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Testimony before the House Committee on Appropriations: Military Construction Subcommittee; by Elmer E. Staats, Comptroller General.

Contact: Office of the Comptroller General.

Organization Concerned: General Accounting Office.

Congressional Relevance: House Committee on Appropriations: Military Construction Subcommittee.

Authority: Clean Air Act Amendments of 1977. Community Emergency Drought Relief Act of 1977. Surface Mining Control and Reclamation Act of 1977. Toxic Substances Control Act. United States Grain Standards Act, as amended. Youth Employment and Demonstration Projects Act. P.L. 94-399.

The General Accounting Office (GAO) requested an appropriation of \$187,843,000 for fiscal year 1979, an increase of \$11,863,000 over its 1978 appropriation. The increase is primarily attributable to the need for increased personnel to avoid unacceptably "thin" audit coverage. GAO's budget request has three basic objectives: to be able to respond to specific congressional requests for assistance, to maintain a minimum level of audit and program evaluation for all programs for which the GAO has audit responsibility under its basic statutes, and to carry out continuing day-to-day responsibilities under GAO's basic statutes. About 95 additional positions are needed in 1979 to meet GAO's mandated workload. Beyond that, 25 average positions will be needed to meet the requirements of recent legislation. Some legislation assigns GAO a particular one-shot review, usually within a specified time frame. Other legislation creates or expands programs which assign audit responsibility to GAO. The resources requested are not to fulfill audit and evaluation requirements of any pending legislation but are intended to meet GAO's already mandated responsibilities. (RRS)

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22 FEB 1978

STATEMENT OF  
ELMER B. STAATS COMPTROLLER GENERAL OF THE UNITED STATES  
BEFORE THE LEGISLATIVE SUBCOMMITTEE  
APPROPRIATIONS COMMITTEE  
HOUSE OF REPRESENTATIVES  
ON  
BUDGET ESTIMATES FOR FISCAL YEAR 1979

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

We are presenting today the financial requirements to carry out the responsibilities of the General Accounting Office for fiscal year 1979. My statement will highlight the more detailed "Justification of Estimates" submitted to the Subcommittee earlier.

The request which we are supporting today is for \$187,843,000, an increase of \$11,863,000 over our 1978 appropriation. It will support 5,264 average positions in fiscal year 1979, an increase of 120 over the 5,144 authorized for fiscal year 1978. Of the \$11.9 million increase about \$4.3 million is attributable to our request for the additional 120 average positions; the balance of \$7.6 million supports our current level of services. No increase in GAO staff was provided for in the 1978 appropriation.

After a detailed review of our workload and the opportunities for savings and improvements in Federal operations, I have concluded that we need a small increase in staff to do the job which the Congress expects of us.

Mr. Chairman, the scope of GAO responsibilities is immense. The Federal budget this year is \$500 billion and we are charged with auditing essentially all of it. Furthermore, we need to review certain State and local government spending programs when they involve matching Federal dollars. The growth of tax dollars, whether Federal, State or local, and the proliferation of Federal programs over the years has simply put a strain on our ability to give them all adequate coverage. We have attempted over the years to be austere in our requests for additional resources. While we do not want to make our case on the basis of a cost/benefit analyses, the General Accounting Office more than pays its way. I will discuss this in greater detail later. I hope you will agree that the additional funds that we are requesting will yield an excellent return to the Federal Government.

In summary, the request which we are making has three basic objectives:

1. To be able to respond to specific congressional requests for assistance. We estimate our staff requirements to meet this objective in fiscal year 1979 will total 1,585 staff years, an increase of 20 over our requirements in 1978.

2. To maintain a minimum level of audit and program evaluation activity for all programs for which the GAO has audit responsibility under its basic statutes. Our objective here is to keep the Congress informed of executive agencies' progress and problems.

and to recommend ways to make Government more effective and less costly. As the Federal budget increases and new programs are enacted, our workload automatically increases. Despite our strenuous efforts to absorb this increased workload, we find it necessary to add 103 staff years in 1979 to carry out this objective. Further reduction of audit coverage would be highly unwise, in our opinion, from the standpoint of adequate congressional oversight. In the past, far more money has been saved, as a direct result of GAO-initiated audits, than was spent on them.

