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1976 ANNUAL REPORT

Comptroller General of the United States



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ANNUAL REPORT 1976

COMPTROLLER GENERAL
OF THE UNITED STATES



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-119600

April 30, 1977

The President of the Senate
The Speaker of the House of Representatives

Dear Sirs:

In accordance with section 312(a) of the Budget and Accounting Act of 1921, I respectfully submit the annual report on the activities of the United States General Accounting Office during the 15-month period ended September 30, 1976.

James B. Stacks
Comptroller General
of the United States

The General Accounting Office is under the control and direction of the Comptroller General of the United States. There is also a Deputy Comptroller General of the United States¹ who performs such duties as may be assigned to him by the Comptroller General and who acts as Comptroller General during the absence or incapacity of the Comptroller General or during a vacancy in that office. The Comptroller General and the Deputy Comptroller General are appointed by the President with the advice and consent of the Senate for terms of 15 years.

Comptrollers General of the United States	John R. McCarl
	July 1, 1921—June 30, 1936
	Fred H. Brown
	April 11, 1939—June 19, 1940
	Lindsay C. Warren
	November 1, 1940—April 30, 1954
	Joseph Campbell
December 14, 1954—July 31, 1965	
Elmer B. Staats	
March 8, 1966—	

Assistant Comptrollers General of the United States	Lurtin R. Ginn
	July 1, 1921—November 11, 1930
	Richard N. Elliott
	March 9, 1931—April 30, 1943
	Frank L. Yates
	May 1, 1943—June 29, 1953
Frank H. Weitzel	
October 12, 1953—January 17, 1969	

Deputy Comptrollers General of the United States	Robert F. Keller
	October 3, 1969—

¹ Public Law 92-51 (approved July 9, 1971) changed the title Assistant Comptroller General to Deputy Comptroller General.

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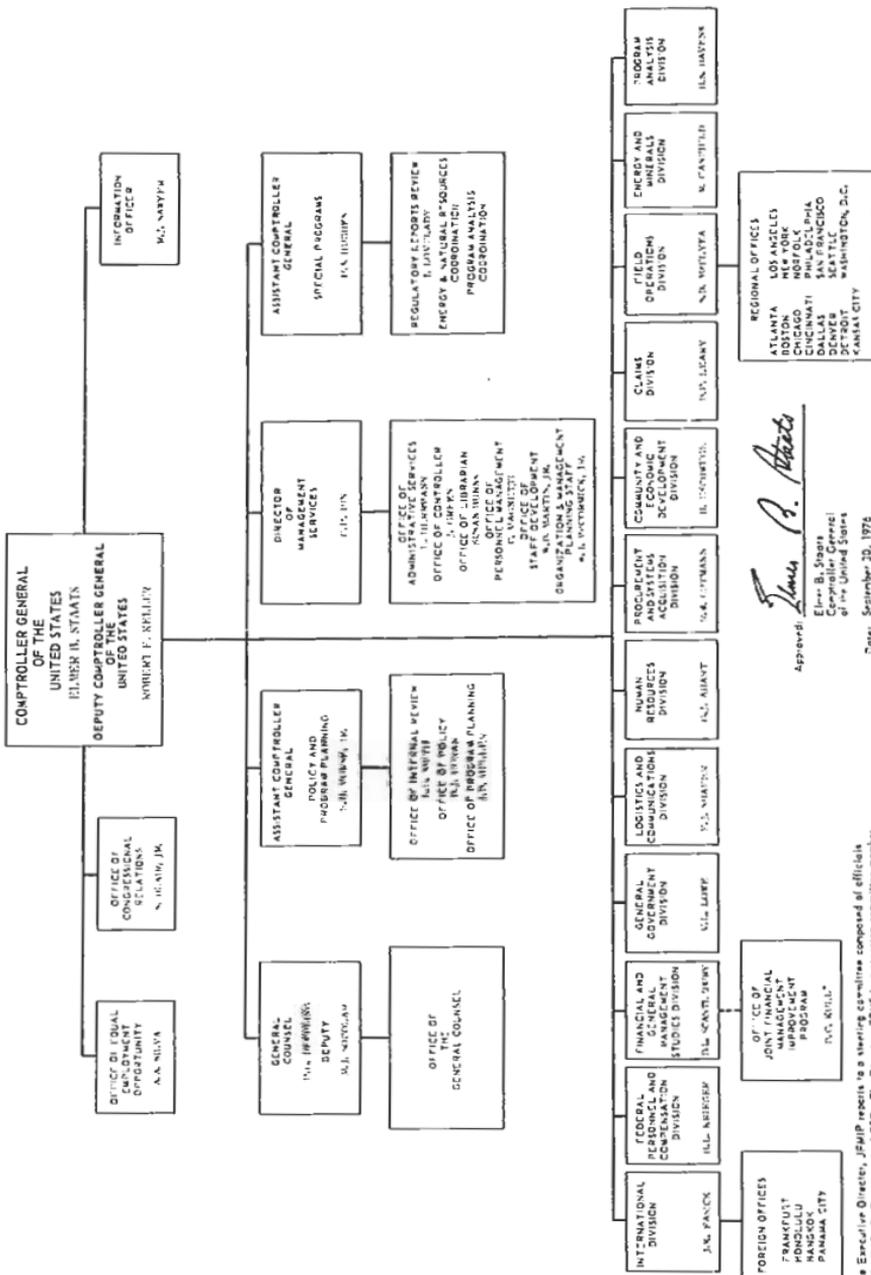
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Abbreviations

