as an independent, non-political agency. We view all of our work as being of assistance to the Congress in carrying out its legislative and oversight functions. We, therefore, direct our staff resources in work that will produce information on the results of Federal programs and agency operations that will be useful to the Congress and in areas which fulfill the greatest apparent need and benefit to the Government.

For planning purposes we classify certain work as being of direct assistance to the Congress. This work includes:

- Specific studies directed by legislation.
- Special studies requested by congressional committees and individual Members of Congress and recommendations contained in committee reports.
- Testimony at hearings.
- Work of GAO staff assigned to congressional committees.
- Advising and assisting committees and Members of Congress on legal, legislative, accounting and auditing matters-- especially with regard to legislation under consideration.
- Accounting, auditing, and advisory services for House and Senate financial and administrative operations including audits of concessionaries and other activities.
- Liaison activities with congressional committees and individual Members.

Much of our work in this category is substantial. For example, the Comprehensive Health Manpower Training Act of 1971 required GAO to study the feasibility of reducing the cost of constructing health facilities assisted under the Public Health

Services Act. Congress was interested in our analysis of how medical facilities, hospitals, and so forth can be built to reduce their operating costs over their life, thereby reducing the cost of medical care. We have been told that our report, issued in November 1972, is going to be extremely helpful to the committees of Congress, the Secretary of HEW, and to hospital planners who are considering this subject. While our work was important and useful, it made a major impact on our staff. It cost us roughly \$1 million.

Our work frequently closely supports that of committees. For example, in response to a June 1972 request from the Chairman, Subcommittee on Communications and Power, House Interstate and Foreign Commerce Committee, we are reviewing the activities of the Federal Communications Commission and the Federal Power Commission to develop information on the regulatory process that will enhance the Subcommittee's legislative oversight.

In all, in FY 1972 we issued 329 reports to committees and to Members. During the first 9 months of FY 1973 we issued 265 such reports and on March 31, 1973, 299 requests from committees and Members were on hand. A summary of reports issued to committees and Members in fiscal year 1972, during the first 9 months of fiscal year 1973, and on hand at March 31, 1973, is included for the record as Attachment 3.

Total staff resources applied to our direct assistance to the Congress have continually increased in the last seven

years and will reach 1,015 manyears in FY 1974. This upward trend reflects our continuing efforts to improve GAO's services as an independent, non-political, and reliable source of assistance to the Congress in carrying out its legislative and oversight responsibilities.

#### REVIEWS OF ECONOMY, EFFICIENCY AND PROGRAM RESULTS

In planning these reviews, we emphasize Federal programs and agency operations in which there is strong present or potential congressional interest and opportunities for improvement. We maintain continuous contact with committees and their staffs through briefing sessions and discussions of matters of mutual concern. Consequently, we coordinate and plan our self-initiated work, as well as our direct assistance work, to assure that our reports are responsive to the needs of the Congress.

In selecting Federal programs and activities for review, we consider factors such as the importance and effectiveness of programs and activities, size of expenditures, investment in assets, etc. This is done through our long-range, program, and project planning systems.

##### A. Reviews of Domestic Civilian Programs

Increasingly we are providing the Congress and agencies with information on progress made in achieving program objectives,

on program deficiencies which impede operational success or increase program costs and on possible alternative approaches to accomplishing the objectives intended by Congress. For example:

In July 1972 we issued a report to the Congress on our assessment of the impact of the Teacher Corps program. We concluded that the program had strengthened educational opportunities available to children in areas having concentrations of low income families and had some success in encouraging colleges and universities to broaden their teacher training programs. We pointed out factors which limited the program's impact and made a number of recommendations for improvement.

In the area of Federal regulation we recently reported to the Congress that the Federal Communication Commission's enforcement program has been ineffective in achieving compliance with FCC's rules and regulations. As a result of our recommendations, FCC has taken, or plans to take, several actions to improve its overall management and, in particular, its enforcement efforts.

We are approaching an increasing number of our reviews on a multiagency basis so that the results of our work will be more useful to the Congress, its committees and Members. A major audit effort is now underway to evaluate the planning, coordination, and execution of existing Federal programs impacting on rural areas. This effort will emphasize broad based, multi-agency surveys and reviews to evaluate rural development programs.