3. To carry out our continuing day-to-day responsibilities under GAO's basic statutes. These responsibilities include approving and monitoring agency accounting systems, settling claims by and against the Government, rendering legal opinions, and so forth. They are a part of GAO's continuing workload. Three fewer positions will be needed to carry out this objective in 1979.

STATUS OF FISCAL YEAR 1978 FUNDING

Before discussing our work and plans for fiscal year 1979, I will summarize the status of our FY 1978 appropriations.

Appropriation for FY 1978	\$167,000,000
Anticipated reimbursements	500,000
Required to meet October 1977 pay increase	8,980,000
Total availability for FY 1978	<u>176,480,000</u>
Obligations through December 31, 1977	45,174,041
Estimated obligations through remainder of FY 1978	<u>131,305,959</u>
Estimated total obligations for FY 1978	<u>176,480,000</u>

## THE GENERAL BASIS FOR OUR 1979 REQUEST

The requested increase is needed to meet the requirements of known workload that we cannot meet in any other way. I will describe some of the new demands on us, but first, I would like to put them in the perspective that we must deal with them.

Each year the audit and evaluation requirements of new legislation and the expansion of existing programs increase our workload. Their impact on our workload, for the most part, is clear and measurable. That is, we can reasonably estimate the staff resources we will need to do the work they require. The more difficult question is the extent to which we can reduce the need for increased staff by doing less work in other areas. As important as it is to minimize our need for additional staff, it is no less important that we meet all of our legal responsibilities.

Recently, we established a planning system to identify those matters of greatest interest or importance to Congress in which we can expect to make a significant contribution. This officewide system guides GAO work planning in such important areas as energy, income security, environmental protection, and procurement. This planning is done with the needs and interests of the Congress in mind, after consultation with congressional committees.

In this overall planning approach, as well as in selecting individual assignments, we continually probe the justification for and the significance of all proposed audit and evaluation work.

It enables us to set more appropriate priorities; it also alerts us to areas where our audit and evaluation coverage is becoming unacceptably "thin." This latter point, particularly, is one that we cannot afford to overlook.

NEED TO AVOID UNACCEPTABLY  
"THIN" AUDIT COVERAGE

In the past several years we have often dealt with increased workload by reprogramming--reducing or eliminating work that would otherwise have been done.

In doing this we have tried to minimize the adverse effects on our continuing audit and evaluation responsibilities. I do not believe, however, that we can continue to divert staff from other work without jeopardizing the adequacy of our audit coverage of major Federal programs covering a wide range of congressional concerns and costing billions of dollars annually.

To illustrate, in fiscal year 1970, about 45 percent of GAO audit effort was related to national defense programs and expenditures. In fiscal year 1975 this percentage declined to about 29 and in 1977 to only 23 percent of our total. I do not consider a restoration of the 45 percent level necessary. However, some increase in emphasis on defense-related work will be needed in fiscal 1979--namely, an increase of 57 average positions. With this increase, defense-related work will still constitute only 25 percent of our total effort.

The demands of new legislation and other requirements beyond our control have also forced us to limit our work on

a number of civilian agency programs. Consequently, in fiscal year 1979, GAO work on all major transportation agencies needs increased emphasis. Our work involving highway construction programs and financing, aviation safety and air traffic control, and navigation systems must be increased in fiscal year 1979 to assure adequate coverage. Reprograming to other more pressing demands, including most recently the Grain Standards Act of 1976, has meant also that GAO reviews of national defense programs and activities have had to be curtailed in the past several years.

We have reduced our coverage of the U.S. Postal Service, the District of Columbia Government, and the Consumer Products Safety Commission to levels that should not be long sustained. Reprograming to other more pressing demands has prevented us from doing what we consider to be necessary work in connection with important health, energy, and income security programs. GAO work on Federal initiatives for productivity improvement have also been deferred to satisfy other pressing demands. In all, we need 38 additional staff years in fiscal year 1979 to bridge what I consider to be gaps in our present audit and evaluation coverage in civilian areas.