ADP	automatic data processing
AEC	Atomic Energy Commission
AID	Agency for International Development
AMTRAK	National Railroad Passenger Corporation
AUTODIN	automatic digital network
AUTOVON	automatic voice network
CHAMPUS	Civilian Health and Medical Program of the Uniformed Services
	Services
COG	Council of Governments
CONUS	continental United States
DCA	Defense Communications Agency
DEA	Drug Enforcement Administration
DOD	Department of Defense
EPA	Environmental Protection Agency
ERDA	Energy Research and Development Administration
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FDA	Food and Drug Administration
FEA	Federal Energy Administration
FmHA	Farmers Home Administration
GAO	General Accounting Office
GPO	Government Printing Office
GSA	General Services Administration
HEW	Department of Health, Education, and Welfare
HUD	Department of Housing and Urban Development
ICC	Interstate Commerce Commission
IRS	Internal Revenue Service
JFMIP	Joint Financial Management Improvement Program
LEAA	Law Enforcement Assistance Administration
LMFBR	liquid metal fast breeder reactor
NASA	National Aeronautics and Space Administration
NATO	North Atlantic Treaty Organization
NIE	National Institute of Education
NPS	National Park Service
OMB	Office of Management and Budget
OSHA	Occupational Safety and Health Administration
SBA	Small Business Administration
VA	Veterans Administration
VISTA	Volunteers in Service to America

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UNITED STATES GENERAL ACCOUNTING OFFICE



*The Executive Director, JESUP reports to a standing committee composed of officials of GAO, OMB, Treasury, and CSC. The Director, FDAS is a voting committee member.

CHAPTER ONE

HIGHLIGHTS OF ACTIVITIES

200 Years of Accountability

The year 1976 marked not only America's bicentennial but also 200 years of the Government's accountability to the people.

After approving the Declaration of Independence on July 4, 1776, the Second Continental Congress acted as a provisional government for prosecuting the War for Independence. It had to carry out financial operations, although it had no specified financial powers until the Articles of Confederation were adopted on November 15, 1777.

A Committee of Accounts, composed of a member from each Colony, was established after the Joint Treasurers of the United Colonies had difficulties settling accounts. These Committees examined the Government's accounts until the Constitution was adopted.

When the first Congress met in 1789 it was faced with the task of organizing the new government. One of its most perplexing problems was controlling and accounting for public funds. An act signed by President Washington established the Treasury Department, with a Secretary, a Comptroller, an Auditor, a Treasurer, and a Register. The Auditor and Comptroller were responsible for the Government's accounting business; accounts and claims were presented to, and stated by, the Auditor and reviewed by the Comptroller, thus combining the requirements of a double audit.

The most important audit and accounts legislation enacted between 1789 and 1921 was the Dockery Act of 1894, which completely reorganized Treasury's accounting and auditing methods. The several kinds of comptrollers, which had mushroomed under previous laws, were abolished, and centralized control was vested in the Comptroller of the Treasury. Administrative duties were transferred to auditors of the various departments.

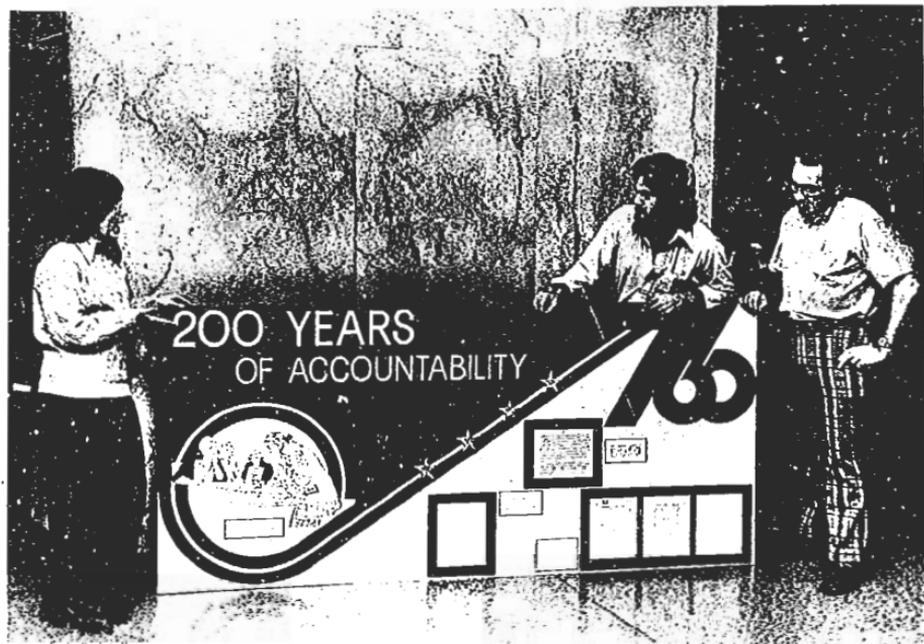
The Budget and Accounting Act, 1921—a landmark in modernizing the Government's financial management system—removed the audit and settlement functions from the executive branch and placed them in an independent General Accounting Office, directly accountable to the Congress.

