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United States General Accounting Office  
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Statement of  
Elmer B. Staats  
Comptroller General of the United States  
before the  
Subcommittee on Rules of the House  
Committee on Rules  
House of Representatives  
on  
Assuring Program Accountability

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I am pleased to appear before you today to discuss existing and potential mechanisms by which the Congress can assure program accountability, including the role of the General Accounting Office as an agent of the Congress in the control of administrative actions. The growth in the size and complexity of the functions and activities of our Government over the past few decades has made the search for ways to better assure program accountability an important objective of the Congress, the President, public administrators, the GAO, indeed, everyone interested in administrative reform. The goal of improving program accountability is and can be

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expected to remain a high priority objective of the Federal Government for the foreseeable future. However, as I reflect on the cumulative effect of the various reforms in the executive and legislative branches over the past few decades--for example, the Legislative Reorganization Acts of 1946 and 1970, the Accounting and Auditing Act of 1950, the two Hoover commissions, the Congressional Budget and Impoundment Control Act of 1974, the Civil Service Reform Act of 1978 and the Inspectors General Act of 1978--it appears to me that we have established a fairly strong institutional base for achieving program accountability, and that further improvements are likely to involve strengthening existing processes and institutions now in place rather than the addition of new processes and institutions, such as an across-the board legislative veto.

#### WHAT IS PROGRAM ACCOUNTABILITY

The idea of accountability is as ancient as organized government itself or at least any government in which there is or was some form of delegation of authority. A fundamental tenet of a democratic society holds that governments and agencies entrusted with public resources and the authority for applying them have a responsibility to render a full accounting of their activities. This accounting is necessary to enable elected representatives to supervise and control administrative action; to enable administrative officials to effectively manage the programs entrusted to them; and



ultimately, to enable citizens to determine the effectiveness with which they have been served by their government. In short, if our system of government is to operate as intended, political leaders, public administrators, and the electorate need information with which to oversee programs, so that program accountability may be achieved.

Program accountability is one intended end product of the oversight process. It is achieved when, through oversight, responsible political leaders (1) learn about executive actions or programs, (2) judge the adequacy, appropriateness, and effectiveness of such actions or programs, and (3) take any necessary action (through new legislation if necessary) on the basis of what has been learned and judgments reached to:

- reform governmental administration,
- improve program performance,
- reward effective administration and performance, or
- penalize fraud, waste, abuse, inefficiency or ineffectiveness.

#### GAO'S OVERSIGHT RESPONSIBILITIES

Our Office operates under a series of statutory authorizations beginning with the 1921 Budget and Accounting Act and continuing to recent legislation such as the Legislative Reorganization Act of 1970, the Congressional Budget and Impoundment Control Act of 1974, and the General Accounting Office Act of 1974. We are authorized and directed to

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investigate, in the words of the 1921 Act, all matters relating to the receipt, disbursement, and application of public funds. Our basic purposes are:

- to assist the Congress, its committees, and its members to carry out their legislative and oversight responsibilities;
- to carry out financial control functions with respect to Federal programs and operations as assigned by the Congress; and
- to make recommendations on our own initiative or upon request of the Congress designed to make Government operations more economical, efficient, and effective.

As a necessary adjunct to our functions and responsibilities, we have broad statutory authority to examine the records of departments and agencies; we also have statutory and contractual rights of access to those records of Federal contractors and grantees which are directly pertinent to the contract or grant activity.

GAO works in several different ways to contribute to legislative branch oversight of the Federal Government. Published audits of administrative activity are our largest, most widely recognized, oversight function, but we also contribute to oversight through testimony, legal opinions, setting claims, comments on proposed legislation, maintenance of an inventory of programs with frequently used



information and sources of evaluation, and informal direct support of congressional staff work.

Our work produced \$11 billion in collections and other measurable savings in the last 3 fiscal years. This works out to \$2.75 million in savings for every GAO professional staff members during this period. Impressive as these figures are, they only portray one dimension of GAO's audit activities, because specific dollar benefits cannot be measured for many of our most important recommendations. A summary of our accomplishments during fiscal year 1979 is attached to my statement.

GAO's staff is a unique oversight resource. There are over 4,000 professional staff members permanently located across the United States and in branch offices around the world. GAO has its headquarters and more than 80 audit sites in the Washington, D.C., area, but also maintains 15 regional offices and the Honolulu branch office in the United States, and has foreign branch offices in Bangkok, Frankfurt, and Panama City. A great deal of our work is in the field--fact finding at sites through the country and the world. This basic field work is complemented by a staff knowledgeable in a wide range of disciplines. We have over 100 economists and social scientists, over 75 actuaries and mathematical scientists and about that many engineers and computer and information specialists.



In order to guide our work, we have identified 36 issue areas that provide the foundation for GAO planning. Planning is based largely on our judgment of congressional interest, obtained through discussions with committee members and their staff, as well as through hearings, floor debates, and published documents. We also plan audits to provide reports that can be used when programs come up for renewal.

Many of our issue areas are concerned to some degree with Federal regulatory activity. Earlier this year, we found that we had issued 89 reports during the last 3 years that dealt with Government regulation. Included in this year's reports are such subjects as the need for higher penalties to deter violations of nuclear regulations, how emission standards could be better enforced, improved information on banks, and dam safety.

Often, our reports treat regulatory activity in the context of broader policy and management issues. This year's report on air quality monitoring, for example, provides a thorough examination of the reliability of information used to attain national air standards and establish control strategies. We found that the lack of a comprehensive air monitoring system hinders sound development of air pollution control policy.

I believe GAO should continue to examine regulation from a broad perspective. We stand ready to work with the Congress



to find better ways to cover regulatory activities in our audit work.

In addition to reporting audit results, GAO also contributes to congressional oversight in several other ways. Including today's hearing, GAO officials have testified before Congress 216 times in oversight hearings or on proposed legislation. For example, we testified before committees in both Houses on oversight reform, or sunset legislation. Legislative sponsors often ask for our views on their bills, either formally or informally. In addition, there are many informal contacts between GAO and committee staff concerning the effectiveness of Government programs and how best to improve and oversee them.

Another GAO oversight function that should be noted is our review of contract awards when we receive a protest. Conducted by our Office of the General Counsel, these reviews are a good way of improving management in the procurement area--an important aspect of Government relations with private industry.

In carrying out our specific responsibilities under Titles VII and VIII of the Congressional Budget Act of 1974, we work with the committees, the Office of Management and Budget and the Department of the Treasury to (1) develop a better understanding and expression of congressional information and analysis needs; (2) develop methods and guidelines



for the evaluation of programs; (3) assist committees in developing statements of legislative objectives, oversight questions, evaluation criteria, and reporting requirements; (4) appraise agency review and evaluation reports; (5) appraise the Federal budgetary, fiscal, and program information provided to the Congress and identify ways to make the information more accessible and useful to the Congress; and (6) maintain inventories of sources of budgetary and program information and basic program level descriptive and financial data used by the Congress on a recurring basis. We believe these specific services will become even more useful under the more systematic oversight process being developed under the proposed sunset legislation.

Is there a need to do more? We believe so. On the one hand, we are studying various ways of arraying the results of our work to improve its visibility and accessibility to individual committees. We feel a need for more selective distribution of the information we have developed; a need to tailor the information provided each committee to its particular needs, especially our summaries of conclusions and recommendations.

Further, I suspect that the economies many agencies could realize by action on our recommendations are not always properly considered in the budgetary and legislative processes. I do know that the agencies and the Office of

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Management and Budget view our reports as a source of ideas in considering agency requests and legislative proposals. Of the specific budgetary savings achieved last year, nearly 80 percent was the result of action taken by the agencies based on GAO recommendations. And I also know that the Congress often makes program and budgetary adjustments based on our findings. However, I sense a need for a more systematic approach to the use of GAO's work. I also sense that the responsibility properly belongs with the General Accounting Office to continue to take the lead in developing such an approach. We are continuing to make changes to get our ideas more widely communicated and used.

#### LEGISLATIVE VETO

This subcommittee has before it several proposals for an across-the-board legislative veto.

The legislative veto is a powerful tool for ultimate congressional control of administrative action. Over the years it has been considered appropriate in particular circumstances, such as executive reorganization. But we believe there are policy implications and several problems with making the legislative veto applicable, across-the-board, to all Federal regulations, which you should consider. Further, the constitutionality of the various legislative veto provisions is also an unsettled question.



First, the legislative veto could actually reduce the accountability that the legislative veto is supposed to enhance. While, if past experience is a guide, the legislative veto would not actually be invoked frequently, the Congress would nonetheless be the final point of review for every single regulation subject to the veto, and there would inevitably be substantial congressional influence over the details of administration and over the substance of particular rules. Therefore, the legislative veto would spread and blur the responsibility of agency heads for carrying out regulatory policy and thus dilute accountability. The Congress would have to look to itself, in part, in its oversight to assess the effectiveness and efficiency of policy and program execution.

Second, the use of the legislative veto could create additional delay and uncertainty in the regulatory process. Unlike legislation which provides a new rule, the legislative veto is negative in effect and when exercised leaves a void. This void is not filled until the agency promulgates new regulations acceptable to the Congress which could entail an additional lengthy period of agency deliberation. Depending on the inclination and independence of an agency, an impasse could develop if an agency continues to submit unacceptable regulations. Also delays might result from an

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agency waiting until it was politically propitious to submit regulations for approval.

In addition to the effects of the legislative veto on regulators and the regulated, questions have been raised about the effect on the congressional workload.

There already are a large and rapidly growing number of provisions in previously enacted laws that provide for congressional veto of particular administrative actions. According to the Congressional Research Service, 214 such provisions have been enacted between 1932 and 1978, and the number has been growing rapidly. In 1968, four legislative veto provisions were enacted, but 38 were enacted in 1978. There have only been 81 veto actions between 1932 and July of 1978, but the number has surged recently. Between 1975 and mid-1978, 18 veto actions were taken.

Even without the legislative veto, congressional committees and their staffs keep abreast of important and controversial regulations promulgated by agencies under their jurisdiction and advise agencies of their views. Nonetheless, we do have some concerns about the effect of the legislative veto on the workload of the Congress. Elevating the current informal review process to one where specific regulations could be more formally considered by all members of committees and ultimately by the full membership of the Congress would greatly expand the



responsibility of the Congress and would increase the congressional workload.

Ironically, if an across-the-board legislative veto were used but full congressional attention were not given to the task, the consequences would be even more problematical. Given the present heavy congressional workload, it is unlikely that the Members of Congress would have the time to review the full record on which regulations are based. This situation raises questions of fairness to the parties benefiting from the regulation. We are not saying that regulations should be immune from congressional action. However, overturning rules without full congressional consideration could tend to undermine the integrity and usefulness of carefully structured rulemaking procedures which themselves are conducted pursuant to legislation.

Based on these policy considerations, we recommend that the Congress not enact an across-the-board legislative veto. However, if the Congress decides that an across-the-board legislative veto is a necessary tool of oversight, we urge that the problems of implementing the veto be considered and resolved. In particular, two issues would need to be resolved.