Increasingly also, our work involves programs and issues of great present and future significance. For example, aside from our legislatively mandated assignment on water pollution, assignments are either underway or planned to evaluate the management and results of environmental research and development efforts in areas such as air pollution and pesticides. Our total effort on environmental research and development is expected to consume about 80 man-years over a 3-year period and will involve about 14 Federal agencies as well as selected State agencies and private institutions. We will also continue our efforts to evaluate the effectiveness of Federal and State efforts to prevent, control and abate water, air, pesticides, and other types of pollution.

B. Reviews of International Programs

In the international area, we are giving particular attention to trade development, participation in international organizations, and to the many elements of foreign assistance. For example, during calendar year 1972 we issued four reports to the Congress on the Departments of State and Commerce export activities and two reports to Departmental officials. We are very pleased with the improvements which we feel have come about as a result of these reports in stimulating exports and improving the coordination between the State Department and the Commerce Department in the export area.

Our current and past efforts have also concentrated on identifying ways to improve U.S. participation in the management of international organizations and financial institutions.

Our report to the Congress in August 1972, which discussed the results of our review of the U.S. System for Appraising and Evaluating Inter-American Development Bank Projects and Activities is one such example. In that report we made recommendations to improve the effectiveness of the Bank's review and evaluation group, as well as the U.S. appraisal and follow-up processes.

C. Management Reviews (Governmentwide)

Our reviews of management processes and results cover a wide range of procurement, logistics, communications and Federal personnel and compensation considerations which we approach on a Governmentwide basis.

For example, we are presently assessing the reasonableness of the bases used in determining pay comparability under the principles established by the Federal Salary Reform Act of 1962 and reaffirmed by the Federal Comparability Act of 1970. A very small adjustment in Federal pay involves hundreds of millions of dollars. We think it is important for GAO to tell the Congress whether we think the process by which comparability adjustments are being made is adequate and accurate. Our first report on this will be available to Congress shortly.

The acquisition of major weapons systems will continue to be emphasized. For example, we recently issued individual status reports including information on production and delivery, cost and performance of 69 such systems. Reports on the overall acquisition process as well as our evaluation of the critical management functions within that process are also being prepared.

Our emphasis in Federal procurement continues. For example, we recently found that the administrative cost of formal advertising could be reduced with an annual saving of about \$14 million in the Department of Defense alone if action were taken to revise its procedures. In a forthcoming report, we suggest improvements in the agencies' regulations and in their prescribed practices.

We are evaluating the effectiveness of the Department of Defense's procedures for identifying and canceling backorders for material no longer needed. Our work indicates that as much as \$50 million in procurement and transportation costs could be saved annually by more prompt identification and cancellation of material on order which is no longer needed.

In assessing military readiness, we have over the past few years issued reports to the Congress on the combat readiness of the military forces. In May 1972, we reported that many of the units of the Strategic Army Forces were not combat ready. We recently reported various problems with U.S. military equipment prepositioned in Europe. Other readiness reviews are in process and planned.

EXAMINATION OF AGENCIES' FINANCIAL SYSTEMS,  
TRANSACTIONS, ACCOUNTS, AND REPORTS

Our work in this program category is required by various statutes and includes:

- Centralized audit of transportation payments.
- Annual audits of Government corporations and other business-type activities.
- Review of accounting systems in operation.
- Centralized voucher audits at military finance centers, including account settlement.
- Audit and settlement of accounts of accountable officers in civil departments and agencies.
- Audits of civilian pay and allowance.

The largest manyear requirement in this category is imposed by the Transportation Act of 1940 which requires GAO to postaudit all billings for transportation under standard Government transportation forms. This activity, performed centrally in Washington by our Transportation and Claims Division, will require 566 manyears in 1974. We will continue to pursue the automation of our transportation audits and to build on and make our audit systems compatible with agency management and fiscal systems. This is consistent with our long-term objective of transferring the prime audit responsibility to the executive agencies. The transfer of the audit responsibility for examination of transportation bills will not diminish our management and program reviews of transportation and traffic management operations of the agencies. As part of this program we would periodically review the adequacy of the agencies' audit systems controlling the accuracy of the payments.