The basic intent in creating the General Accounting Office and the position of Comptroller General was to strengthen congressional authority over and involvement in fiscal matters, both by assuring independence in the performance of functions previously vested in Treasury officials and by furthering the Congress' ability to obtain candid information. The legislative history of the 1921 Act consistently stressed that the Comptroller General should exercise objective and independent judgment, unfettered by political influence from congressional as well as executive branch sources. This remains as important today as it was perceived to be in 1921, if not more so. Historically, it has only been through scrupulous adherence to this nonpartisan objectivity that the Comptrollers General have been able to inspire confidence in their actions and thereby serve the Congress effectively.

Although GAO's responsibilities have been expanded and refined during the past 55 years, its major functions still are to:

- Assist the Congress in its legislative and oversight activities.
- Provide legal services.
- Audit and evaluate the programs, activities, and financial operations of Federal departments and agencies.
- Help improve Federal agency financial management systems.
- Settle claims and collect debts.

This report summarizes the work of the General Accounting Office for the fiscal year ended June 30, 1976, and for the 3-month transitional period to September 30, 1976. The transitional period allows for the change in the Federal Government's fiscal



Wendy Mitchell explains one of GAO's Bicentennial displays to Carmelo Ciancio and Bud Garces, other members of GAO's Graphic Services Staff. Ms. Mitchell designed the display.

year to end on September 30, as provided in the Congressional Budget and Impoundment Control Act of 1974.

Direct Assistance to the Congress

We make every effort to provide the information on Federal programs and agency operations that we believe will be most useful to the Congress, its committees, and Members (consistent with our responsibilities as an independent, nonpolitical agency).

Although they do not tell the full story of our activities, the reports we have completed indicate the amount of assistance we have provided. As shown below, we completed 1,380 reports on our audits and special studies during the 15-month period from July 1, 1975, to September 30, 1976. About 68 percent were submitted directly to the Congress, its committees, or Members. Interested committees and

Members of Congress also received copies of many reports addressed to Federal agency officials.

	Fiscal year ended June 30, 1975	15-month period ended Sept. 30, 1976
Congressional reports:		
To the Congress	199	301
To congressional committees	178	343
To Members of Congress	255	295
	632	939
Reports addressed to Federal agency officials	411	441
Total	1,043	1,380

Reports prepared in response to specific requests are only one of our many services to the Congress. Other direct assistance includes:

- Testifying before congressional committees.
- Briefing committees, Members, and staffs on Federal agency programs and activities.
- Developing questions for use during hearings.
- Assigning staff members to work for committees.

- Providing legal opinions and comments on pending legislation.

Our professional staff spent about a third of its time directly assisting the Congress. This work did not include the reports on Federal programs and activities that we did on our own initiative. Even though committees and Members of Congress extensively use the information in these reports, we do not consider this work direct assistance.

Reports to Committees and Members

We received 764 requests for audits or special studies during the 15-month period ended September 30, 1976. This was a considerable increase over the 469 requests received during the 12-month period ended June 30, 1975. Some of these requests can be answered with very little work, while others require a great deal of effort. If our results are important from a Government-wide standpoint, we try to arrange to report to the Congress as a whole.

For example, early in 1976 several congressional committees asked us to audit and evaluate the bank supervision activities of the Federal Deposit Insurance Corporation, the Federal Reserve System, and the Office of the Comptroller of the Currency. The committees requesting this work were the

—House Committee on Banking, Currency and Housing, including its Domestic Monetary Policy Subcommittee, and its Financial Institutions, Supervision, Regulation and Insurance Subcommittee;

—Commerce, Consumer, and Monetary Affairs Subcommittee, House Committee on Government Operations; and

—Senate Committee on Banking, Housing, and Urban Affairs.

We organized a special GAO task force of accountants, attorneys, economists, and systems analysts to carry out this comprehensive assignment. We do not have audit authority at two of the agencies, and our access to bank examination records at the Federal Deposit Insurance Corporation has long been contested, so we made special arrangements with the agencies for access to these records. Because of general congressional interest in the agencies' powers, capability, and independence to properly supervise banks, we reported the results to the entire Congress early in 1977.

Table 1 shows the number of reports to committees during the period; some were addressed to more than one committee. We also respond to requests of individual Members when feasible. The titles of all of our reports, including those to committees and Members, are shown in appendix 2. Details on many of these reports are provided in the following chapters.

Table 1

	<i>Number of reports</i>
Senate Committees:	
Aeronautical and Space Sciences	3
Aging	4
Agriculture and Forestry	6
Appropriations	40
Armed Services	9
Banking, Housing, and Urban Affairs	5
Budget	3
Commerce	6
Finance	3
Foreign Relations	2
Government Operations	26
Interior and Insular Affairs	6
Judiciary	4
Labor and Public Welfare	9
Nutrition and Human Needs	1
Operation of the Senate (Commission)	1
Post Office and Civil Service	3
Public Works	4
Small Business	2
Veterans' Affairs	5
Total	142
House Committees:	
Aging	1
Agriculture	4
Appropriations	28
Armed Services	16
Banking, Currency, and Housing	3
Budget	5
District of Columbia	1
Education and Labor	1
Government Operations	28
House Administration	2
House Beauty Shop	2
Information and Facilities (Commission)	3
Interior and Insular Affairs	3
International Relations	19
Interstate and Foreign Commerce	11
Judiciary	3
Merchant Marine and Fisheries	3
Post Office and Civil Service	13
Public Works and Transportation	3
Rules	1
Science and Technology	14
Small Business	5
Ways and Means	3
Total	172

HIGHLIGHTS OF ACTIVITIES

Table 1—Continued

	<i>Number of reports</i>
Joint Committees:	
Atomic Energy	5
Defense Production	3
Economic	15
Internal Revenue Taxation	7
Printing	2
Total	32
Officers of the Congress	11
Total Committees and Officers	357

In addition to congressional reports, we provided 939 responses to Members on requests relating to claims by and against the U.S. Government. The claims involved such subjects as Government contracts, pay and allowances of employees, and travel and transportation.