Unquestionably it will be necessary, in the future as it has been in the past, for us to reprogram to meet the requirements of new and more immediate concerns. Still, we must have a total staff that is adequate to meet all the responsibilities we have been assigned.

IMPACT OF LEGISLATION AND OTHER  
CONGRESSIONAL ACTIONS ON GAO  
REQUIREMENTS FOR STAFF

I have pointed out that we will need 95 additional average positions in FY 1979 to "shore up" and to prevent the further erosion of our coverage of civilian and defense programs. Beyond that, 25 average positions will be needed to meet the requirements of recent legislation. Some legislation assigns GAO a particular one-shot review, usually within a specified time frame. This responsibility may continue over several years. For example, audit and evaluation work required by the Health Maintenance Organization Act of 1973 will be completed during the current fiscal year.

After the specifically required GAO work is completed, the programs covered by the legislative mandate become part of our continuing workload, to be scheduled for audit and review as warranted and as resources permit.

Other legislation, such as the Legislative Reorganization Act of 1970 and the Budget and Impoundment Control Act of 1974, gives us new continuing responsibilities and new areas of emphasis which become part of our basic legislative charter--no less so than the Budget and Accounting Act of 1921 and the Accounting and Auditing Act of 1950.

A very important statutory workload is that which flows from the enactment of any new legislation that adds or expands Federal programs. Each such statute gives GAO an audit respon-



sibility no less than those for specifically required audits. I will briefly describe some of the legislative actions that will add to GAO staff requirements in fiscal year 1979.

Legislation Giving Specific  
Assignments to GAO

Fifteen statutes require specific audit and evaluation work to be done by GAO within a specified time frame. Four of these mandate work that will be completed in fiscal year 1978. The remaining 11 will impose major workload in fiscal year 1979, requiring 89 average positions. This exceeds the average positions required for this work in fiscal year 1978. Laws of this type which will require the largest staff increases are:

- The Toxic Substances Control Act (October 1976), which requires GAO to review the adequacy of an indemnity study required of the Environmental Protection Agency and to report our findings to the Congress within 6 months after we receive the study.
- The United States Grain Standards Act (October 1976), as amended which requires GAO, in cooperation with the Federal Grain Inspection Service and the Department of Agriculture's Office of Investigation, to thoroughly evaluate the status of inspection at interior locations, to identify needs for reform, and to report findings to the House and Senate Agriculture Committees by November 1979.

--Public Law 94-399 (September 1976), which established the Temporary Commission on Financial Oversight of the District of Columbia and requires the Comptroller General to review and approve the improvement plan developed for D.C.'s financial management systems and to monitor the installation of the approved systems.

Work on other legislation, including the Energy Conservation Act of 1976 and the Railroad Revitalization and Regulatory Reform Act of 1976, will require substantial GAO staff resources in both fiscal year 1978 and fiscal year 1979.

The important point is that work specifically mandated by legislation is a substantial part of our workload. Unless the additional staff required is available, we must perform this work by reducing audit coverage in other areas needing audit or evaluation.

I want to emphasize, Mr. Chairman, that although GAO is directed by the Congress to evaluate and report on a specific matter, our audit responsibilities do not end at the time that report is made. For example, we were tasked by the Congress to report on the Health Maintenance Organization Act of 1973 but we will need to continue reviewing HMOs after that report is released. We were tasked by the Congress to report on the impact of anti-recession legislation and we have done that. But we have a continuing responsibility to look at what is happening because of the expenditure of anti-recession funds. Once the Congress passes a law, we are charged under our several enabling

acts to review those programs--they simply become part of our normal workload; they don't go away.