First, does the use of the legislative veto imply that an agency has exceeded its authority in promulgating the rule under attack or simply that the Congress disagrees with the agency on policy grounds? When Congress believes an agency

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has exceeded its statutory authority, it is interpreting law, normally a judicial function, which raises constitutional questions. Additionally, if an agency proposes a rule which embodies the requirement of a statute, but the Congress rejects the rule, this action could be interpreted as an amendment or repeal of the statute by use of the legislative veto which would also raise constitutional questions. Thus we suggest the use of the legislative veto be limited to resolving policy questions and conflicts since it is the inability of the Congress to set specific policy in legislation which normally results in the broad delegations of authority to agencies in the first place.

Second, it is true, as veto proponents claim, that a legislative veto would be an extremely powerful tool of congressional control. But for that very reason, it may be necessary to institute additional procedural safeguards in the rulemaking process. The possibility of a veto would give communications from relevant congressional committee staff to regulatory agencies a far greater degree of influence than they currently have. We do not know whether a court would find that such contacts constituted improper ex parte communications, but we recommend that the Congress consider that possibility. Even apart from issues of judicial

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ex parte contacts, we hope that the Congress seriously considers the extent to which individual House and Senate committees and subcommittees are given such direct influence in regulatory proceedings, and the extent to which the full Congress should act.

In summary, we strongly believe that legislative oversight is most effectively carried out by the systematic review of policies and programs. The legislative veto, however, focuses on particular decisions rather than the direction of agency policy. By focusing attention on specific individual decisions, it may divert attention from the broader responsibilities of the Congress to oversee policy and program execution.

In view of the foreseeable difficulties in using legislative veto procedures, alternative means of strengthening congressional oversight should be thoroughly explored. I will conclude my statement by describing some ways we believe the Congress could achieve better oversight of regulatory actions and other administrative activity to assure program accountability.

OPPORTUNITIES AVAILABLE TO THE CONGRESS  
FOR IMPROVING PROGRAM ACCOUNTABILITY

We see several opportunities available to the Congress for improving program accountability, exercising greater control over agencies, and improving its oversight of programs

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and agency rulemaking. Enactment of the general legislative veto is not necessary to take advantage of these opportunities. Opportunities occur when the Congress enacts legislation, when agencies design programs and promulgate rules and regulations, and when information and analysis on program effectiveness is developed and reported to the Congress. In addition, there are legislative proposals currently under congressional consideration which could further expand these opportunities and encourage the Congress to take better advantage of them.

The key element to oversight reform and improved program accountability is congressional commitment to better oversight and accountability. New laws cannot create this commitment. New laws can only create mechanisms and procedures which will permit the commitment to be translated into action as efficiently and systematically as possible. I believe this commitment exists, and that proposed sunrise, regulatory reform and sunset review legislation would be better than the legislative veto as ways to create the mechanisms and procedures to help the Congress improve oversight and achieve stronger program accountability.

1. Better analysis of the potential effects of legislation

When developing, considering, and enacting legislation, we believe the Congress can do a much better job in analyzing

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the potential effects of the proposed legislation, including its potential economic, privacy, paperwork, and regulatory effects.

Thorough analysis of legislative proposals can assist the Congress in identifying and avoiding (to the extent possible) problems and burdens that are likely to be encountered or created by officials putting the legislation into effect. Such analyses can also assist in the identification of realistic objectives and expectations for the legislation, thus helping to reduce the gap between the promise and performance of programs, a necessary first step toward improved program accountability. Too often, in our opinion, unrealistic expectations have been generated for programs because of the lack of analysis; in such cases, agency administrators are given an impossible task, and the ensuing gap between what is desired or expected and what is actually achieved contributes to the public's cynicism about the Government's ability to deliver.

#### Existing procedures

Senate Rule 29.5 requires a regulatory impact evaluation be part of any committee report accompanying public bills and joint resolutions. This rule is important for consideration of regulatory reform legislation, but it has not yet been effectively implemented. Agency staffs, the CBO, CRS, OTA, our Office as well as others have the capability

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to assist committees in making such analyses and we think committees should make better use of available analytical resources.

2. Inclusion of oversight requirements in legislation

Conditions and circumstances change and new information becomes available over the life of a program. Agencies must have some flexibility for adjusting to such changes if they are to manage their programs efficiently and effectively. Consequently, the Congress often delegates authority and discretion to agencies. In such cases, we believe it is very important that the Congress, when enacting laws, provide for the systematic monitoring and evaluation of such laws, including public participation in rulemaking, so that information and analysis necessary to oversee the agency's activities will be developed and provided to the Congress. We believe the Congress should specify--in law or the accompanying reports--the kinds of oversight information it expects to need and the processes by which such information will be developed by the agencies and periodically reported back to the Congress. The periodic reporting requirements can be tailored to the expected steps in the implementation of the legislation--e.g., executive branch policy; program design and regulations; program establishment and operation--and can prove useful if the Congress wishes to refine and clarify its legislative



intent and standards as the legislation is implemented. In some cases, the Congress may wish to delay the effective date of legislation until certain implementation steps are accomplished. One way such an oversight process might operate is outlined in our report, Finding Out How Programs Are Working: Suggestions for Congressional Oversight, copies of which we would be happy to furnish to the subcommittee. And we of course would be willing to help committees build such oversight requirements into legislative proposals.

#### Legislation already proposed

We strongly support the intent of H.R. 65, the "sunrise" bill, which would encourage the Congress to make better front end analyses of legislation and require that proposed authorizing legislation contain a statement of legislative objectives and requirements for periodic agency reporting. We believe that the sunset bill under consideration by this committee should incorporate the main features of H.R. 65, and we would be happy to assist committees in complying with their sunrise responsibilities if such a requirement were established.

### 3. Oversight of the program design and regulation development process

The Congress now has available to itself the means to better oversee and control the program design and regulation development process. Opportunities are available in two areas:



--review of the Administration's legislative clearances process and its regulatory reform initiatives (e.g., Executive Order 12044), and

--review of individual agency program design and regulation development efforts.

We strongly support the Administration's regulatory reform objectives, and think that it would be useful for the Congress to closely monitor the Administration's progress in their regulatory reform efforts, to assure that continued progress is satisfactory. We also think it would be useful for the Congress to oversee the Administration's legislative clearance process to assure, to the extent possible, policy coordination and the development of integrated policy proposals from the Administration. Policy coordination and integration represent, in our view, essential ingredients in dealing with many of the current problems in the design of programs, as well as in Government management and regulation generally. In this connection, we are also supportive of the efforts of the Regulatory Council to coordinate agency regulatory efforts.

The Congress can also improve its oversight of the program design and regulation development process in individual agencies. Committees can request the agencies to present overviews of their progress in implementing legislation at any point in time to ascertain whether

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agencies, as they translate legislative intent into specific program operations, are complying with legislative intent. We stress the word overview, however, since we think too frequently the Congress gets bogged down in a few details of administration, missing the "forest" through the "trees". Many pieces of legislation essentially require these kinds of overviews to be developed and reported to the Congress. With these overviews, committees can learn how congressional intent has been further interpreted by an agency, and can ascertain from agency officials the specific objectives and results the agency realistically expects to achieve, which in turn would permit committees to discuss with the agency officials any apparent problems, and to clarify congressional intent, if necessary or appropriate, through new legislation. Summaries of an agency's progress and plans in developing regulations could, in many cases, be a key element of such overviews.

Committees can also review and comment during the rule-making process for specific agency regulations, can suggest or direct that changes be made, if necessary, through enactment of new legislation to assure that specific agency regulations comply with legislative intent.

#### Legislation already proposed

Comprehensive regulatory reform legislation, which would codify much of Executive Order 12044, is now under consideration

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by both Houses. We strongly support the general thrust of this legislation, particularly the provisions requiring agencies to carefully evaluate the effects of proposed and existing rules. In our view, such legislation is clearly preferable to the legislative veto. If enacted, we would encourage the Congress to exercise vigorous oversight over this legislation.

4. Opportunities to improve the use of program evaluation information

The Congress receives feedback on the results and effectiveness of laws and programs from a wide variety of sources, including

- the executive agencies, offices, and staff, including official communications and reports as well as "whistleblowing" leaks;
- congressional support agencies, particularly our Office;
- interest groups and individual citizens; and
- studies and investigative reports by commissions, academics, journalists and others.

We believe that the Congress can make much better use of available feedback in the budget, appropriations and authorization processes, especially the feedback provided in our Office's reports. In line with the provision in the Legislative Reorganization Act of 1970, as amended by the Congressional Budget Act of 1974, especially section 204,



we would like to see committees call on us more frequently for assistance in making use of our reports, as well as in retrieving and synthesizing information and analysis available in the agencies, in assessing and improving the program review and evaluation efforts of the agencies, and in planning and designing committee oversight efforts, including their oversight strategies and requirements for particular programs and policy areas.

We would hope that our assistance could help the Congress cope with the apparent problem of "information overload." Another important step in coping with "information overload" is for the Congress to focus its oversight efforts where they are likely to be most productive and require only reporting targeted to these needs; much other routine reporting resulting from "boiler plate" requirements added to legislation over the years could be eliminated.

#### Legislation already proposed

The proposed Sunset Review Act is currently under consideration by this committee. We strongly endorse the objectives of this legislation, think it represents a constructive step toward improving congressional oversight, and is generally preferable to earlier "sunset" bills.

#### CONCLUSIONS

The oversight process is the primary vehicle for assuring program accountability in existing programs. One



of the most important functions of the Congress is to oversee the operation of the agencies, including those in the executive branch as well as the independent agencies, so that it can hold the agencies accountable, that is, assure that the spirit as well as the letter of the law is observed in its application. Committees and Members of the Congress oversee in the context of the authorization process, the budget and appropriations process, the appointment and removal process, the investigatory process, as well as in the process of assisting constituents and working with agency officials. Through these processes, the Congress learns, judges, and takes recourse on the basis of what it has learned and the judgments it has made. Through these comments today, as well as in other recent testimony, we have made many suggestions for strengthening the administration of the Federal Government. We are quite pleased that important administrative reforms are receiving such serious attention.

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This concludes my statement.

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UNITED STATES GENERAL ACCOUNTING OFFICE  
FINANCIAL SAVINGS AND OTHER BENEFITS  
FISCAL YEAR 1979

GAO cannot compel the agencies or the Congress to accept recommendations. Action on our recommendations rests on the persuasiveness of our arguments. Agency management and the Congress must be convinced that our analyses are sound and that it is in their interest to take the actions we recommend. Agencies' awareness of the Congress' attention to our reports no doubt stimulates interest in and attention to recommendations aimed at them.

The full effect of GAO's activities on financial savings and improvements in the operations and effectiveness of Government programs and activities cannot be measured. The increase in governmental effectiveness from actions taken on some of our recommendations simply cannot be stated in dollars and cents.

When actions taken by the Congress or an agency lead to measurable savings, we record them. The following table summarizes the \$2.6 billion in collections and other measurable savings attributable to our work which we identified during the year. Of the \$2.6 billion listed, about \$1.9 billion represent one-time savings, while the benefits of the other \$700 million will extend into future years as well. These amounts were \$2.5 billion, \$1.7 billion, and \$800 million respectively for the prior year.