Testifying at Hearings

The Comptroller General and members of his staff testified before congressional committees on 172 occasions from July 1, 1975, through September 30, 1976. This represents a very large increase over

the past. In the 12-month period ended June 30, 1975, we testified 69 times, as compared to 139 appearances before committees during the first 12 months of this period. Such an increase is a gratifying tribute to our increasing capability to serve the Congress.

Staff Assignments to Committees

On request, 55 staff members were assigned to the staffs of 18 different committees or subcommittees during the period. Further information, required by the Legislative Reorganization Act of 1970, is shown in appendix 4.

Reports on Pending Legislation

Our continuing review of governmental programs and activities, together with our expertise in law and the Federal legislative process, enable us to respond to requests from congressional committees for impartial, objective comments on proposed legislation. During the period, we provided 426 reports on pending bills—161 to the Senate, 253 to the House, and 12 to joint committees. Table 2 shows the number of reports by committee.



GAO officials testify before the Subcommittee on Foreign Agricultural Policy, Senate Agriculture Committee, on the National Grain Inspection System, February 20, 1976. (From left to right: B. Douglas Hogau, Assistant Director, Max Hirschhorn, Deputy Director, and Henry Eschwege, Director, Community and Economic Development Division; Comptroller General Elmer B. Staats; Richard J. Woods, Associate Director, CED; and Jerry Kelly, Chicago Regional Office.)

Table 2

Senate Committees:	
Appropriations	1
Armed Services	1
Banking, Housing & Urban Affairs	7
Budget	1
Commerce	10
Finance	4
Government Operations	61
Judiciary	1
Labor and Public Welfare	20
Post Office and Civil Service	55
Total	161
House Committees:	
Appropriations	1
District of Columbia	1
Government Operations	121
House Administration	1
International Relations	1
Interstate and Foreign Commerce	13
Judiciary	26
Merchant Marine and Fisheries	26
Post Office and Civil Service	26
Public Works	3
Science and Technology	28
Small Business	3
Ways and Means	3
Total	253
Joint Committee on Atomic Energy	12
Total	426

Legal and Legislative Assistance

Committees and Members call on us continually for formal and informal legal opinions, advice, and assistance; views on contractual, fiscal and administrative provisions of law; drafts of or revisions to legislation; and views on administrative regulations.

Assistance on Financial and Administrative Operations of the Congress

As in past years, we have a professional staff at the Capitol to audit House and Senate financial operations and provide advisory services. (See p. 197 for further information.)

Liaison Activities

Our Office of Congressional Relations is the central coordination point for providing the Congress with prompt, effective assistance. Under the supervision of

the Deputy Comptroller General, Robert F. Keller, this office maintains continuous contact with congressional committees and Members of Congress. The Director of the office is Smith Blair, Jr.

Monthly List of GAO Reports

Each month we send to the Congress, its committees, and all Members a list of GAO reports completed or released during the previous month. (Section 234 of the Legislative Reorganization Act of 1970 requires these lists). They are also published in the *Congressional Record* through arrangements made with a congressional committee.

The lists show the title, date, and number of each report and identifies the Government agencies or other organizations responsible for the activities reported on. Brief digests of reports to the Congress or committees are also included, as well as information on legal decisions issued during the month.

Recommendations for Legislation

As required by the Budget and Accounting Act, 1921, we recommend legislation or suggest other congressional action needed to correct problems or improve Federal programs and activities. Recommendations that have not been acted on at the beginning of each session of Congress are summarized in an annual report to the Congress. Copies are sent to the cognizant committee Chairmen and ranking minority members to help them with their legislative and oversight responsibilities.

A summary of recommendations included in reports made during this 15-month period and open recommendations from prior years is presented in chapter 2.

Duties Under the Congressional Budget and Impoundment Control Act

During the period we worked closely with various House and Senate committees, Members, and the Congressional Budget Office to help implement the new congressional procedures for dealing with the Federal budget. For example, we proposed draft legislative language requiring effective agency program evaluations, helped the appropriation and authorizing committees improve the format and content of the budget-related information they receive from agencies, and advised the Budget Committees of our work in their areas of interest.

HIGHLIGHTS OF ACTIVITIES

Under the Impoundment Control Act of 1974 we evaluated the legality and impact of 22 special messages (covering 117 deferrals and 50 rescissions) and also identified 2 proposed deferrals and 1 rescission that the President had not reported to the Congress.

Also, the Comptroller General's first suit to compel the release of funds (under authority of the Impoundment Control Act of 1974) was settled after the Secretary of Housing and Urban Development announced reactivation of the subsidized housing program under section 235 of the National Housing Act. Approximately \$264.1 million of impounded annual budget authority was released.