With respect to the audit and settlement of accounts of accountable officers required by the Budget and Accounting Act

of 1921, we are directing our work primarily to examinations of the adequacy of agencies' financial management systems, including internal audit. If we can assure the Congress that the agencies' own systems and controls are adequate, we can limit our work to spot checks of how those systems are actually working. We can then fulfill our responsibilities with a minimum of staff time.

Similarly in our audits of pay and allowances of civilian employees of the Department of Defense, we will emphasize overall reviews of payroll systems. During the fiscal years 1973-1975 we intend to thoroughly review each civilian pay system in DOD and to evaluate the extent of DOD's internal audit staff's participation in designing the systems and reviewing them in operation. At the end of the cycle we expect to be able to inform DOD that we will no longer audit civilian pay on a regular basis. Thereafter we will apply the same criteria to DOD civilian pay systems as we do to all other systems in establishing priorities for review work.

In all, our work in this program category will require 858 manyears in FY 1974.

#### FINANCIAL MANAGEMENT IMPROVEMENT

Pursuant to the Budget and Accounting Procedures Act of 1950, the General Accounting Office:

- ° Prescribes accounting principles and standards for the guidance of executive agencies.

- Cooperates with agencies in the development and improvement of their accounting and financial management systems.
- Determines the adequacy of the agencies' principles and standards, and accounting systems designs.
- Approves the principles and standards and designs when they meet established requirements.
- Works with the Office of Management and Budget, the Treasury Department, and the Civil Service Commission in the Joint Financial Management Improvement Program, a Government-wide program for stimulating improvements in accounting and other financial management practices.

To effectively carry out these activities in fiscal year 1974, we estimate we will need 111 average positions.

Of the 149 systems of civil and international departments and agencies subject to approval, 91 designs had been approved as of December 31, 1972.

In the Department of Defense there are 170 systems and only 8 of them have been approved by our Office. Most of the remainder are scheduled for submission over the next eight years. We are working cooperatively with DOD officials to try to bring their accounting systems up to our standards.

#### Measuring and Enhancing Federal Productivity

In a major financial management project, we have been working with other agencies to measure and enhance productivity in the Federal sector. The report issued on June 30, 1972, stated that a workable technique, capable of measuring trends in productivity of 54 percent of Federal civilian employees, from year to year, on a consistent basis had been developed. It stated the changes in the productivity of the measured work force for the period from 1967 to 1971 and recommended that the

Bureau of Labor Statistics be asked to assess the data and methodology and to propose plans for assuming future collection and publication responsibilities. It also recommended improvements to enhance productivity in the Federal Government, including actions to expand the uses of measurement systems and to reduce disincentives to improved Federal productivity.

The project has been extended for one year. During this period an attempt will be made to further refine and improve the initial productivity indices and their uses, and to expand their coverage to additional Federal employees and to functions common to the Federal, State, and local levels of government.

#### Auditing Standards

In June 1972, we published a new statement of standards for auditing governmental organizations, programs, activities, and functions. This project was begun in 1970 under GAO leadership with assistance from major Federal agencies involved in grant-in-aid programs. The standards are intended for application by Federal, State, and local government auditors and public accountants engaged in the audit of governmental activities.

Our efforts in this field now and for an indefinite period in the future are directed toward obtaining acceptance and use of these standards by State and local auditing authorities as one means of improving the auditing as well as the management of governmental activities where Federal financial assistance is involved.

## LEGAL SERVICES AND DECISIONS

The legal work of the Office extends, with certain exceptions, to virtually the full range of the Government's receipt and expenditure activity. This work involves:

- Preparation of legal decisions on questions within the jurisdiction of the Comptroller General to decide.
- Preparation of legal decisions in response to requests of unsuccessful bidders.
- Furnishing legal reference and library services Office-wide.
- Legal review of audit reports and other legal services.
- Legal services to committees and Members of Congress.