Legislation Creating New Or  
Expanding Existing Programs

Also adding to our workload--and our need for staff--is legislation which creates or expands programs. Our fiscal year 1979 workload will be increased over fiscal year 1978 levels by a number of recent statutes which give us audit responsibilities even though they do not mandate completion of audits by a particular date. The following are a few examples of legislation enacted since our appropriation request for FY 1978.

--The Surface Mining Control and Reclamation Act of 1977

(August 1977) imposed Federal regulation on strip mining of coal in all parts of the country. We will need to review implementation and enforcement of this legislation.

--The Community Emergency Drought Relief Act of 1977

(May 1977) authorized grants and loans to applicants in drought impacted areas for projects that will augment community water supplies and promote water conservation. We will need to review this program in fiscal year 1979.

--1977 Amendments to the Clean Air Act (August 1977) gave additional responsibilities and authorities to the Environmental Protection Agency, involving such things as conversion to coal as a major source of energy, tightening of controls over automobile emissions, and consid-

eration of environmental tradeoffs related to possible fuel savings. We will need to do considerable work in this area in fiscal year 1979.

--Youth Employment and Demonstration Projects Act (August 1977) which established four programs, provides youths opportunities for employment in their own or other communities and with State and Federal government agencies. Funding is \$1.5 billion for fiscal year 1978. GAO will need to apply substantial resources to this area in fiscal year 1979.

We are requesting 20 additional average positions to meet the requirements of this expanded workload. Even with the additional resources required for work on these Federal programs and activities in fiscal year 1979, we will have to absorb the workload involved in auditing all of the above legislation in fiscal year 1978. This will increase our difficulties in maintaining an adequate level of audit coverage this year.

#### Likely Effects of Legislation Now Pending

Our policy in the past has been not to request staff in anticipation of the possible enactment of pending legislation--no matter how likely passage seems. This has meant that each year we must absorb the workload requirements of new legislation at least for the first year. Such requirements can be substantial. For example, our division directors have estimated that legislation currently receiving serious consideration by the Congress would, if enacted, impose fiscal year 1979 workload demands on

GAO of 250 average positions. If any or all of these proposals are enacted, we will either have to spread our staff more thinly or seek a supplemental appropriation, depending upon the impact of the legislation. For example, if the National Energy Act is approved we estimate our audit workload will increase 45 to 50 average positions.

As before, we are not requesting resources to fulfill the audit and evaluation requirements of any pending legislation. I mention these potential workload demands only to underline the need to fully fund our 1979 request for resources to meet present workload demands.

#### STAFF REQUIREMENTS BY PROGRAM CATEGORY

Attachment 1 is an overview of the way we plan to apply resources in fiscal year 1979 in each of our divisions and offices. That attachment refers to the section of our "Justification of Estimates" which describes the needs of each division and office.

As I pointed out earlier in my statement, we also view our need for staff in terms of GAO-wide program categories which require the participation of all or most GAO organizational units. Average position requirements for each of GAO's program categories are as follows:

<u>Program category</u>	<u>Estimated average positions</u>		
	<u>FY 1978</u>	<u>FY 1979</u>	<u>Change</u>
Direct assistance to Congress (Specific mandates and Committee and Member requests)	1,565	1,585	+ 20
Review of programs, under current statutes, for economy, efficiency, and effectiveness	2,264	2,367	+103
Examination of agencies' financial systems, transactions, accounts, and reports	229	233	+ 4
Financial management improvement	160	161	+ 1
Claims settlement and debt collection activities	126	118	- 8
Legal services and decisions	239	239	-
Executive direction and management services	<u>561</u>	<u>561</u>	<u>-</u>
<b>Total</b>	<b><u>5,144</u></b>	<b><u>5,264</u></b>	<b><u>+120</u></b>

I would emphasize that all proposals for work in each of these categories--not just year-to-year changes--are subjected to rigorous review within GAO.

DIRECT ASSISTANCE TO CONGRESS (SPECIFIC MANDATES AND COMMITTEE AND MEMBER REQUESTS)

This is our second largest program category. It is the one under which we

- perform special work mandated by statute,
- respond to committee and Member requests for audit and evaluation work,
- testify at hearings,

- assign staff to congressional committees,
- give advice and assistance in connection with pending legislation,
- perform accounting, auditing, and advisory services for House and Senate financial and administrative operations, and
- perform congressional liaison activities.