To meet our responsibility for helping the Congress obtain and use executive agency information, we prepared the 1976 *Congressional Sourcebook* series, consisting of three separate volumes, as follows:

- *Federal Information Sources and Systems*—describes approximately 1,000 Federal sources and information systems maintained by 63 executive agencies, which contain fiscal, budgetary, and program-related information (released in September 1976).
- *Recurring Reports to the Congress*—describes nearly 800 reports required of 89 executive branch agencies by the Congress on a recurring basis (released in November 1976).
- *Federal Program Evaluations*—contains an inventory of approximately 1,700 evaluation reports produced by and for 18 selected Federal agencies, including GAO reports that relate to the programs of those agencies (released in January 1977).

The series represents GAO's first effort to carry out the requirements of the Congressional Budget Act of 1974 to "develop, establish, and maintain an up-to-date inventory and directory of sources and information systems containing fiscal, budgetary, and program-related information."

Legal Services and Decisions

Our legal work, covering the full range of the Government's activities, serves:

- Congressional committees and Members of Congress.
- Heads of departments and agencies, as well as disbursing and certifying officers, on the legality

or propriety of proposed expenditures of Federal funds.

- The Office of Management and Budget.
- Contracting and procurement officers and bidders, in connection with Government contracts.
- Individuals and firms whose claims have been disallowed by our Claims Division.
- GAO auditors in their audits of agency programs and activities.

The Comptroller General's legal decisions are binding upon the executive branch. Payments made contrary to them may be disallowed. Private firms and individuals have further recourse to the courts in most instances.

During the period our Office of the General Counsel completed 6,927 separate legal matters. Further information on our legal work is described in chapter 4.

Auditing

We audit the programs, activities, and financial operations of Federal departments and agencies, and their contractors and grantees to:

- Evaluate the efficiency, economy, legality, and effectiveness with which they carry out their financial, management, and program responsibilities.
- Provide the Congress and agency officials with objective information, conclusions, and recommendations.

These audits involve well over half of our professional staff working in almost every Federal agency in the United States and in many foreign countries.

New Office in Panama

In July 1975 we established a Latin America Branch in Panama City, Panama. The branch is responsible for our work in Mexico, Central America, South America, the West Indies, and the Caribbean. About 45 U.S. Embassies and consulates administer various programs in this large area. The branch's central location will enable us to be more knowledgeable of U.S. activities and programs and will make it possible to more promptly provide current information, analyses, and recommendations to the Congress.

Volume of Audit Work

During the 15-month period we made 909 surveys and 1,716 reviews of government programs and activities in the United States, 3 U.S. territories (Guam, Johnston Island, and Trust Territory of the Pacific Islands), and 67 other countries. Table 3 shows the broad functional categories of these audit assignments. The results of much of the audit work done during the period will be included in reports to be completed during fiscal year 1977.

Table 3

	Surveys	Reviews
Domestic programs:		
Energy and materials	53	84
Community and economic development	153	249
Human resources	151	270
General government	80	187
General management:		
Procurement and systems acquisition	120	288
Logistics and communications	92	260
Federal personnel and compensation	97	136
Financial and general management	86	115
International programs	75	127
Total	909	1,716

Given the size of the Federal Government and the scope of its operations, we must be selective in determining which Federal programs and activities we will review. In deciding what audit work to do, we emphasize Federal programs and agency operations in which there are strong present or potential congressional interest and opportunities for improvement. We are continuously in contact with congressional committees to remain abreast of their interests and activities and with Federal agencies in the day-to-day conduct of their programs.

Our Program Planning Committee, chaired by the Comptroller General, has identified and approved 29 major Federal programs or issue areas to receive priority audit attention. Each of the identified issue areas is assigned to one of our operating divisions. (See table 4.) That division takes the lead in identifying specific matters to be examined, developing plans, and formulating approaches, whether or not it has direct audit responsibility for all of the Federal departments or agencies involved in the area.

TABLE 4

GAO ISSUE AREAS AND RESPONSIBLE LEAD DIVISIONS

Food Domestic Housing and Community Development Environmental Protection Land Use Planning and Control Transportation Systems and Policies Water and Water Related Programs	}	Community and Economic Development Division
Consumer and Worker Protection Administration of Non-Discrimination and Equal Opportunity Programs Education, Training, and Employment Health Income Security		
Automatic Data Processing Internal Auditing Systems Accounting and Financial Reporting National Productivity	}	Financial and General Management Studies Division
Facilities and Material Management Implementation of Military Preparedness Plans Federal Records Management		
Intergovernmental Relations and Revenue Sharing Law Enforcement and Crime Prevention Tax Administration	}	General Government Division
Federal Procurement Science and Technology		
Tax Policy Program Evaluation Systems	}	Program Analysis Division
Federal Personnel Management and Compensation		
International Economic and Military Programs	}	International Division
Energy Materials		

Review of Regulatory Reports

Under the Federal Reports Act we are responsible for reviewing the existing information-gathering practices of 14 independent regulatory agencies and approving their requests for additional information. The purpose is to (1) minimize the burden on the persons and businesses—particularly small ones—required to provide information, (2) eliminate duplicate collection efforts, and (3) make sure data tabulations are of maximum usefulness. Our review and clearance functions apply to the following Federal agencies:

Civil Aeronautics Board
Commodity Futures Trading Commission
Consumer Product Safety Commission
Equal Employment Opportunity Commission
Federal Communications Commission
Federal Elections Commission
Federal Energy Administration

HIGHLIGHTS OF ACTIVITIES

Federal Maritime Commission
Federal Power Commission
Federal Trade Commission
Interstate Commerce Commission
National Labor Relations Board
Nuclear Regulatory Commission
Securities and Exchange Commission

During the 15-month period, we received 343 requests for reviews of proposed reporting or record-keeping requirements, including several which were highly controversial. By September 30, 1976, 302 requests had been approved, 1 disapproved, 2 withdrawn by the agency, and 4 suspended; 34 were pending. Also, separate reports on the information-gathering activities of three agencies had been issued, and reviews were in process at another six. (OSP-76-19, May 7, 1976; OSP-76-18, May 11, 1976; and ACG/RR-76-2, Aug. 23, 1976.)