A significant segment of our legal work which has been increasing significantly involves bid protests, in which we decide the validity of proposed or actual contract awards. The Commission on Government Procurement has recommended that the GAO continue as a protest-resolving forum. The volume of this work had expanded significantly over the last several years. The number of bid protests handled has risen from 391 in calendar year 1967 to 1227 in fiscal year 1972. In each intervening year there was an increase in workload over the preceding year. In addition to the increase in numbers, the proportion of protests involving negotiated procurements, which are usually much larger in dollar volume and present more complex legal questions, has risen steadily from less than 25 percent in fiscal year 1968 to more than 35 percent in fiscal year 1972. We expect these trends to continue throughout FY 1973 and FY 1974.

To provide the required legal services and decisions at the projected workload levels will require 202 manyears in FY 1974.

#### CLAIMS SETTLEMENT AND DEBT COLLECTION

GAO settlement of claims against the United States provides aggrieved parties an impartial and independent settlement of their claims, at little or no expense to them, by a forum that is completely independent of the agencies out of whose operations the claims arise. It also significantly reduces the burden of the courts and the Department of Justice in that possible litigation is avoided.

Claims against the United States referred to GAO for settlement are (1) those required by statute to be paid on settlement of this Office and (2) those involving doubtful questions of law or fact. During the first half of fiscal year 1973, we settled 3,321 claims, resulting in the total amount of \$118.7 million being allowed. Due largely to the demobilization of military forces, we anticipate an increase in payment claims from 8,066 in FY 1972 to 8,670 for the whole of FY 1973. Our disposals of such claims will be in excess of 7,800 or about the same as in FY 1972.

We examine and adjudicate claims made by the United States which are referred to us because of administrative doubt as to the liability of the debtor or the amount of the debt. Other claims are referred to us because debt collection efforts

have proven to be unsuccessful. During fiscal year 1973 we expect to receive 28,000 claims which is 9,315 or 50 percent more than we received in fiscal year 1972. However, largely because of streamlined procedures, our claims on hand at the end of fiscal year 1973 will increase by only 500 over the 28,767 we had on hand at the end of FY 1972.

We will continue to (1) intensify our reviews of agency claims settlement and debt collection activities with the objective of improving executive agency operations and (2) streamline our procedures to enable the processing of a greater number of claims with fewer personnel. We plan to use 152 man-years in this program category in FY 1974.

#### FEDERAL ELECTION ACTIVITIES

This category involves GAO performance of functions required by the Federal Election Campaign Act of 1971 and the Presidential Election Campaign Act approved on December 10, 1971.

The more immediate requirements for our expenditure of resources is in connection with the extensive duties imposed by the Federal Election Campaign Act of 1971.

The Presidential Election Campaign Fund Act permits tax payers to check off \$1 (\$2 on joint returns) of their Federal income tax payments to a political party of their choice. No payments from the campaign fund created by the check-off plan will be made before 1976. However, sometime prior to that time, it will be necessary for GAO to draft and promulgate regulations and forms and plan the operations required by the Act.

To meet our responsibilities under this category, we estimate that 33 average positions will be required in Washington, D.C., in fiscal year 1974. It seems likely that future audits of political committees throughout the country can best be performed by increases in our field staff. We estimate that this requirement will be fairly substantial; however, until our requirements can be better determined we will not ask for such additional staff.

#### EXECUTIVE DIRECTION AND MANAGEMENT SERVICES

Our program category of Executive Direction and Management Services includes:

- Direction and control of the operations of the General Accounting Office by the Office of the Comptroller General.
- The functions of the Office of Policy, the Office of Program Planning, and the Office of Internal Review, involving policy formulation, long-range planning, budget formulation, internal review, and preparation of Office publications.
- General administrative services, accounting, and records management.
- Personnel management, recruiting, and staff development.
- Computer services and system development.
- Organization and management analysis studies and services.

These activities, which require 407 manyears in 1974 are necessary for the effective management and administration of the Office. Planned improvements in these areas will permit us to more effectively and efficiently support the operating divisions and offices in their auditing, reporting, and management activities.

\* \* \* \* \*

Mr. Chairman, I have covered briefly the highlights of GAO programs and operations and our overall staff needs to support them. We are continually reviewing and analyzing our operations to seek ways to improve effectiveness and productivity in GAO. However, in light of the increasing workload emanating primarily from legislation, growth in numbers and size of requests from committees and Members, and the creation and expansion of Federal programs, we believe our FY 1974 budget estimate of \$103,850,000 is a realistic one.