By far the largest of these areas is work in response to committee and Member requests for audit and evaluation work. For several years this work has been increasing--from 8 percent of GAO's professional staff resources in fiscal year 1968 to about 35 percent for fiscal year 1977. The great majority of our effort here is for committees rather than individual Members. For example, in fiscal year 1977, 75 percent of our congressional request work was for committees whereas 25 percent was for individual Members.

GAO staff at all levels recognize the importance of our direct assistance role, and the need to respond as promptly and completely as possible. The large increase in the number of requests for our testimony is just one indication that our work is being used to a growing degree. We estimate that during the first 6 months of this fiscal year we will have testified 75 times.

The increase of 20 average positions to a total of 1,584 for work in this program category is a minimal one. It includes the requirements of specific studies mandated by statute that I have already discussed in some detail. Requirements in

this category would be greater except for several actions we have taken:

--When more than one committee or Member requests work in an area of general interest, GAO staff works with the requestors and is often able--perhaps by slightly altering ongoing or planned work--to meet their needs simultaneously.

--Close and continuing contacts with committees and Members and their staffs are helping us to meet the objectives of requests with less extensive audit work, by providing information from prior reviews or work in progress or by arranging to use studies developed by others.

--GAO's planning system and our increasing contacts with congressional committees help to assure that our self-initiated work is closely related to current congressional concerns and interests.

There is, of course, a very close relationship between our direct assistance work and that which constitutes our continuing coverage of agencies and programs. Request work frequently covers subjects which GAO would audit even if no request had been received. The converse is also true; that is, the more relevant our work is to current needs of Congressional Committees, the less likely it is that request work will be forthcoming. The principal difference between our direct assistance work and that of our other program categories is that direct assistance is performed in response to specific requests or requirements,



rather than in support of Congress under our continuing legislative mandates.

Our requests for staff, and our program and assignment planning systems on which they are based, recognize these relationships. It is important for us to know and be prepared to meet the specific needs of committees and Members. But in testing the adequacy of our present and planned coverage of agencies and programs, we consider all related work, including that which was performed at the request of a committee or Member.

Concern has been expressed frequently both in Congress and in GAO about the time required in many cases to respond to congressional requests. While we have made substantial progress, we are implementing new ways to do all of our audit and evaluation work more promptly--while still doing an acceptable professional job. Over the past several months we have had an internal task force seeking ways to speed up the issuance of our reports.

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

This is our largest program category and the one that will require the largest increase over fiscal year 1978 levels. In fiscal year 1979 we will need to devote 2,367 average positions to work under this category. This is 103 more than the 2,264 available in fiscal year 1978.

Work under this category includes a wide variety of audits and evaluations of virtually all Federal agencies' programs. Our work under this category is an important way to provide the

Congress with the information it needs in overseeing executive agencies and their programs. It also provides analyses and alternatives for Congress to use in considering program reauthorizations, new appropriations, and, frequently, new program proposals.

GAO's objective in planning work under this category has been to provide a reasonable level of coverage over the range of Federal programs and agency operations, with particular emphasis on those of greatest interest to the Congress. Increasingly, in recent years, our audit and evaluation work considers the interrelationships of Federal programs. By so doing we provide the Congress with information on program gaps and overlaps and we probe areas in which Federal programs may even be operating inconsistently or at crosspurposes.

GAO work under this category is accomplished through a large number of individual assignments. We have prepared a "handout" that illustrates the range and diversity of these individual assignments.

Each individual assignment has a clearly, defined objective. But through the program planning system that I referred to earlier in my statement, these assignments form parts-- "building blocks"--of more comprehensive evaluations of major issues of highest national interest.