In May 1976, we sent a report to the Congress outlining the status of our work under the act and discussing the reasons for our limited success in affecting the paperwork requirements placed on the public by regulatory agencies. We recommended that the Congress reassign GAO's responsibilities for the clearance function to an executive agency, preferably the Office of Management and Budget. (OSP-76-14, May 28, 1976.)

Impact of New Legislation

We must constantly adjust our work programs or increase our capabilities to accommodate responsibilities added by new legislative actions.

The Energy Policy and Conservation Act of 1975 gave GAO new audit authority which has greatly increased our workload. Title V of the act requires us to verify energy information submitted to the Federal Government, when requested to do so by a congressional committee.

In connection with this responsibility, the Comptroller General, for the first time, has been authorized to (1) issue subpoenas, (2) require any person to reply to interrogatories, and (3) assess and collect civil penalties not to exceed \$10,000 for each violation.

Since the law was enacted in December 1975, we have received six requests from congressional committees to examine energy company records. To help with the work required by this law, we established a suboffice, with 19 professional staff members, in Houston, Texas, during the period. (See chapter 6 for further information.)

Examples of other important legislation affecting our work follow.

- *The Veterans' Administration Physician and Dentist Comparability Act of 1975* required GAO to report to the Congress by August 31, 1976, on recruitment, retention, and pay of physicians and dentists employed by the Federal Government. A similar report on other health care personnel is required by March 1, 1977.
 - *The National Productivity and Quality of Working Life Act of 1975* established a Center responsible for formulating a national productivity policy and for reviewing and coordinating all Federal productivity activities. The act directs GAO to report to the Congress on the actions of the Center and evaluate its effectiveness. It also directs us to recommend legislation which would improve the Center's efficiency and its implementation of a national productivity policy.
 - *Public Law 94-119 (Oct. 21, 1975, 89 Stat. 608)* added a section to the John F. Kennedy Center Act which directs GAO to regularly review and audit the Center's accounts.
 - *The Public Works Employment Act of 1976* authorizes a local public works capital development and investment program and establishes an antirecessionary program. The act requires the Comptroller General to investigate the impact the emergency support grants have on the operations of State and local governments and the economy. The results of our investigation and any recommendations for improving the effectiveness of similar programs are to be reported to the Congress by July 1977.
- Legislation which expands existing Federal programs or creates new ones also automatically increases our workload. A few examples follow.
- *The Consolidated Rail Corporation*, established by the Regional Rail Reorganization Act of 1973, became operational in March 1976. The large Federal investment—over \$4 billion—will require considerable audit work in connection with the corporation's activities.
 - *The National Health Planning and Resources Act of 1974*, enacted January 4, 1975, makes important changes to health policy, planning, and resource programs and establishes new health systems agencies. Evaluating the effect of this legislation will be a major workload requirement in fiscal year 1977.

- *The New York City Seasonal Financing Act of 1975*, which became law December 9, 1975, authorized the Secretary of the Treasury to provide seasonal financing for the city of New York. After this law was passed, the Senate Committee on Banking, Housing, and Urban Affairs requested us to audit New York City, its agencies, and the Municipal Assistance Corporation.
- *The Foreign Assistance Act of 1974* requires the President to provide the Congress with a detailed plan for reducing and eventually eliminating the Military Assistance Program. Reductions were to be effective July 1, 1976. Review of these matters will be included in our fiscal year 1977 audit work.
- *The International Development and Food Assistance Act of 1975* emphasizes the need for more effective agricultural development and food aid programs and stresses the use of private and voluntary organizations in channeling development assistance to foreign countries. This congressional emphasis will be considered in our work plans.

Participation in Boards, Councils, and Commissions

Federal statutes setting up special commissions or councils may name the Comptroller General as a member. Among those that he is serving on—and the authorizing legislation—are:

- The Advisory Council for the Office of Technology Assessment (Public Law 92-484, Dec. 13, 1972, 86 Stat. 800).
- The National Commission on Electronic Fund Transfers (Public Law 93-495, Oct. 28, 1974, 88 Stat. 1508).
- The Commission on Federal Paperwork, (Public Law 93-556, Dec. 27, 1974, 88 Stat. 1790).

Since 1970, the Comptroller General has served as Chairman of the Cost Accounting Standards Board, as required by Public Law 91-379, Aug. 15, 1970, 84 Stat. 796.

Audit of Transportation Payments

The General Accounting Office Act of 1974 transferred GAO's responsibility for auditing trans-

portation billings (required by the Transportation Act of 1940) to the General Services Administration. The act, however, does not affect our authority to audit the policies, practices, and procedures of executive agencies having transportation responsibilities.

From July 1, 1975, to October 12, 1975, when the function was formally transferred, we audited \$239,048,601 in transportation charges. A total of 17,235 claims of overcharge were stated against carriers for \$2,696,414 and collections from carriers amounted to \$1,756,959. During this period, 3,891 claims by carriers against the United States were settled for \$572,260.