Collections and Other Measurable Savings  
 Attributable to the Work of the  
 General Accounting Office  
 Fiscal Year 1979  
 (000 omitted)

<u>DEPARTMENTS</u>	<u>Collec- tions</u>	<u>Other measurable savings</u>		<u>Total</u>
		<u>Congres- sional action involved</u>	<u>Agency action involved</u>	
Agriculture	\$ -	\$ 35,000	\$ 11,000	\$ 46,000
Air Force	24	32,000	95,884	127,908
Army	135	21,400	14,005	35,540
Commerce	-	6,800	11,000	17,800
Defense	8,570	693,500	190,242	892,312
District of Columbia				
Government	-	-	36	36
Energy	-	-	100,000	100,000
Environmental Protection				
Agency	-	300,000	-	300,000
Federal Judicial Center	-	510	-	510
General Services				
Administration	444	-	1,358	1,802
Health, Education, and				
Welfare	18,513	22,500	140,634	181,647
Housing and Urban				
Development	-	3,000	1,032	4,032
Interior	2,884	-	20,563	23,447
Justice	-	2,847	4,618	7,465
Labor	-	-	16	16
National Aeronautics and				
Space Administration	62	-	-	62
Navy	5,265	29,000	707,445	741,710
Postal Service	-	-	96	96
State	-	-	143	143
Transportation	17	30,000	-	30,017
Treasury	-	-	152	152
Veterans Administration	349	49,300	409	50,058
Washington Metropolitan Area				
Transit Authority	1,075	-	-	1,075
Government-wide	-	3,000	-	3,000
	37,338	1,228,857	1,298,633	2,564,828
General Claims work	10,585	-	-	10,585
<b>Total</b>	<b>\$47,923</b>	<b>\$1,228,857</b>	<b>\$1,298,633</b>	<b>\$2,575,413</b>

This appendix also describes savings not fully or readily measurable and other benefits from GAO activities.

#### COLLECTIONS

Collections attributable to our activities totaled \$47.9 million. Of this, \$10.6 million represented our recovery of debts that Government agencies had been unable to collect.

Following our recommendations, HEW recovered \$17.8 million in Medicaid and Federal Aid to Families with Dependent Children overpayments. Other major collections included recoveries by Defense for undercharging for a foreign military sale, Interior for additional oil and gas revenues due the Government, Army for commissary inventory losses, Washington Metropolitan Transit Authority for contract warranty costs, and Navy for an excessive contract price.

#### OTHER MEASURABLE FINANCIAL SAVINGS

Other measurable savings consist largely of actual or potential savings from actions taken or planned by the Congress and Federal agencies. In most instances, the potential benefits are estimated, and for some items the eventual amounts have yet to be determined.

Action taken or planned	Estimated Savings
Automatic Data Processing:	
Change in development, procurement, and operation of the Navy Advanced Information System--Navy (nonrecurring)	\$36,200,000
Adoption of an input/output inter- face standard for Government-wide use--Commerce (estimated annual savings)	11,000,000
Cancellation of contract for unneeded mass storage system--Social Security Administration (nonrecurring)	10,900,000
Reduction in appropriation request for developing ADP standards-- Commerce (nonrecurring)	6,800,000
Reduction in appropriation request for developing criminal case flow segment for COURTRAN II system-- Judicial Branch (nonrecurring)	510,000
Communications:	
Adoption of world-wide nontactical secure voice communications system for Federal use in lieu of separate systems for civil and military users-- Defense (nonrecurring)	355,500,000
Elimination of approximately 1,500 dedicated communication circuits-- Defense (estimated annual savings)	5,500,000
Reduction in the number of terminals and supporting equipment in a nationwide computer and communica- tion network--Immigration and Naturalization Service (nonrecurring)	3,819,000
Increased use of FTS by military installations--Defense (estimated annual savings)	120,000

Action taken or planned	Estimated Savings
Rerouting and elimination of telecommunications services-- Defense Commercial Communications Office, GSA (estimated annual savings)	\$ 32,000
<b>Community Development and Housing:</b>	
Reduction of appropriations for financing of the Section 8 Existing Housing Program--HUD (nonrecurring)	3,000,000
Action taken to collect delinquent public facility loans--HUD (\$518,000 estimated annual savings; \$514,000 nonrecurring)	1,032,000
<b>Construction:</b>	
Reduction in programed construction and changes in methods of operations for fleet oilers and ocean tugs--Navy (\$14,700,000 estimated annual savings; \$53,000,000 nonrecurring)	67,700,000
Cancellation of an approved military construction project--Air Force (nonrecurring)	470,000
Reduction in appropriation request for facility construction at Trident base--Navy (nonrecurring)	385,000
<b>Contracting, Policies, and Procedures:</b>	
Reduction of appropriations for funding advanced waste treatment projects--Environmental Protection Agency (nonrecurring)	300,000,000
Reduction in contract cost for claims processing under CHAMPUS by awarding fixed-price contracts--Defense (estimated annual savings)	7,600,000
Increased competition for elevator maintenance and cleaning service contracts--GSA (nonrecurring)	1,286,000

Action taken or planned	Estimated Savings
Contracting out of medical and surgical services at St. Elizabeths Hospital--HEW (estimated annual savings)	\$ 944,000
Exercising option in existing contract rather than awarding new contract--Army (nonrecurring)	834,000
Increased competition for elevator maintenance contracts--VA (nonrecurring)	409,000
Avoidance of the need to perform and resolve additional defective pricing reviews--Navy (nonrecurring)	160,000
Reclassification of annuity costs claimed for reimbursement under a contract to "nonreimbursable"--Air Force (\$14,000 estimated annual savings; \$23,000 nonrecurring)	37,000
Education:	
Detection of student beneficiaries receiving excess benefits--HEW (estimated annual savings)	5,800,000
Employment and Training:	
Prevention of the use of CETA funds for unauthorized activity--Labor (non-recurring)	16,000
Financial Management:	
Increased use of account audits and reconciliations and collection letters to identify and collect royalties due Geological Survey--Interior (\$11,400,000 estimated annual savings; \$1,663,000 nonrecurring)	13,063,000
Reduction in funding of conservation operations for one half of average carry over of unobligated balance--Agriculture (nonrecurring)	3,000,000

Action taken or planned	Estimated Savings
Change in accounting procedures to provide that the Army Stock Fund be reimbursed for inventory losses from unidentifiable causes--Defense (estimated annual savings)	\$ 2,700,000
Installation of controls to reduce overtime use at St. Elizabeths Hospital--HEW (estimated annual savings)	983,000
Recapture of excess earnings from a commercial bank on five bank accounts--Postal Service (nonrecurring)	31,000
Foreign Military Sales:	
Deposit of proceeds from certain Foreign Military Sales in the Miscellaneous Receipts account of the U.S. Treasury--Defense (estimated annual savings)	188,000,000
Recovery of costs through improved pricing method--Defense (estimated annual savings)	150,000,000
Health Facilities:	
Closure of underused hospital--Navy (estimated annual savings)	2,918,000
Law Enforcement:	
Reduction in bank robbery investigative program--Federal Bureau of Investigation (estimated annual savings)	2,847,000
Discontinuance of policy providing Federal inmates with free mail service on an unrestricted basis--Bureau of Prisons (estimated annual savings)	800,000
Loans, Contributions, and Grants:	
Improved administration of education loans resulting in reduction of default rate and restricting loans to bona fide education-related financial need--VA (nonrecurring)	49,300,000

Action taken or planned	Estimated Savings
Decreases in funding for certain school districts--HEW (nonrecurring)	\$22,500,000
Management:	
Improved guidelines for implementing area mail processing plans--Postal Service (estimated annual savings)	65,000
Material Management:	
Reduction of war reserve requirements for C-5 aircraft spares and repair parts--Air Force (nonrecurring)	45,800,000
Reduction in procurement and strengthening procedures for stock levels--Air Force (nonrecurring)	28,700,000
Improved parts reclamation programs at the Military Airlift Storage and Distribution Center--Navy (nonrecurring)	13,600,000
Cancellation of a planned purchase of of M2,50 caliber machine guns and use of excess guns from other services--Army (nonrecurring)	9,333,000
Elimination of duplicate items listed under more than one national stock number in the Federal catalog--Defense (estimated annual savings)	3,500,000
Reduction of supply management and storage costs by purchasing readily available low-cost, low-use items from commercial sources--Defense (nonrecurring)	2,054,000
Cost reduction through consolidation and semi-automation of Message Refile Centers--Defense (estimated annual savings)	1,250,000
Reduction of contractual services which exceeded demonstrated needs and normal commercial practice--Air Force (estimated annual savings)	300,000

Action taken or planned	Estimated Savings
Reclassification of parts from unsuitable-for-use to serviceable at the San Antonio Air Logistics Center-- Air Force (nonrecurring) -	\$ 77,000
<b>Medicare:</b>	
Elimination of excessive reimbursement for home health care services--HEW (estimated annual savings)	20,000,000
Reduction in reimbursements for prescription drugs by basing reimbursements on lower unit cost package sizes--HEW (estimated annual savings)	750,000
<b>Military Readiness:</b>	
Reduction in C-141 flying hours by the Military Airlift Command--Defense (estimated annual savings)	20,000,000
<b>Payments to Government employees and other individuals:</b>	
Elimination of enlistment bonus payments which were not required to attract skilled personnel--Army (nonrecurring)	4,400,000
Elimination of duplicate compensation for meals of foreign nationals employed by a U.S. Embassy--State Department (estimated annual savings)	123,000
Reduction in a foreign post per diem rate which had been raised on the basis of erroneous data--State Department (non-recurring)	20,000
<b>Procurement:</b>	
Change in strategy for procuring satellites for Defense Satellite Communications System--Defense (nonrecurring)	150,000,000
Recovery of costs of utilities furnished to non-Government tenants in Government leased building--GSA (estimated annual savings)	40,000

Action taken or planned	Estimated Savings
<b>Real Property Maintenance:</b>	
Reclamation from public agencies of surplus real property which was not being used for the purposes for which it was conveyed--HEW (nonrecurring)	\$ 254,000
<b>Research:</b>	
Savings resulting from reduction in spending on food irradiation research--Army (estimated annual savings)	1,138,000
<b>Revenues:</b>	
Increase in price of Federal uranium enrichment services to include interest cost of the investment in uranium feed material--Department of Energy (estimated annual savings)	100,000,000
Imposition of excise tax on fuel used by commercial vessels plying the inland and intercoastal waterways--Department of Transportation (estimated annual savings)	30,000,000
Increased reimbursement rate to fully recover cost of care provided civilian patients in DOD hospitals--Defense (estimated annual savings)	2,200,000
Imposition of fees for clinical services at neighborhood centers--District of Columbia Government (estimated annual savings)	36,000
<b>Social Security:</b>	
Withdrawal of proposed regulations which were contrary to provisions of the Social Security Act and which would make it easier for undocumented aliens to receive benefits--HEW (estimated annual savings)	57,000,000

Action taken or planned	Estimated Savings
Reduction in overpayments of benefits for students of retired, disabled, and deceased workers through verification of school attendance--HEW (estimated annual savings)	\$ 36,000,000
Reduction in duplicate payments made to student beneficiaries--HEW (estimated annual savings)	4,200,000
Improvement in the system for monitoring the continued medical eligibility of disabled persons receiving benefits--HEW (estimated annual savings)	3,000,000
Correction of data to compute black lung benefit payments--HEW (estimated annual savings)	803,000
<b>Tax Administration:</b>	
Instructions issued to retain tax payments made on small amounts of unreported income and to pursue collection of amounts due from taxpayers who agreed to income underreporting--Internal Revenue Service (estimated annual savings)	152,000
<b>Transportation:</b>	
Reduction of appropriation request for the transportation of ammunition--Defense (nonrecurring)	17,000,000
Reduction in the number of motor vehicles used by the U.S. Forces in Korea to support administrative operations--Defense (nonrecurring)	1,500,000
<b>Weapons System</b>	
Termination of the major caliber light-weight gun program--Navy (nonrecurring)	603,000,000

Action taken or planned	Estimated Savings
Reduction in appropriation and deletion of procurement funding for the GBU-15 Program--Air Force (nonrecurring)	\$32,000,000
Reduction in appropriation for the surveillance towed array sensor system--Navy (nonrecurring)	29,000,000
Other Items:	
General strengthening of the New York Summer Feeding Program--Agriculture (estimated annual savings)	32,000,000
Reduction of Federal rice deficiency payments for 1978 crop--Agriculture (nonrecurring)	11,000,000
Nonacquisition of endangered Hawaiian waterbird habitat--agreement reached on continued State protection--Interior (nonrecurring)	7,500,000
Reduction in Treasury borrowing costs by changing legislation to require disbursement of appropriated funds on quarterly basis--Corporation for Public Broadcasting (estimated annual savings)	3,000,000

Additional Financial Savings  
Not Fully or Readily Measurable

Many important one-time or recurring financial savings result from our work, but the resultant savings cannot be fully or readily measured.