Currently, GAO-wide planning has been assigned to our operating divisions for 34 such major issues. They cover program areas such as health, energy, and income security. They also

include key management functions, such as personnel, procurement, and logistics. Assigning planning leadership for each major issue to a single GAO division helps to assure that work on the various issues seeks common objectives, is coordinated within GAO, and assures that there are no gaps or omissions in our audit coverage.

As I have already pointed out, the key to adequate coverage is adequate staff. GAO's planning and programming system is designed to make the best use of staff. It also identifies where audit and evaluation coverage is thin. The increase of 103 average positions that we are requesting for this program category will be used both to meet the requirements of recent legislation which created or expanded Federal programs--audit of which is made necessary by GAO's basic statutory authorities--and to shore up the coverage of Federal programs. I have spoken about each of these points earlier in my statement. Suffice it now to say that this is the program category they affect most heavily.

#### COMMENTS ON OTHER PROGRAM CATEGORIES

All of our program categories--and our plans with respect to them--are described in the "Justification of Estimates." So far in my statement I have discussed only the major ones. I will now highlight the others.

#### Examination of Agencies' Financial Systems, Transactions, Accounts, and Reports

GAO work under this category is primarily directed to the manner in which Federal agencies meet their responsibility for

fiscal and financial accountability. As with work in the other categories that I have already discussed, this work covers virtually all Federal agencies. We review the completeness and accuracy of accounting records and statements, the validity of financial transactions, the adequacy with which Federal financial assets are controlled, and the promptness and usefulness of financial reports.

We audit accounting and financial management systems as they are actually operating to make certain that the approved systems are, in fact, being followed. We audit and settle the accounts of accountable officers in both civilian and military departments and agencies and at military finance centers. We also audit Government corporations, as required by the Corporation Control Act of 1945. Work in this category is performed by various operating divisions, but planned and guided by the Financial and General Management Studies Division.

A total of 233 average positions will be required in fiscal year 1979 for work in this category--4 more than will be available in fiscal year 1978.

#### Financial Management Improvement

This category comprises GAO-wide work directed to improving financial management in Government. In fiscal year 1979, we will:

1. Review and, where warranted, approve agency accounting systems--with the goal of having all agency accounting systems approved by the end of fiscal year 1980.

2. Help committees to obtain and effectively use the fiscal, budgetary, and program information they need. This is an important part of our work--one which got particular emphasis as a result of the Budget and Impoundment Control Act of 1974.
3. Help Federal, State, and local governments to improve their accounting, auditing, and program evaluation standards and methods. A major objective is to improve auditing at Federal, State, and local governmental levels to provide greater assurance that Federal grant and revenue sharing funds are given proper audit attention at all levels of government.
4. Participate in the Joint Financial Management Improvement Program (with Treasury, OMB, and the Civil Service Commission), as provided in the Budget and Accounting Procedures Act of 1950.

In fiscal year 1979, 161 average positions will be required for work in this program category--an increase of 1 from fiscal year 1978.

#### Claims Settlement and Debt Collection Activities

This category includes our work in settling claims by and against the United States. Under it, we pursue claims presented to us for settlement. We are continuing our efforts to streamline the procedures by which we handle both debt and payment claims. Management improvements will permit us to

reduce our staff for this job by 8 in fiscal year 1979, to 118.

### Legal Services and Decisions

Our legal work covers virtually the full range of Government activity. This work involves:

- preparing decisions required by law to be rendered by the Comptroller General to the executive agencies.
- preparing advisory opinions upon request from committees, subcommittees and Members of Congress.
- reviewing, monitoring, and reporting to the Congress on executive branch impoundment actions under Title X of the Impoundment Control Act of 1974.
- representing the Comptroller General, in suits brought under the Impoundment Control Act of 1974, and in connection with his responsibilities under the Energy Policy and Conservation Act.
- rendering decisions on protests and complaints against agency and grantee contract award actions.
- providing legal assistance on audit reports.
- providing legal services to GAO divisions and offices.
- assisting the Department of Justice in the development and trial of suits involving matters in which GAO has an interest.
- furnishing legal reference and legislative drafting services.
- rendering decisions to claimants upon request for review or reconsideration of claims.