Settlement of Claims

Claims against the United States referred to GAO for settlement include (1) those required by statute to be settled by GAO and (2) those involving doubtful questions of law or fact. From July 1, 1975, through September 30, 1976, we settled 11,314 claims against the United States for \$155.1 million.

During the same period, we also:

- Disposed of 66,646 debt claims and collected over \$7.5 million.
- Processed 1,563 waiver requests involving claims for erroneous pay and allowances payment totaling \$2.5 million and granted 1,011 full or partial waivers totaling \$1.7 million.

Further information on the activities of the Claims Division will be found in chapter 15.

Financial Management Improvement

Under the Budget and Accounting Procedures Act of 1950, we:

- Prescribe accounting principles and standards for the guidance of executive agencies
- Cooperate with the agencies in improving their accounting and financial management systems
- Approve agencies' principles and standards and accounting systems designs

Approval of Accounting Systems

During the 15-month period ended September 30, 1976, we approved accounting principles and standards for systems in 3 agencies, plus designs for 32 systems in other agencies. By the end of the period, principles and standards for 333 of 338 systems subject to approval had been approved, and 177 of 338 designs had been approved. Further information on this work is described in chapter 5.

Joint Financial Management Improvement Program

The Comptroller General, the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Chairman of the Civil Service Commission provide the leadership for this cooperative program for improving financial management practices throughout the Federal Government. The program was authorized by the Budget and Accounting Procedures Act of 1950. The program's operations are reported in separate annual progress reports that are published for the information of the Congress, all Federal agencies, and the public. (See ch. 5 for further information.)

Savings and Other Accomplishments

It is not possible to determine the full effect of GAO's activities on Government operations, programs, and activities. Where feasible, we do make estimates of the financial savings attributable to our work. For the 15-month period ended September 30, 1976, savings from actions directly attributable to our work amounted to \$532 million. In addition, actions stemming from the efforts of GAO and of other parties, such as the Congress and the Federal agencies, saved an estimated \$1.6 billion.

One of our main objectives is to stimulate improvements in Government operations; many actions taken on our findings and recommendations cannot be adequately measured in dollar terms. In some ways, our work that leads to increased effectiveness in Government programs or activities is more important than actual financial savings.

Examples of savings and other accomplishments growing out of our work are presented in chapter 3.

Operating Expenses

The appropriation for operating our Office for the 15-month period ended September 30, 1976, was \$170.0 million. Total operating expenses for the period were \$169.4 million. About 82 percent was for salaries and other personnel costs.

Financial statements showing our assets and liabilities, operating expenses, and other data are presented in appendix 6.

Staffing

At September 30, 1976, we had 5,351 employees, a decrease of 139 over June 30, 1975, largely as a result of the transfer of transportation rate audit functions. Of the current total, 4,142, or about 77 percent, were members of our professional staff.

The table on page 221 summarizes the academic and experience backgrounds of our staff. We are continuing to increase the mix of disciplines of our staff to enable us to better carry out our responsibilities and assist the Congress.

Equal Opportunity

Our overall employment profile continues to improve through the increased number of women and minority persons on our rolls. Since September 1973, women in professional positions increased from 5.9 percent to 11.8 percent. During the same period, minority professional employees increased from 4.9 percent to 9.2 percent. (See p. 226 for further information).

Proposed Legislation to Revise and Restate Certain GAO Functions and Duties

On October 20, 1975, the House of Representatives passed H.R. 8948 to amend the Accounting and Auditing Act of 1950. The bill provided for audit of the Internal Revenue Service by the Comptroller General. It was designed to resolve longstanding differences between GAO and IRS over our access to records necessary to carry out our regular audit responsibilities.

A similar bill was passed by the Senate on October 1, 1976, but the House did not have time in the 94th session to agree to the Senate amendments. We expect this legislation will be reintroduced early in the 95th Congress.

Other legislation (S. 2268) directly affecting GAO's functions was introduced in the 94th Congress on August 1, 1975. It would have:

- Enabled the Comptroller General to institute civil actions in a Federal court in connection with proposed obligations or expenditures of public funds determined by him to be illegal.

- Authorized the Comptroller General to issue subpoenas for negotiated contract and sub-contract records and records of other non-Federal persons or organizations.

- Authorized the Comptroller General to bring suit against Federal agencies to compel them to furnish requested records.

- Authorized and directed the Comptroller General to make profit studies of Government contractors.

We believe this legislation would enable us to more effectively carry out our assigned responsibilities. Therefore, we plan to request that it be reintroduced in the 95th Congress.

Legislative Recommendations Acted on by the Congress During the 15-Month Period Ended September 30, 1976

Agriculture and Rural Development

Improvements in U.S. Grain Inspection System—We recommended that the Congress establish an essentially all-Federal grain inspection system, incorporating sampling, grading, and weighing services which

- would be phased in (1) starting at problem locations, (2) moving as soon as possible to port elevators, and (3) after sufficient experience is gained, extending to major inland terminals,
- would be operated on a reimbursable basis, and
- would restore faith in the system and attain its intended objectives.

Public Law 94-582, enacted in October 1976, was heavily influenced by our report and should accomplish the general intent of our recommendations. (RED-76-71, Feb. 12, 1976.)