Action Taken To Help Improve Financial  
Controls Over Wastewater Treatment Projects

In our report (CED-78-24, April 3, 1978) to the Administrator, Environmental Protection Agency (EPA), we pointed out that many grantees were not maintaining required accounting records and, as a result, were requesting and obtaining improper reimbursements from EPA. In many cases, grantees did not properly maintain required accounting records, and, therefore, strongly relied on their consulting engineers for financial accountability. In addition, grantees were not effectively reviewing consulting engineer and construction contractor billings and, thus, did not play a significant role in assuring that expenditures under the program were proper.

To correct the situation, EPA distributed to its regional offices and grantees more than 10,000 copies of an "Accounting Guide for Construction Grants." The guide describes management techniques and accounting procedures that can be applied to construction grants projects. According to an Agency official, the document was published because of GAO's involvement in the area. The Agency believes the accounting guide will help to maintain fiscal integrity in its construction grants program and make sure that the estimated \$170 billion still to be spent will be obligated wisely and prudently.

Improvements in Cost and Schedule  
Estimating and Demand Forecasting

In our report (PSAD-79-49, March 22, 1979) to the Chairman, Tennessee Valley Authority (TVA), we reported that current cost estimates for three powerplants were understated by several hundred million dollars each. As a result of this report, the Chairman of the Board of Directors advised the Chairman, Senate Committee on Governmental Affairs and the House Committee on Government Operations, that TVA agreed with our report and initiated the following actions in line with our specific recommendations.

--TVA is currently reevaluating the cost estimates for all of the nuclear plants under construction to assure that they reflect the best estimate of what the actual costs will be. Moreover, TVA recently adjusted its construction schedules for the three plants studied by GAO to better fit the completion of new generating units with the most recent estimates of the need for additional power.

--TVA is planning to build units at Hartsville, Phipps Bend, and Yellow Creek in sequence rather than all at once. Meanwhile, TVA will continue to work toward completing its next three nuclear plants--Sequoyah, Watts Bar, and Bellefonte--as promptly as possible. The sequence approach will help combat inflation and improve control of construction delays and cost overruns through more efficient use of labor and more stable construction employment over a longer period.

--Construction schedules will be planned with enough flexibility so they can be adjusted in the future to match faster or slower growth rates that are in forecasts of regional power needs.

Advanced Wastewater Treatment Projects  
To Be Determined Before Funding Is Approved

In our report to the Congress (CED-77-12, December 21, 1976), we pointed out that the costs for advanced waste treatment (AWT) were higher than costs for secondary treatment and that, in some instances, the Environmental Protection Agency (EPA) was financing AWT facilities without sufficient water quality data and planning. While our review only covered five States, the U.S. Chamber of Commerce informed the Subcommittee on Water Resources, House Public Works Committee, that the general practice in other States was also to require AWT without adequate planning data.

As a result of our report and follow-up discussions with staff of the House Appropriations Committee, Subcommittee on HUD and Independent Agencies, the House reduced EPA's \$4.5 billion request to \$4.2 billion, citing concerns over the cost-effectiveness of AWT. On September 30, 1978, Public Law 95-392 was passed and provided \$4.2 billion for EPA's construction grants program, the Appropriations Conference Committee stipulated that construction grants funds may be used for treatment greater than secondary only if the incremental cost of the advanced treatment would be \$1 million or less, or if the Administrator personally determined that AWT was required and would definitely result in significant water quality and

public health improvements. Substantial unmeasurable savings should result in the future as States and EPA continue to revise inappropriate water quality standards.

**Improved Procedures for the General Services  
Administration's Management of Item Specifications  
and Standards**

On November 3, 1977, we issued a report to the Congress (PSAD-77-171) on the need to improve the General Services Administration's (GSA) management of specification and standardization requirements for the items it purchases. We recommended that GSA develop a system whereby costs would be fully considered before developing or revising specifications and standards. Also, we recommended that specifications which are not used in a 5-year period be eliminated from the system.

Our recommendations were adopted by the agency.

**Mail-order Catalogs No Longer Shipped  
by Air at Government Expense**

Title 39 U.S.C. 3401(b)(1)(B) authorizes the air shipment of parcels to and from U.S. servicemen serving overseas on a space-available basis. The Law does not define the term "parcel" other than to give allowable weights and measurements, and the U.S. Postal Service has allowed mail order companies to include catalogs in this service. The Department of Defense (DOD), which pays for the airlift, had tried unsuccessfully to persuade the Postal Service to exclude catalogs from space available mail.

Although DOD postal officials were unable to give us the total tonnage of catalogs shipped overseas, the volume shipped by 4 large mail-order houses during fiscal year 1975 amounted to 1.7 million pounds.

If these catalogs had been shipped by air it would have cost DOD \$435,000 more than normal surface transportation. DOD postal officials said this represented just the "tip of the iceberg" if all mail-order houses were permitted to use air service.

In our report (LCD-76-231, July 2, 1976), we cited cases where catalogs were, in fact, shipped by air. We expressed doubt that the legislation was to benefit private firms and recommended that the Postal Service amend its regulations to exclude mail-order catalogs from application of the law regarding air shipment of parcels. After much additional discussion between postal officials and the GAO Office of General Counsel, U.S. Postal Service regulations were amended, effective May 19, 1979, to exclude shipments of mail-order catalogs by air.

#### Improved Procedures to Determine Lowest Bidder

We reviewed the procedures followed for soliciting bids for each labor category involved in awards of contracts with expenditures of millions of dollars for technical services and non-computer software products by the U.S. Army Communications and Electronics Materiel Readiness Command. We found that prospective contractors were permitted to bid in such a general manner as to leave considerable doubt that awards resulted in the lowest price.

In our report (PSAD-77-64, February 16, 1977), we recommended a new procedure whereby the Command could furnish specific bidding guidelines to prospective contractors. The Command adopted our recommendation.

**Actions Taken to Increase Use  
Of Pre-admission Screening for  
Elective Surgery**

On April 4, 1978, we issued a letter report (HRD-78-85) on our review of the outpatient surgery and pre-admission testing programs in the Veterans Administration (VA) hospital system. We advised VA that increased use of these programs would eliminate the need to hospitalize some veterans and reduce the length of hospitalization for others. Accordingly, we recommended that a systemwide policy for outpatient surgery and pre-admission testing be developed by VA and implemented in all general medical and surgical hospitals in the VA system.

A June 7, 1979, circular issued by VA's Department of Medicine and Surgery contained guidelines for pre-admission screening of patients who are candidates for elective surgery. The guidelines specifically suggested that:

- Diagnostic workups including consultations, laboratory studies, electrocardiograms, minor endoscopies, and X-ray studies be completed before hospital admission.
- Patients scheduled for minor surgery under local anesthesia not be admitted as inpatients except under unusual circumstances.

**Improvements Made in the  
State of Oregon's Procurement  
System**

On January 10, 1977, we issued a report (PSAD-77-15) on the cooperative GAO-Oregon Division of Audits review of the State of Oregon's procurement system to give the Congress and other interested parties an

example of the potential benefits of performance auditing at State and local levels. The report recommended several improvements in three main functional areas of procurement: requirements determination and planning, contracting and contract administration, and delegation of procurement authority.

The Oregon Department of General Services has made some significant changes in those three procurement areas.

#### Modifications of General Services Administration Construction Contract Provisions

In our report (LCD-77-304, November 23, 1979), we recommended that the General Services Administration (GSA) amend construction contract provisions (known as general conditions) to provide that allowances for overhead, profit, and commission be applied on all change orders that add or delete work. We estimated that the overall cost of the Government on 5 contracts would have been reduced by \$140,000 if GSA had obtained such allowances on 76 credit change orders. This recommendation was included in follow-up letters to GSA dated June 12, 1978, and January 18, 1979.

By letters dated April 25, 1979, the Acting Administrator of GSA informed GAO and the congressional committees that GSA is implementing our recommendation by modifying the general conditions in the construction contracts. Regional Administrators were notified by the Acting Commissioner of the Public Building Service on April 16, 1979.

**Improved Procedures for Negotiating Contract Prices**

In our report to the Secretary of Defense (PSAD-78-127, July 20, 1978), we recommended that Department of Defense (DOD) obtain from contractors certain data which would allow DOD to fairly negotiate the share of contractors' indirect expenses to be paid for by DOD.

DOD took appropriate action on our recommendation, including a requirement that the contractor certify the data.

**Improved Congressional Mailing Practices and Franked Mail Billing Procedures**

The congressional franking privilege is intended to facilitate the informing function of Members of Congress. The Congress was billed approximately \$50 million for franked mail service in fiscal year 1978. Because of concern over rising postage costs, the Senate Committee on Appropriations asked that we review the mailing practices of the Congress and the Postal Service's method of determining the cost for franked mail service.

We suggested ways for both the House and the Senate to improve mailing practices and save on franked mail cost. Acting on information we provided, the House has met with the Postal Service and is making changes in its mail preparation procedures to take advantage of reduced postal rates. Likewise, the Senate has adopted our suggestion that it use different mailing procedures to substantially save postage costs. In addition to saving postage costs, these changes should improve the mail service for the House and the Senate.

In an April 26, 1979, report to the Postmaster General (GGD-79-50), we noted that numerous billing errors occurred in the Service's system for determining franked mail cost because of poor implementation and inadequate monitoring of the system. The Postal Service initiated steps to improve the training of employees involved in the billing process and strengthen monitoring procedures. It will also issue clarifying instructions if necessary. Revised billings will be issued to the Congress.

Action to Recover Unspent  
Federal Funds

On October 7, 1975, we reported that the Department of Labor's Employment and Training Administration had a large backlog of expired contracts and grants which had not been closed out. In a September 21, 1978, follow-up report to the Secretary of Labor (HRD-78-142), we pointed out that little improvement had been made. As of March 31, 1978, advances outstanding (payments to contractors and grantees in excess of reported costs) were \$206.3 million for about 3,600 unclosed contracts and grants.