As previously mentioned, this request does not include the additional costs resulting from the general pay increase which was effective on January 7, 1973. These costs are estimated to total \$2,058,000 for a part of FY 1973 and \$4,481,000 in FY 1974. We currently have pending in the Congress a supplemental request for FY 1973 costs in the amount of \$1,830,000.

This concludes my statement. My associates and I will be happy to answer any questions you may have.

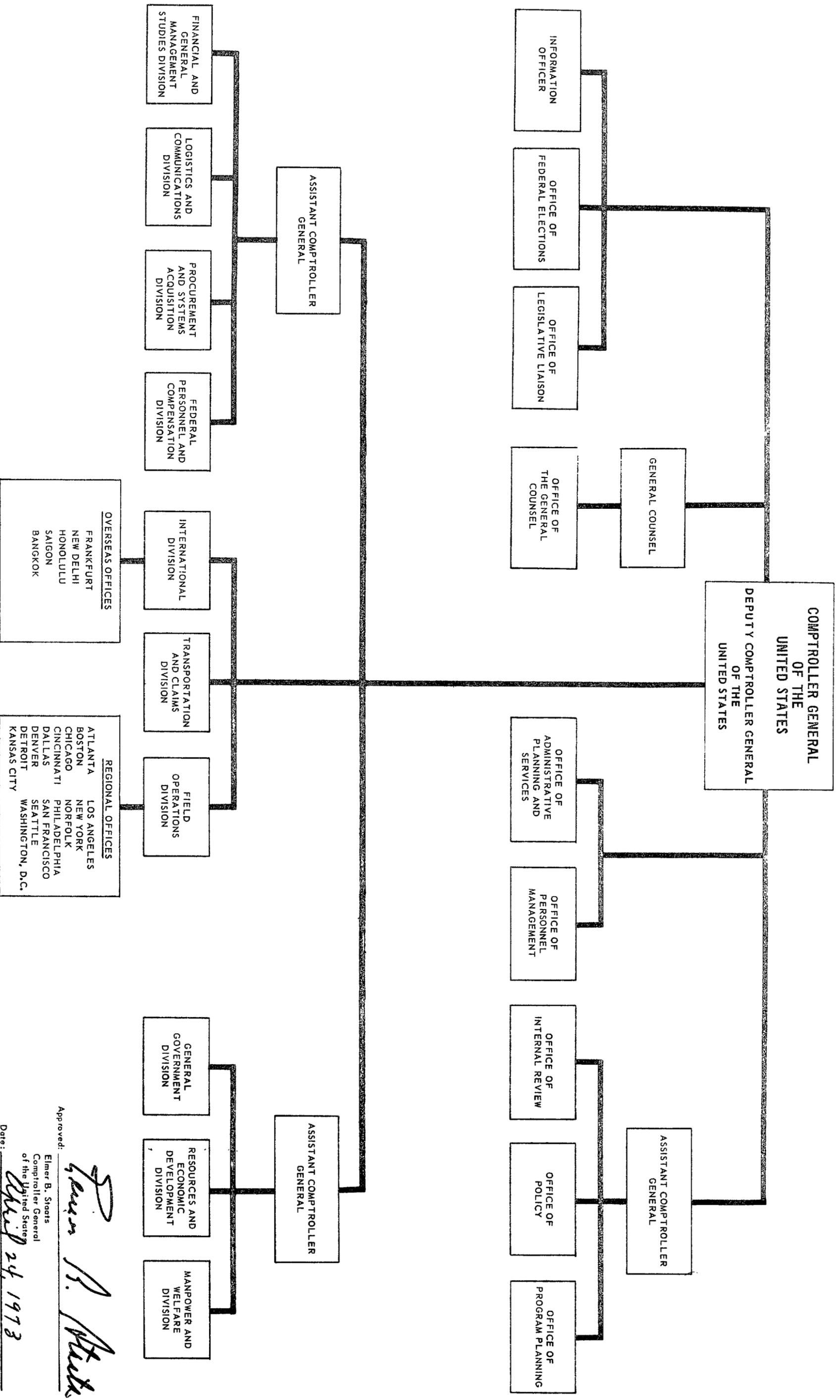
SUMMARY OF COLLECTIONS  
AND OTHER BENEFITS  
FY 1972

## Refunds and collection:

Recoveries of overpayments under the Medicare, welfare, and military procurement programs	\$ 10.5	
Recoveries resulting from audits of transportation vouchers	14.2	
Recoveries resulting from general claims work	<u>4.6</u>	\$ 29.3