Staff requirements for this program category in fiscal year 1979 will be 239 average positions, the same as in 1978.

### Executive Direction and Management Services

This category includes activities required to provide central management services for the Comptroller General and GAO's operating divisions,

--Direction and control of the operations of the General Accounting Office by the Office of the Comptroller General.

--The functions of the Office of Policy, the Office of Program Planning, the Office of Internal Review, and the Information Officer.

--The functions of our Management Services Organization: direct support to all of GAO's divisions and offices in

- \*personnel management and staff development,
- \*accounting, financial management and ADP management,
- \*administrative and library services, and
- \*publishing.

Average position requirements for this program category in fiscal year 1979 will remain at 561.

#### RESULTS OF GAO WORK DURING THE PAST YEAR

In asking the Committee's support for our appropriation request, I consider it important to relate the results or accomplishments of our work over the past year. As you know, we do not have authority to direct agencies to accept or comply with our recommendations. The extent to which we are successful in bringing about improvements depends basically on (1) the adequacy of our factual analysis and the persuasiveness of our findings and recommendations and (2) the support our reports receive from the Congress. We are, therefore, advisers to the executive agencies and to Congress as we make our recommendations.

Moreover, the impact of the General Accounting Office is not easy to measure in many cases, because agencies sometimes make

changes not only because of our recommendations but because of recommendations from other sources--committees of Congress, outside organizations, and even editorials in the press. Some of these changes take place many months after our reports are issued or, in some cases, after repeated recommendations over a period of years. For example, GAO has been advocating for over 15 years--through periodic reports--that tax and loan account balances should be interest bearing. The Treasury Department finally took action this past year; savings to the Government will aggregate annual savings of about \$140 million.

Finally, it is important to note that the very presence of an oversight agency like GAO--that can ferret out problems and make them visible to the public and to the Congress--is an important asset in any governmental setting. Nevertheless, GAO does make an effort to keep a record, which is included in our annual report, of changes that are clearly related to our efforts.

I am distributing a separate document drawn from our annual report which sets forth GAO's accomplishments in fiscal year 1977. These break down into four general categories:

1. Actions taken by the agencies or by the Congress, implementing GAO recommendations which result in savings that can be readily measured or quantified.

During the past year GAO recommendations acted on by Federal agencies saved \$4.4 billion and those acted upon by the Congress saved \$1.2 billion, for a total of \$5.6



billion. These included 124 actions involving 28 different agencies and several which were Government-wide in scope. They cover actions in such varied areas as automatic data processing, Federal communications activities, procurement and contracting, facilities construction and operation, financial management improvement, utilization of Federal personnel, and improvements in the method for measuring pay comparability and determining pay schedules.

2. Management improvements that could not be readily measured or quantified, made as a result of GAO reports.

Examples include more effective screening of military enlistees, more effective promotion of U.S. products for export, better management for improving air traffic control, ending agricultural deficiency payments for crops not grown and reducing interest costs.

3. Debts due the United States collected as a result of GAO's claims activities.

In fiscal year 1977 we collected \$8.0 million owed the United States, for which executive agency collection efforts had been unsuccessful.

4. Actions taken to improve program effectiveness.

These recommendations, while not designed to produce savings, point out ways in which Federal programs can be made more effective or where program objectives can be carried out at a lower cost. In fiscal year 1977, accepted GAO recommendations which fall into this category include

such matters as upgrading the effectiveness of internal audit, improving consumer safety, improving control over the FBI's domestic intelligence operations, having better accountability and control for nuclear warheads, strengthening grain inspection, increasing sealift readiness of the National Defense Reserve Fleet, preventing possible conflicts of interest, and focusing attention on Federal banking regulation.

These and many other examples of accomplishments are set forth in the more detailed statement which has been made available to you.

This concludes my prepared statement. I hope you will agree that the additional funds requested will yield an excellent return for the Federal Government. We are now prepared to respond to any questions you may have.