As a result of our draft report and indications that other agencies might be allowing contractors and grantees to hold unspent Federal funds, the Director, Office of Management and Budget (OMB), issued a memorandum to the heads of 16 Federal agencies. The Director requested agency heads to review closeout practices and procedures to determine whether they are consistent with OMB Circulars No. A-102 and A-110. These circulars require immediate recovery of unspent funds from grantees and contractors. He ordered that procedures inconsistent with the circulars promptly be made consistent and that immediate steps be taken to recover excess funds where closeouts were not current.

**Taxpayers Will Find It Easier To Prepare  
Tax Returns More Accurately and in Less Time**

In our report to the Joint Committee on Taxation (GGD-78-74, July 5, 1978), we recommended that the Internal Revenue Service (IRS) extensively revise the tax forms and instructions to make it easier for taxpayers to file their own returns. Because of the importance of the simplification effort and the need for the Congress to support it by providing funds to implement the improvements, we also recommended that the Congress hold hearings to review with IRS its plans for improving the forms and instructions and the progress being made.

Legislation which was enacted requires and provides resources for agency action to implement our recommendations. The Revenue Act of 1978 requires the Department of the Treasury to report to Congress by 1981 on steps which can be taken to simplify the tax forms and instructions as well as the tax laws. The act also authorizes hiring up to 10 additional staff to do the study.

Simpler tax materials will benefit both taxpayers and the Government. Taxpayers will be able to do their own returns more accurately, in less time, and with less professional assistance. And, the Government will find it easier to administer the tax laws.

**Better Program Management Through Eliminating  
Exchange Rate Gains and Losses From the  
Department of the Defense Budget Process**

In 1973 the major industrial countries changed from fixed to floating currency exchange rates. The floating rates have made it difficult for the Department of Defense (DOD) to manage programs financed with foreign currencies. During the long leadtime between budget preparation and

execution, foreign currencies are spent at different exchange rates than those budgeted.

If expenditures are made at less favorable rates than those budgeted, DOD must provide for such shortfall through supplemental appropriations and reprogramming authority or absorb the increased costs. This causes delay and uncertainty in carrying out programs. If not enough funds are obtained this way, funds for approved programs must be reduced. Gains attained from favorable exchange rate fluctuations enable Defense to either offset unbudgeted costs or to finance unfunded programs.

Our report (ID-78-33, April 17, 1978), concluded it would be desirable to provide for an alternative funding method to eliminate, from the budgetary process, exchange rate losses that are not predictable and that have adversely affected DOD programs. This would also help ensure that DOD does not supplement its appropriations through gains derived from favorable currency exchange rate fluctuations.

We recommended that authorizing legislation be sought to achieve these purposes. The Department of Defense Appropriations Act for the fiscal year 1979, Public Law 95-457, provides for a similar approach.

#### Actions Taken to Improve Planning for Pandemic Influenza

In our report to the Congress on the swine flu program (HRD-115, June 27, 1977), we stated that the Department of Health, Education, and Welfare (HEW) never formally reevaluated the decision to continue the program despite the delays and problems which hampered it and the decreasing chances of a pandemic as time passed. The swine flu did not

occur as predicted, and claims and suits against the Government for adverse reactions from swine flu immunization total over \$3 billion. Our report pointed out the need to establish key points in the formal program reevaluation process.

In December 1977, HEW convened an interagency work group to develop a flu pandemic contingency plan. The plan developed includes a time-phased approach to preparing for pandemic influenza. Key decision points are also included in HEW's program plan for its newly established annual flu immunization program. Proper implementation of these plans could save many needless immunizations and subsequent adverse reactions and the costs associated with each to the Government.

#### Improved Guidance, Accountability, and Reporting Requirements in Management of Facsimile Equipment

In our report (LCD-76-116, October 22, 1976), we stated that an estimated 8,000 facsimile machines were in use throughout the Government. Most machines were not being shared. We recommended that the Administrator of the General Services Administration (GSA) and the Secretary of the Department of Defense (DOD) (1) determine facsimile machine usage and use such information to evaluate the need for existing equipment and requests for additional equipment and (2) establish a uniform procedure for making lease-versus-purchase determinations for facsimile equipment. Further, our report recommended that DOD reevaluate the policy contained in existing instructions which required the use of automatic disconnect devices with facsimile machines.

GSA has revised its directives in accordance with our recommendations to (1) provide uniform guidance to users on lease-versus purchase decisions

for facsimile equipment, (2) require specific GSA approval for procurement of exclusive-use facsimile equipment rather than shared-use or common-use equipment, and (3) require users to supply information on use and cost of facsimile equipment. DOD has revised its instructions to allow an exception for using automatic disconnect devices with manually operated communications equipment.

Reliable costs for facsimile equipment and related communications were not available in GSA and DOD for inclusion in our report. Thus, we cannot determine the amount of savings resulting from the actions taken. However, the actions taken should bring about substantial savings.

#### Strengthened Procedures to Recover Costs for Federal Employees' Injuries Caused by Third Parties

If a third party is responsible for a Federal employee's injury and thus liable for paying damages, the Federal Employees' Compensation Act provides that the Department of Labor (DOL) may require the injured employee to assign to the United States any right to enforce the liability or any right to share in assets to satisfy the liability or prosecute the action in the employee's name. This provision is to keep taxpayers from bearing the compensation costs when a third party is liable.

On May 9, 1979, we reported to the Congress (HRD-79-36) that DOL had not been effectively identifying and recovering these costs and that such recoveries could have helped to offset escalating compensation costs.

We reviewed 1,002 randomly selected claims at three district offices. Our review showed that claims with recovery potential from third parties

were not being effectively identified and recovery of costs was not being adequately pursued. Through more aggressive action, DOL might have recovered an additional \$4.7 million from third parties for the 3-year period in the 3 district offices covered by our review. Potential monies from recoveries nationwide could amount to much more.

DOL has taken actions to make its program more effective and efficient. It stated these actions will meet the objectives of and conform to our recommendations. DOL later informed us that preliminary reports indicate that substantial recovery activity has been undertaken.

We believe that, if properly implemented, DOL's actions should resolve the problems disclosed in our report and result in the recovery of substantial additional costs.

Revised Architect-Engineer  
Deficiency Procedures

On July 14, 1977, we reported (LCD-76-333) that the Department of Defense (DOD) and the General Services Administration (GSA) were not adequately documenting causes for errors and omissions in plans and specifications prepared by Architect-Engineers (A-Es). Because of this inadequate documentation, the Government cannot establish responsibility for resultant contract change orders and recover costs from A-Es in cases involving negligence. As a result, millions of dollars are paid by the Government without determining responsibility.

We recommended that the agencies document design deficiencies, establish responsibility for resultant change orders, and recover costs stemming from apparent A-E negligence.

On March 13, 1978, the Armed Services Procurement Regulation (ASPR) Committee issued Defense Procurement Circular No. 76-14. The circular clarified and expanded the ASPR guidance pertaining to A-E responsibility for construction contract change orders due to design errors or deficiencies. The contracting officer must determine the A-E's reasonable liability for the error or deficiency, and state why he decided to assess or not to assess an A-E for additional change order costs. This determination will be placed in the contract file.

As a result of our review and report, GSA revised its A-E Deficiency Procedures to provide guidelines for identifying the causes of change orders, determining and documenting liability for design deficiencies, recovering costs attributable to A-E negligence, and using A-E performance evaluations in subsequent selections. The finalized A-E Deficiency Procedures were issued to Public Buildings Service Regional Administrators on February 5, 1979.

Corps of Engineers Studies  
Unnecessary Corps Maintenance

In a January 17, 1978, letter of inquiry to the Director of Civil Works, Corps of Engineers, we pointed out the need to reduce dredging of little-used harbors. We also presented a case study of three harbors which we believed had been dredged to excess depths because the district apparently relied on historical rather than current harbor usage to plan its dredging activities. Attached was a listing of 152 projects which we would consider reviewing if a detailed audit were undertaken. We asked (1) what changes, if any, the Corps planned for reducing dredging requirements for these harbors, (2) what other dredging operations could be reduced, and (3) if Corps findings confirmed our limited analysis, what actions would be taken to carry out dredging activities at levels more consistent with current traffic operations.

On May 11, 1978, the Deputy Director of Civil Works instructed the district engineers to carefully review the commercial statistics and other trend indicators available and evaluate this data with respect to total operation and maintenance requirements.

On August 3, 1978, the Corps issued a circular which provided guidance and established review criteria to determine which projects are no longer justified for continued maintenance because of changed physical, economic, or other conditions. The circular provided screening criteria for all completed projects which Corps headquarters had identified. Subsequently, 114 projects failed the initial

screening process. Corps officials plan to prepare reconnaissance reports (a more indepth review costing about \$20,000 per project) on each of these projects. If the projects seem questionable, they will be considered for a complete economic evaluation. This could result in project deauthorization and a halt to all Federal maintenance of the applicable project.

Project maintenance is periodic; the cycles range from annual to 50-year intervals. Recent 3-year average annual operation and maintenance costs for the 114 identified projects were over \$21.5 million.

**Legislation Requires Department  
of Defense To Charge Foreign  
Governments for Normal Inventory  
Losses**

Since at least 1969, the Department of Defense (DOD) has required that inventory losses be assessed on all foreign military sales not covered by supply support arrangements. We found that the military departments were assessing inventory losses on stock fund sales but were not charging for inventory losses on nonstock fund sales even when such sales were covered by supply support arrangements. On September 8, 1977 (FGMSD-77-43), and August 25, 1978 (FGMSD-78-51), we reported that DOD was losing millions of dollars on sales to foreign governments because normal inventory losses were not being recovered.

As a direct result of our September 8, 1977 report, the Congress enacted legislation amending the Arms Export Control Act. The amendment expressly required that normal inventory losses be charged foreign governments on all sales from inventories of DOD articles being stored at the expense of the purchaser (supply support arrangements). We anticipate millions of dollars of additional recoveries once DOD implements existing legislation.

#### Revisions to the Endangered Species Act

The 95th Congress enacted legislation to amend the Endangered Species Act of 1973. Included in the 1978 amendments are legislative changes based on five GAO congressional briefings. These changes should reduce the impact endangered/threatened species will have on Federal projects and programs and save the Federal Government money. The existing legislation includes:

- A time limit for Federal agencies to identify endangered and threatened species likely to be affected by their projects and programs.
- Permanent exemptions from the act's protective provisions for Federal projects and programs which have been reviewed, avoiding later project delays and corresponding increased costs.
- A requirement that the Department of the Interior review all species listed as endangered and threatened at least once every 5 years to determine whether any should be

delisted or reclassified, eliminating the costs related to unnecessary consultations and legal conflicts.

--A requirement that Interior publish a final regulation or a notice of withdrawal within 2 years of a proposed rule-making, eliminating the costs to other Federal agencies of conserving and conducting reviews of species withdrawn from consideration.

Although annual savings cannot be measured, the legislative changes should (1) reduce the number of staff and financial resources required to identify and resolve conflicts between endangered/threatened species and Federal projects and programs, (2) eliminate the expense of conservation efforts and reviews on species which are not endangered or threatened, and (3) preclude project delays and corresponding increased costs.