## Other savings:

1. Repairing equipment on hand instead of buying new equipment	140.8	
2. Lowering Government transportation and communications costs	35.7	
3. Improved inventory management	32.8	
4. Reduction in proficiency flying program	13.2	
5. Reduction of costs of leased equipment	6.3	
6. Utilization of U.S.-owned foreign currencies	4.7	
7. Adoption of self-insurance for Coast Guard ship construction	3.6	
8. Reduction of price-support payments to ineligible agriculture operators	3.0	
9. Cancellation of military assistance program purchases	2.5	
10. Miscellaneous	<u>20.4</u>	<u>263.0</u>
Total savings attributable to the work of GAO		<u><u>\$292.3</u></u>



Approved:

*Emmer B. Staats*  
 Comptroller General  
 of the United States

Date: *April 24, 1973*

REPORTS TO COMMITTEES AND MEMBERS OF CONGRESS  
FISCAL YEAR 1972 AND  
FIRST 9 MONTHS OF 1973 AND REQUESTS  
ON HAND AT MARCH 31, 1973

	<u>Number of Reports</u>		<u>Requests on hand 3/31/73</u>
	<u>FY 1972</u>	<u>9 months of FY 1973</u>	
<b>House Committee:</b>			
Appropriations	10	8	12
Armed Services	2	2	5
Government Operations	7	13	17
Post Office and Civil Service	8	3	4
Banking and Currency	1	2	4
District of Columbia	-	-	2
Education and Labor	2	3	1
Interstate and Foreign Commerce	1	2	2
Public Works	2	1	1
Foreign Affairs	-	1	3
Interior and Insular Affairs	1	1	-
Judiciary	1	27	9
Merchant Marine and Fisheries	1	1	5
Science and Astronautics	2	3	-
Small Business	1	-	4
Veterans Affairs	1	1	1
Ways and Means	4	3	1
Agriculture	-	-	1
House Beauty Shop	1	-	-
House Administration	1	1	-
Select Committee on Parking	-	1	-
<b>Senate Committee:</b>			
Appropriations	9	10	8
Aging, Special	2	2	4
District of Columbia	-	-	-
Armed Services	4	3	3
Aeronautical and Space Sciences	1	1	1
Finance	3	2	5
Foreign Relations	6	2	7
Post Office and Civil Service	2	1	1
Interior and Insular Affairs	5	17	2
Government Operations	9	3	7
Judiciary	6	-	1
Housing and Urban Affairs	-	1	-
Nutrition and Human Needs	-	-	1

	<u>Number of Reports</u>		<u>Requests on hand 3/31/73</u>
	<u>FY 1972</u>	<u>9 months of FY 1973</u>	
<b>Senate Committee (Cont.):</b>			
Labor and Public Welfare	6	4	6
Public Works	3	4	3
Small Business	1	-	1
Select Committee on Educational Opportunity	2	-	-
Commerce	2	-	3
Agriculture and Forestry	1	3	3
Veterans' Affairs	-	-	1
Rules and Administration	-	-	1
<b>Joint Committee:</b>			
Atomic Energy	3	3	2
Economic	15	11	10
Internal Revenue Taxation	-	-	1
Congressional Operations	4	-	2
Printing	-	-	1
	<u>130</u>	<u>140</u>	<u>146</u>
<b>Total all Committees</b>			
Individual Requests by Members and Offices of Congress	<u>199</u>	<u>125</u>	<u>153</u>
<b>TOTAL</b>	<u><u>329</u></u>	<u><u>265</u></u>	<u><u>299</u></u>