Standardized Hearing Conservation  
Program Established by the  
Department of Defense

The Department of Defense (DOD) has paid out millions of dollars for employees' job-related hearing losses (2,500 Navy hearing loss claims paid in 1975 cost about \$17 million). On September 15, 1977, we reported (LCD-77-208) on DOD's need for a complete and well-defined hearing conservation policy. We recommended that the Secretary of DOD (1) establish an 85 decibel, 8-hour maximum exposure level for unprotected workers; (2) improve work area surveys; and (3) DOD components monitor required hearing tests, adopt uniform criteria for deciding when

engineering controls should be used, and stress safety rules and instructions.

In November 1977, DOD responded that it realized the lack of a standard DOD hearing conservation policy resulted in diverse programs among its components. To correct the problem, DOD issued an instruction in June 1978 which established a standardized hearing conservation program.

#### Food Stamp Program Eligibility Requirements Standardized

In a report to the Congress (RED-75-342, February 28, 1975), we recommended that the Department of Agriculture revise the food stamp program regulations to eliminate automatic eligibility for public assistance recipients and apply standardized income and other eligibility criteria equally to all applicants for program benefits. The Department said the law would have to be changed and it proposed such a change in October 1975.

In the Food Stamp Act of 1977, the Congress provided for the application of the same asset and income eligibility criteria for all people wishing to participate in the program. The Department issued regulations for implementing these criteria in October 1978.

Savings are expected because some households not meeting the asset and income criteria will be eliminated from the program. Also, standardizing program eligibility requirements should result in more equitable treatment of all persons wishing to participate.

## Other Benefits

Some actions taken in response to our recommendations result in benefits other than financial savings. If the Congress enacts recommended legislation or if new agency regulations or procedures are adopted, day-to-day operations at Federal, State, and local levels may improve. Sometimes the actions directly enhance the well-being of individual citizens.

## Condominium Homeownership Opportunities Increased

Federal laws provided that the Department of Housing and Urban Development (HUD) could insure mortgages on individual condominium units only if HUD insured mortgages on the entire project. This requirement eliminated 97 percent of existing condominiums--about 1.25 million units--from the Department's mortgage insurance program. Department officials and condominium developers believed that the requirement had unnecessarily discouraged many individuals from purchasing condominiums as a home. In our report (CED-78-71, March 21, 1978), we recommended that the Congress authorize HUD to insure mortgages on individual condominium homes without requiring that the project be built under a HUD mortgage insurance program.

The essence of our recommendation was included in Public Law 95-557, approved October 31, 1978. HUD is changing its regulations to authorize insuring offices to insure one-family condominium units in non-FHA insured multifamily projects containing 12 or more units if construction of the project

was completed more than a year prior to the application for mortgage insurance.

#### Savings Bonds Are Returned to Their Owners

In August 1973, the Department of the Treasury and the Federal Reserve Banks had about 709,000 savings bonds which they were keeping for about 188,000 individuals. These bonds were held in "safekeeping accounts," with many of them belonging to World War II, Korean War, and Vietnam War veterans. At the time of our review, Treasury had not attempted to return the bonds to the owners because they believed that it would be too difficult for them to locate the individuals. Many of these bonds had been with Treasury for over 30 years.

In our report to the Congress (B-179225, August 10, 1973), we recommended that Treasury use address files in other Government agencies to locate bond owners. As a result of our recommendation, Treasury had returned about 417,000 (nearly 60 percent) of the 709,000 bonds in safekeeping to bond owners through fiscal year 1979. The value of these returned bonds is approximately \$33 million.

#### Limits Placed on Public Service Employment Program Participation

In our report to the Congress (HRD-77-53, April 7, 1977), we recommended that the Secretary of Labor provide more benefits

to unemployed persons eligible to participate in public service employment (PSE) programs authorized by the Comprehensive Employment and Training Act (CETA). We reported that many PSE participants had remained in these temporary programs for a long time, and these programs often were not serving those most in need. Some participants were secondary wage earners coming from households with substantial incomes.

Amendments added to CETA in 1976 gave preferential help in obtaining a PSE job to unemployed, needy individuals for only a portion of the authorized PSE jobs. We recommended that the Congress amend CETA to (1) limit the time an enrollee can remain in the programs and (2) extend the preferential treatment to unemployed persons (who are not members of families with substantial incomes) for placement in all available public service jobs to serve those most in need.

In October 1978, CETA was reauthorized and amended. The 1978 amendments included an 18-month limitation on participation in all PSE programs and limited participation to "economically disadvantaged" persons. These amendments will enable more persons to be served by the programs and will help assure that the programs serve those persons most in need.

Nuclear Regulatory Commission's  
Role in Selecting Nuclear Fission  
Technologies for Development

In April 1977 the President decided to defer indefinitely the development of advanced nuclear fission technologies which use plutonium. This decision was made to help reduce the risk of nuclear weapons proliferation.

As a result of the President's decision, the executive branch is conducting a major assessment program to select nuclear fission technologies for future development. We found that the Nuclear Regulatory Commission (NRC)—the independent regulatory agency which ensures the public's safety from nuclear accidents and diversions of nuclear materials—did not have a major role in the selection process. We made recommendations to correct this deficiency.

As we recommended (EMD-78-44, March 7, 1978), NRC agreed to identify and report to the President and the Congress known or suspected licensing issues and problems associated with advanced nuclear fission technologies under serious consideration by the executive branch. This will be done before any are scheduled to be selected for future development. The report will identify the relative safety, safeguards, and environmental advantages and disadvantages of each technology.

NRC's report should help strengthen Federal efforts to select the most acceptable advanced nuclear fission technologies for the next generation of nuclear power in the United States.

Improved Procedures for Enforcing  
Federal Communications Commission  
Regulations

Growth and change have occurred in telecommunications in recent years. New services have been developed. The number of Federal Communications Commission (FCC) licensees has dramatically increased. And a greater public use and awareness of radio communication has occurred. This has placed demands on FCC to develop effective means for enforcing its regulations and responding to public inquiries.

Our August 18, 1978 report to the Chairman of the FCC (CED-78-151) included several recommendations relating to FCC's Field Operations Bureau. The Bureau is responsible for enforcing the provisions of the Communications Act of 1934 and the Commission's rules and regulations and serves as a liaison between FCC and the public.

On October 19, 1978, FCC adopted the basic recommendations contained in our report and established a committee of Field Operations Liaison Officers to help fully integrate field operations into the regulatory structure.

FCC has also funded a study to measure how effectively its field enforcement activities achieve regulatory objectives, and analyze the Field Operations Bureau's information gathering function. The study will also propose an improved structure for the Bureau so that it can measure the effectiveness of field enforcement activities and assist management in determining where and to what extent field enforcement resources should be expended.

Strengthening Securities and  
Exchange Commission Oversight  
of the Over-the-Counter Market

In our report (FGMSD-78-65, October 5, 1978), we stated that the Securities and Exchange Commission's (SEC) oversight of the National Association of Securities Dealers' (NASD) self-regulation of the over-the-counter securities market needed improvement in several areas. The SEC responded to our recommendations by informing Congress that it would act to strengthen its inspection and oversight of over-the-counter securities transactions. The SEC stated that its oversight staff was being increased, its inspection function for review of NASD operations was being reorganized, and greater efforts were being made to complete planned inspections. Other corrective actions were reportedly underway.

Unsafe Conditions at the  
Philadelphia Naval Regional  
Medical Center Are Being  
Corrected

On February 17, 1978, we reported (LCD-78-301) that the Philadelphia Naval Regional Medical Center had badly deteriorated and was unsafe for its intended use. We noted (1) violations of the National Fire Protection Association's fire safety code; (2) lack of emergency power and lighting in the medical, surgical, and recovery wards; (3) leaking roofs and deficiencies in wiring systems; (4) improper ventilation and fire deterrent systems; and (5) general obsolescence and deterioration of the buildings. At that time the Navy estimated \$14 million was necessary to correct

major deterioration and safety problems and an additional \$3 million to remedy fire and other safety deficiencies. GAO recommended, among other items, that the Navy budget, as early as possible, the funds necessary to correct these problems.

On July 6, 1979, the Navy reported to GAO that it had funded fire safety code corrections, emergency power improvements, and elevator repairs for a total of \$375,000. Funding for fiscal year 1979 and early fiscal year 1980 projects totals another \$1,289,000 and includes repairs to the electrical system, food service refrigeration units, building exterior, other elevators and various miscellaneous items. Programing for additional repairs is also planned but is contingent upon additional funding.

Navy projects underway or programed are a significant step in improving the unsafe conditions at the Center. This is necessary until the construction of a planned replacement hospital in the mid-1980's.

**Actions Taken To Improve  
the Farmers Home Administra-  
tion's Business and  
Industrial Loan Program**

In a September 30, 1977, report to the Congress (CED-77-126), we recommended several ways the Farmers Home Administration (FmHA) could improve its Business and

Industrial Loan Program to (1) more accurately measure and report program accomplishments, (2) better assess proposed loans, (3) provide better loan servicing and management assistance to borrowers, and (4) attain enough qualified staff.

In line with our recommendations, the FmHA

- issued instructions setting forth the procedures for obtaining and reporting more accurate program accomplishments as they relate to actual jobs saved and/or created;
- reorganized its headquarters staff to better assess proposed loans and to provide better loan servicing and management assistance to borrowers;
- hired consultants to service problem loans;
- held a seminar relating to appraisal methods and techniques used in appraising loans;
- hired a consulting firm to train its employees on how to analyze loan applications from businesses associated with specific industries such as the textile, health care, services, and lodging industries.

Actions Taken by the Office of  
Education To Improve Its Adminis-  
tration of Institutional Grants  
for International Education

In our report to the Congress (ID-78-46, September 13, 1978), we recommended the adoption of four procedures to improve the management of institutional grants for international education made by the Department of Health, Education, and Welfare's Office of Education.

With respect to the recurring annual funding for 80 centers to promote and increase the study of needed modern foreign languages, we recommended Office of Education officials (1) visit each center every 2 years, (2) prepare and distribute to center officials every 2 years a report containing helpful lessons learned, and (3) prepare written feedback reports at least yearly on the required reports centers submit to the Office.

With respect to a starter-grant program begun in 1972 designed to help institutions initiate programs in international studies, we recommended the Office of Education develop a system to determine if programs continue after Federal grants are stopped and reasons for success or failure. Such information is essential for evaluating the starter-grant program and proposed new projects.

In April 1979, the Secretary of Health, Education, and Welfare informed us that the Office of Education (1) has developed plans to ensure that each of the 80 centers will be visited at least once every 2 years, (2) will distribute its first lessons-learned report to all 80 centers in December 1981, (3) will provide feedback reports to each center beginning with the next program cycle starting in the fall of 1979, and (4) is now developing a system to evaluate the effectiveness of starter-grants for international studies which will be used in the next program cycle.

Improved Effectiveness of the Federal  
Aviation Administration's Enforcement  
of Commercial Aircraft Safety Standards

In a report to the Secretary of Transportation (CED-79-10, November 21, 1978), we pointed out that certain large aircraft operators may be avoiding commercial aircraft safety regulations by leasing aircraft to foreign air carriers on paper and then continuing to operate them in the United States. Prior to our report, neither the Federal Aviation Administration (FAA) nor the Civil Aeronautics Board (CAB) required foreign air carriers to comply with commercial safety regulations while operating in this country.

We recommended that FAA and CAB require that all foreign air carriers flying in the United States meet at least the International Civil Aviation Organization's (ICAO) commercial safety standards. FAA and CAB have reached an agreement that compliance with ICAO commercial standards will be a condition of all future operating permits issued by the CAB to foreign air carriers.

This requirement will close a loophole which may have been used by some operators to avoid commercial safety regulations. It will also improve the effectiveness of FAA's enforcement of commercial safety standards.

Action to Strengthen and Improve  
the Federal Automatic Data  
Processing Standards Program

In our April 19, 1978, report to Congress (FGMSD-78-23), we noted that the Federal Government is not fully realizing

the potential savings available through the competitive procurement of Automatic Data Processing (ADP) resources, primarily because of a weak Federal ADP Standards program. Federal agencies have become locked into suppliers of computers and related services either because certain essential standards have not been developed or agencies are not complying with existing standards.

This has been caused in part by the Office of Management and Budget's (OMB) failure to provide all agencies with policy guidance that

- cites the importance of standards in addressing Federal programs;
- specifies and ensures an active role by Federal agencies in Federal and voluntary commercial standards setting;
- ensures that Federal agencies fully coordinate with the Department of Commerce when participating in commercial standards development;
- requires agencies to establish policies and procedures for implementing standards, including the use of internal audit to examine for compliance; and
- requires agencies to report annually on the degree of noncompliance with existing standards and agency plans for converting to standards.

On January 8, 1979, OMB issued a memorandum to the heads of executive departments and agencies citing the importance of the standards program and OMB's intent to revitalize the standards program. OMB directed the head of each department and agency to appoint a senior management official who will be responsible for developing agency policies and procedures and overseeing their implementation. This official is required to assist the Secretary of Commerce in

- identifying high priority standards requirements,
- assuring the development of effective standards,
- evaluating the effectiveness of existing standards, and
- measuring the degree of agency compliance with Federal standards.

New Regulations to Ease Entry into  
Regulated Trucking and Stimulate  
Competition

The Interstate Commerce Commission's (ICC) process for granting temporary operating authority often had resulted in inadequate service to shippers and had overly protected regulated truckers from competition. In a February 24, 1978, report to the Congress (CED-78-32), we pointed out that regulated truckers often opposed operating authority applications even when they did not desire or have the ability to perform the "new" service. To help ease entry into the regulated trucking industry and to promote competition, we recommended that ICC, in the future, require protesting truckers to demonstrate specifically how they are meeting or could meet the needs of the

shippers.

On October 27, 1978, ICC adopted new rules which will substantially reduce the number of truckers who oppose operating authority applications. In the past, ICC had permitted any interested individual to protest an application for operating authority and thereby become a party to the proceedings. Effective January 1, 1979, ICC began permitting regulated truckers to oppose operating authority applications only if they (1) hold operating authority that conflicts with that desired by the "new" trucker; (2) are able to provide the service; and (3) have in fact performed the desired service. ICC will permit others to oppose operating authority applications only if they can show that they have a sufficient interest in the outcome of the case or can make a meaningful contribution to the ultimate decision. Such truckers will be permitted to oppose operating authority applications only if they can show that they have directly and repeatedly solicited the shipper's traffic.

The new rules apply to permanent operating authorities, and we believe they will ultimately make it easier for truckers to obtain ICC's approval for interstate operating authority and will, therefore, in line with our recommendation, help stimulate competition in the trucking industry.

#### Radioactive Wastes at Inactive Uranium Mills to be Cleaned Up

Since the 1940s, 39 privately owned mills have produced

and sold uranium to the U.S. Government. Twenty-two of these mills have closed down, leaving about 25 million tons of radioactive sand-like waste--commonly called mill tailings--in unattended piles and ponds. Until recently, these tailings were believed to be of such low radiation they were not considered to be harmful to the public. However, recent concern about the possible adverse effects of long term low-level radiation has served as an impetus for various organizations to seek ways to prevent the tailings from harming the public.

We recommended to Congress on June 20, 1978 (EMD-78-90), that the Federal Government should take the lead in cleaning up the uranium mill tailings at the 22 inactive mill sites. On October 14, 1978, the Congress passed the Uranium Mill Tailings Control Act of 1978 (Public Law 95-604). This act, which incorporated several other recommendations we made to ensure the program would be conducted effectively and efficiently, authorized the Department of Energy as the lead agency to conduct a comprehensive program to clean up radioactive wastes.

#### Improvements in the Nuclear Regulatory Commission's Procedures for Acquiring Outside Goods and Services

More than half of the Nuclear Regulatory Commission's (NRC) annual budget (\$288 million for fiscal year 1979) is spent for acquiring outside goods and services. The vast majority of these expenditures--86 percent--is for research and technical assistance acquired from the Department of Energy's (DOE) various laboratories. Regarding these expenditures,

our March 7, 1979, report (EMD-79-37) to the Senate Subcommittee on Nuclear Regulation, Committee on Environment and Public Works, made several recommendations to ensure better compliance with requirements of applicable acquisition laws and regulations. We recommended that NRC justify its work placement with DOE laboratories instead of private contractors; seek greater competition in contract awards; ensure timely implementation of proposed procedures regarding contractor cost vouchers approval and alleviation of the contract closeout backlog; ensure better consultant appointment justifications; and tighten payment controls for consultants' services.

In response to our recommendations, NRC has instituted procedures to ensure the proper contracting source-- private or government--has been identified and the choice properly justified and documented; implemented a program which allows for earlier development of contract requirements and expanded its Bidder's Mailing List system in attempts to obtain more contract competition; and has instituted improved procedures for obtaining and paying consultants.

Improved Congressional Budgetary  
Control Over Department of  
Agriculture Appropriation Accounts

At the request of the Senate Appropriations Committee's Subcommittee on Agriculture, Rural Development, and Related Agencies, we determined the advisability of retaining no year funding for accounts in the 1979 Department of Agriculture Appropriations Bill. In our May 19, 1978, testimony before the

Subcommittee and in our report (PAD-78-74, September 19, 1978), we stated our general position that appropriations for regular operations of a department--other than long-term contracts--should be funded on a fixed-year basis. The 1979 Appropriation Act (Public Law 95-448, October 11, 1978) improved congressional budgetary control over seven Department of Agriculture appropriation accounts by changing them from no year to fixed year.

Improved Effectiveness and  
Administration of the Anti-  
dumping Act of 1921

Legislation enacted on July 26, 1979, amended the Anti-dumping Act of 1921 in several areas where we recommended change (ID-79-15, March 15, 1979). These include:

- Providing for simultaneous filing of antidumping petitions with the Department of the Treasury and the United States International Trade Commission (ITC). This will allow the ITC to proceed with its comprehensive investigation of injury without waiting some 7 to 10 months to begin an investigation while Treasury concludes its determination of whether imports had been sold at less than fair value;
- Collecting estimated dumping duties after a final affirmative finding of dumping has been made, with appropriate provisions of refunds and collection of over-and underpayments upon determination of final dumping duties;

- Using the best information available to determine dumping duties when delays are encountered because respondents and importers are slow in providing the data needed for duty determinations; and
- Establishing time limitations for collecting final dumping duties.

In addition, Treasury has reported (1) trying to obtain a monitoring system that will track imports for which anti-dumping proceedings have been initiated and (2) working to improve joint participation between Washington case handlers and Customs Service agents abroad in developing and verifying the data Treasury needs to meet its responsibilities under the act.

#### Improving Management of Equipment Warranties

The Washington Metropolitan Area Transit Authority is building and operating the METRO rapid rail system. We reviewed the management of equipment warranties to determine if the Authority was obtaining full value and found that warranty management was a low priority area and, as a result, the Authority was spending its own funds to make warranted repairs.

In our report (PSAD-79-41, February 27, 1979), we made a number of specific recommendations which the Authority's General Manager adopted. As a result of our report, in addi-

tion to actual collections of over \$1 million, the Authority realized other benefits by (1) making major modifications to the warranty and reliability requirements for the next rail-car procurement, (2) establishing clear lines of authority for enforcing warranty requirements, and (3) giving priority to the establishment of a computerized maintenance data system to track reliability and performance of equipment.

#### Increased Effectiveness in Acquiring Nuclear Weapons

Improved management interface between the Department of Defense (DOD) and the Department of Energy (DOE) should lead to increased effectiveness in acquiring nuclear weapons as a result of recommendations contained in our report (PSAD-79-4, November 7, 1978). The report identified the need for (1) DOD to provide more definitive requirements when requesting DOE to initiate engineering development for nuclear weapons (warheads, bombs, etc.), and (2) DOE to participate in the Defense System Acquisition Review Council (DSARC) process when a nuclear weapon is involved. In response, DOD advised us that procedures had been implemented to better define nuclear weapon requirements and to provide for DOE participation in DSARC. DOE indicated that direct involvement in the DSARC will provide an appropriate, timely information exchange at crucial DOD program milestone decision points, which will be mutually beneficial to the nuclear weapon development process.

Strengthening the Effectiveness of  
the Department of Energy's Nuclear  
Safeguards Program

The development and expanded use of nuclear energy in the United States has resulted in increasingly larger amounts of highly dangerous special nuclear material being processed by the Government and private industry. Two Federal agencies are responsible for properly safeguarding civilian nuclear activities in this country--the Department of Energy for nuclear materials held by its research and development facilities, and the Nuclear Regulatory Commission for commercial nuclear facilities.

In our July 23, 1976 report (EMD-76-3), we found problems with the systems used to account for and protect special nuclear materials at Federal facilities. The problems resulted primarily because the agency responsible for developing and operating the facilities was also responsible for safeguarding its own programs without independent oversight.

In a more recent report (EMD-77-40, May 2, 1977), we also found weaknesses in the nuclear material accountability and physical security systems at commercial facilities and compared NRC's programs to those of DOE. In this later report we pointed out, among other things, the need to (1) minimize the risk to the public of subordinating regulatory to promotional functions, (2) maximize objectivity and impartiality, and (3) increase public confidence in the safe operation of all nuclear facilities. It was therefore, necessary to assure that an independent determination be made that Federal

and commercial nuclear facilities are being operated in the best interests of the security, health, and safety of the Nation. Accordingly, we recommended that independent assessments be made regarding the adequacy of DOE safeguard programs.

DOE agreed with the thrust of the recommendation and initiated studies to determine the best way for implementing it. As a result of DOE's follow-on studies, top agency management issued a directive on September 13, 1977, which gave DOE's Office of the Inspector General full responsibility for nuclear materials safeguards oversight for all Federal nuclear facilities. The Office of Inspector General has no direct program responsibilities and reports directly to program directors and the Deputy Secretary of DOE. As such, a separation is made between those responsible for safeguarding nuclear facilities and those responsible for ensuring its effectiveness.

As a result of DOE's action on our recommendation, we believe the public interests are better served by achieving a higher, more objective level of assurance that special nuclear material at the Nation's Federal nuclear installations is properly protected from theft, diversion, sabotage or other violent acts.

A New System of Tax Incentives For  
Americans Working Abroad to  
Improve U.S. Competitiveness

Legislation enacted November 3, 1978, (Public Law 95-615), established a new system of tax deductions as an incentive for U.S. citizens to work overseas. This reversed

an October 1976 legislative decision to reduce substantially a longstanding tax incentive for citizens employed abroad. We reported (ID-78-13, February 21, 1978) on the adverse impact of the reduced tax incentive on employees, companies, and the U.S. economy. In the report we observed that, to remain competitive in overseas markets, it is essential to maintain a large force of U.S. citizens abroad to promote and service U.S. products and operations. We urged that a substantial tax incentive be continued to encourage overseas employment. In the congressional deliberations leading to the new legislation, there was frequent reference to our views. The report and related testimony contributed significantly to the development of the legislation.

Improvements in Timeliness and  
Accuracy of Operational Test  
Information Reported to the Congress

In our report to the Congress (PSAD-79-46, March 9, 1979), we demonstrated that the results of tests and evaluations of several Navy and Air Force major weapon systems were incorrectly reported to the Congress in Congressional Data Sheets. In fact, many of the Data Sheets reviewed by us contained clearly misleading information. To improve the quality and timeliness of operational test results reported in the Data Sheets, we recommended that the Secretary of Defense require (1) more thorough review of Congressional Data Sheets by the Office of the Director of Test and Evaluation before submission to the Congress, (2) more definitive guidelines concerning the

kind of test information that is required in Congressional Data Sheets, and (3) continued evaluation and identification of new test results that become available after initial Congressional Data Sheets submissions to determine if updated information should be reported to the Congress.

On May 14, 1979, DOD stated that our report was very useful in highlighting some of the problems involved in communicating to the Congress--accurately and concisely--the voluminous and often complex results derived from operational testing of weapons systems. DOD agreed there is a need to improve the communication process and initiated corrective action in line with our recommendations.

Coordinating State and Local  
Government Productivity  
Improvement Efforts

We recommended in our report (CGD-78-104, December 6, 1978) that the Federal Government establish a strong focal point for State and local government productivity improvement efforts. The Federal Government has an interest in these improvements because the national economy is strengthened, and the costs of Federal programs carried out by State and local governments are affected by the efficiencies of those governments.

In January 1979, the Office of Management and Budget acted on our recommendation and designated the Office of Personnel Management as the Federal Government's focal point for support of State and local government productivity improvements.

Improved Procedures for Notification  
of Payees and Delivery of Checks of  
Claimants Under the Micronesian War  
Claims Program

During our review of the Micronesian War Claims program, we found that approximately 34,000 U.S. Department of the Treasury checks for a total of \$29.5 million had been issued to Micronesians, without sufficient controls to assure who had received and cashed them. The Micronesians we interviewed often did not have a clear idea what was due them and, in some cases, could not recollect receiving certain checks reported as issued to them. We examined copies of canceled checks and found that some had questionable endorsements. This information was turned over to the Department of Justice.

Considering these circumstances and that many millions of dollars in claims were still unpaid at the time of our review, our report (ID-77-62, March 7, 1978) recommended that the Secretary of the Interior, through the Trust Territory Director of Finance, (1) strengthen procedures for notification and delivery of checks, (2) distribute detailed information about the checks to district offices, and publicize the information so that claimants would know which payments they should have received, and (3) verify, on a selective basis, that the recipients received their payments.

The Director, Office of Territorial Affairs, Department of the Interior, notified us by letter dated September 26, 1978, that the recommended procedures were adopted in July 1978.

## Workplace Hazard Inspection Program

On April 9, 1979, we reported to the Congress (HRD-79-48) that virtually every complaint received by the Department of Labor's Occupational Safety and Health Administration and the States which alleged workplace hazards resulted in a workplace inspection. Many of the complaints were frivolous. Most of the alleged hazards did not violate safety and health standards and involved low-risk industries.

The agency accepted our recommendations and established a program to professionally evaluate and screen all complaints to determine the nature and severity of the hazard; the number of employees potentially exposed; and any injuries, illnesses or symptoms attributable to the hazard. The new program should allow for quicker resolution of complaints and should focus agency resources on more effective and expeditious investigations of complaints in areas of high risk.

## Improved Accounting and Financial Reporting

Accurate accounting is necessary to control Government assets and to present fairly the financial position of the Government. In the past, the Social Security Administration (SSA) and the National Aeronautics and Space Administration (NASA) materially misstated accounts receivable, precluding a fair presentation of these agencies' financial position.

In separate reports to these agencies, we recommended specific improvements. Both agencies implemented our

recommendations.

Our report (FGMSD-77-32, September 6, 1977) stated that in 1976, the SSA did not include the accounts receivable resulting from overpayments under the various benefit programs in reporting its financial position to the Department of the Treasury. Its reported accounts receivable from the public was \$83 million. As of September 30, 1978, overpayments to retirees and other recipients were included and reported as accounts receivable. The reported accounts receivable amount was \$1.5 billion with an allowance for uncollectible accounts of \$478 million.

NASA took action to process billings through the accounting system to reflect properly the monies already collected and placed in a deposit fund account. At March 31, 1979, the billed accounts receivable amount was \$227 million. The billings processed for collection in April were for \$175 million. As a result of these billings in line with our report's recommendation (FGMSD-77-89, October 21, 1977), the accounts receivable balance and the deposit fund balance were reduced by \$175 million.

Action Taken by the Law Enforcement  
Assistance Administration to Protect  
the Location of its Undercover  
Fencing Operations

In preparing for a survey of the Law Enforcement Assistance Administration's (LEAA) antifencing program, we found that six active projects were listed in LEAA's computerized information system. The projects were operating with funds pro-

vided to States under LEAA's block grant program.

Since the information in LEAA's computer system is available to the public, the location of the projects could have been inadvertently disclosed, thereby placing the lives of participating law enforcement officers in danger. We brought this matter to the immediate attention of LEAA officials.

We were subsequently advised that LEAA's procedures for entering information into its computerized system did not take into consideration the possibility that States would report information that was supposed to have been kept confidential. On May 16, 1979, LEAA informed us that the input requirements for its computerized information system were being modified and that the changes would keep the location of its active antifencing projects from being disclosed.

#### Improved Controls Over the Health, Education, and Welfare Payroll System

Since it started operation, the Department of Health, Education, and Welfare's (HEW) centralized payroll system had been beset with control problems. As a result, employees were frequently over- or underpaid.

We issued a series of reports to the Secretary of HEW between October 1976 and September 1977 containing over 55 specific recommendations to improve this system. The Department took action to improve internal control procedures, assuring that prompt and accurate payments are made to civilian employees. For example, specific actions were taken to improve time and

attendance reporting, authorize supplemental payments, regulate experts' and consultants' pay, monitor pay adjustments, control temporary pay records, and improve the quality of microfilm records.

Actions Taken to Improve Quality  
Control Procedures in the National  
Cancer Institute's Chemical Testing  
Program

The National Cancer Institute's (NCI) tests of chemicals for cancer are done mainly by subcontractor laboratories under a prime contract. Our report (HRD-79-51, March 30, 1979), prepared at the request of Congressman Henry A. Waxman, showed that NCI was neither requiring nor receiving complete reports of the prime contractor's inspections of subcontractor laboratories. As a result, laboratory deficiencies were being withheld from NCI and the prime contractor had failed to take corrective actions on deficiencies found. We suggested that NCI require the prime contractor to submit complete reports of its laboratory inspections and to set up a system to track deficiencies and ensure their correction. We also suggested that the prime contractor inform its subcontractor laboratories in writing of deficiencies found. NCI made changes in its prime contract to implement our suggestions.

Legislation Enacted Requiring That  
Treasury Pay Salaries for International  
Operations From Appropriations Instead  
of the Exchange Stabilization Fund

On October 7, 1977, the Comptroller General testified before the Senate Subcommittee on International Finance, Committee on Banking, Housing and Urban Affairs in support

of Senate Bill 2093 to discontinue use of the Exchange Stabilization Fund to pay administrative expenses. The Comptroller General commented as follows:

"We concur with Treasury's decision to seek legislation to pay salaries and administrative expenses from appropriations instead of from Fund resources since all administrative expenses of the Treasury Department will be handled in a consistent manner. In this way the Congress will be better able to evaluate competing budgetary programs and to establish overall priorities for allocating resources."

These efforts by us contributed to passage of S. 2093 (Public Law 95-612, November 8, 1978) which states that, in line with our position, the Exchange Stabilization Fund shall not be available for payment of administrative expenses.

#### Actions Taken to Improve Job Training Programs

In a report to the Congress (HRD-78-96, July 7, 1979), we recommended that the Secretary of the Department of Labor (DOL) should take action to improve the management of multi-billion dollar job training programs authorized by the Comprehensive Employment and Training Act (CETA). We reported that some classroom and on-the-job training program participants were successful in obtaining and retaining employment, but many were not. The cost to place participants in subsidized jobs varied significantly. We recommended that DOL take a stronger and more active Federal oversight role of the job training programs to ensure, among other things, that participants' employment needs and capabilities are more accurately identified. We also recommended that DOL develop more specific and appropriate performance standards for each training activity,

and revise the federally required reports to provide adequate information to evaluate training activities.

At the time this report was issued, CETA did not give DOL express authority to take certain actions relating to our recommendations. The amendments added to CETA by Congress in 1978 gave DOL the clear authority to do so.

Regarding our recommendation that DOL develop performance standards with which to evaluate these programs, DOL had been reluctant to develop performance standards because of the still evolving and unsettled nature of Federal versus local government roles in the management of CETA's decentralized programs. However, a provision was added in CETA's 1978 amendments which gives DOL the authority to develop performance standards. DOL is presently in the process of developing these standards.

Our report also recommended that DOL redesign the management information system used by the program operators to provide adequate information to evaluate training activities. The 1978 amendments added a provision requiring DOL to report the types of participant outcomes experienced after they leave training. DOL had redesigned its Federal reports to obtain information which should enable the Department to better evaluate these programs.

In addition, concerning our recommendation that participants' training needs and capabilities be more accurately assessed, the Congress added a provision to CETA in the 1978 amendments which requires program operators to develop a per-

sonalized employability plan for each participant. Our report noted that participants were not usually assessed properly when they enrolled in these training programs. This new requirement should result in program operators properly assessing each participant before it is decided which training programs the participant should enter.

Achieving Foreign Aid Objectives  
Through an Alternative Form of  
Assistance

The United States provided balance of payments support to Israel from 1972 to 1978 through a \$2 billion Commodity Import program (CIP), under which the Agency for International Development (AID), reimbursed Israel for nonmilitary imports from the United States.

Our review disclosed that program objectives were not being met due to cumbersome procedural and paperwork requirements for documentation of each of the thousands of commercial transactions eligible for reimbursement. The need for the documentation was questionable because the United States and Israeli Government statistics showed that Israel's non-military purchases in the United States exceeded the CIP aid levels.

We suggested to the House Committee on International Relations several alternatives to the CIP, and the Committee staff subsequently asked AID to examine these alternatives. In our report to AID (ID-78-31, August 13, 1978), we also suggested that AID examine various alternatives which would better achieve program objectives.

As a result of our review and congressional and agency interest, a revised FY 1979 Congressional Presentation was submitted by AID, which proposed that the CIP be replaced with a simplified cash transfer program. The International Security Assistance Act of 1978 (Public Law 95-384, September 26, 1978) authorized a cash transfer program, and AID implemented this program in December 1978.