Commerce and Transportation

Cost of Including Rehabilitation and Restoration of Highways in Federal-aid Highway Programs—On July 7, 1975, the President proposed to redefine the term “construction” to include rehabilitation and restoration of a highway. The change authorized Federal funds for resurfacing and for major repairs of deteriorated highways under the interstate highway construction program administered by the Department of Transportation’s Federal Highway Administration. The Department of Transportation did not have an estimate of the additional assistance that would be needed, nor had it determined how the assistance would be administered or how Federal funds would be distributed. We suggested that the Congress require the Secretary of Transportation to provide information on the financial implications of the President’s proposed change. In line with our suggestion, the Congress included a provision in the Federal-Aid Highway Act of 1976, requiring the Secretary to study and report on resurfacing, restoring, and rehabilitating the interstate system, including cost estimates, recommended programs, and alternative methods of distributing funds. (RED-76-19, Sept. 4, 1975.)

CHAPTER TWO

LEGISLATIVE RECOMMENDATIONS

The Budget and Accounting Act, 1921, requires GAO to make recommendations to the Congress “looking to greater economy and efficiency in public expenditures” and report such recommendations at the beginning of each congressional session or in special reports at any time. When an audit shows that corrective legislative action is required or desirable, the report includes a proposal for legislative consideration by the Congress or a recommendation to the affected agency to sponsor a legislative proposal.

We also report to the Congress early in each session, summarizing the status of all open GAO recommendations for legislative action. This report is sent to the chairmen and ranking minority members of the cognizant committees to assist in their oversight responsibilities. (See “Summary of Open GAO Recommendations for Legislative Action,” OCR-77-1002, January 1977.)

This chapter summarizes the legislative recommendations acted on by the Congress during the 15-month period ended September 30, 1976, and lists all open legislative recommendations, made during this period and in prior years, which we still recommend to the attention of the Congress.

Energy-Related Activities

Congressional Authority to Review Proposed Contracts Between the Energy Research and Development Administration and Private Uranium Enrichment Groups—On December 10, 1975, we testified before the Joint Committee on Atomic Energy regarding the proposed Nuclear Fuel Assurance Act (H.R. 8401-S. 2035). In response to the Joint Committee's question about congressional authority to review proposed contracts between the Energy Research and Development Administration and private uranium enrichment groups, we suggested that any proposed agreements be referred to the Joint Committee. The Committee could then examine the proposal and report to the Congress its views and recommendations and a proposed concurrent resolution, stating whether the Congress favors the agreement. This concept was incorporated into the bill reported out by the Joint Committee on May 14, 1976.

Proposed Changes in the Basis for the Government's Uranium Enrichment Services Charge—The Administrator of the Energy Research and Development Administration proposed legislation which would enable him to charge a "fair value" price (a price above actual costs) for the agency's uranium enrichment services. The assumptions made in computing the projected fair value price were judgmental, and it would be difficult, if not impossible, to determine whether these were the most reasonable assumptions to use. We recommended that the Joint Committee on Atomic Energy consider revising the legislative proposal, so that the Joint Committee retains control over establishing the Government's uranium enrichment charges, by requiring that any changes in the basic approach used to arrive at the fair value charge and any additions to this charge necessary for not discouraging development of private supply sources be included in the uranium enrichment criteria and submitted to the Joint Committee for approval.

In a closed markup session on the agency's fiscal year 1977 authorization bill on April 6, 1976, the Joint Committee adopted our recommendation as title V to the bill. (RED-76-30, Sept. 22, 1976.)

National Standards Needed for Residential Energy Conservation—We made a number of legislative recommendations aimed at promoting energy efficiency in both existing and newly constructed housing.

On August 14, 1976, the Energy Conservation

and Production Act, Public Law 94-385, was enacted. Among the energy conservation alternatives we reported that were included in the act were (1) a grant program to assist low-income persons to improve the energy efficiency of their homes through such actions as adding insulation and storm windows, (2) the establishment of mandatory energy conservation standards for new buildings, including residences, and (3) authorization of a demonstration program to show financial incentives for conservation. (RED-75-377, June 20, 1975.)

General Government

Salary Adjustment for Top Federal Officials—We reported to the Congress on the need for a better system for adjusting the salaries of top Federal officials. The 4-year process for assessing and adjusting salaries had failed to achieve its objectives, and salaries had not been adjusted since March 1969. This situation had created great inequities—five management levels were drawing the same salary—and seriously impaired recruitment, retention, and incentives for advancement to senior positions throughout the Federal service.

Our recommendations to reform the salary adjustment process for top officials were incorporated in Public Law 94-82, August 17, 1975, which provides for adjusting the statutory pay ceiling at the same annual percentage increase as that applied to the salaries of general schedule employees. (FPCD-75-140, Feb. 25, 1975.)

Cost-of-living Adjustment Processes for Federal Annuities—The processes for adjusting Federal retirement annuities to compensate for increases in the cost of living actually caused the annuities to increase faster than the cost of living or Federal white-collar employees' pay rates. This was caused by the extra 1-percent increases which were granted to annuitants, by law, each time their annuities were adjusted for increases in the cost of living. The Federal annuity adjustment processes were more liberal than those of non-Federal pension systems. The law also permitted new retirees to benefit from increases in the cost of living which occurred long before they retired.

We recommended that legislation be enacted repealing the 1-percent add-on and otherwise making the annuity cost-of-living adjustment formula and related provisions in major Federal retirement systems more equitable and more consistent with those of

LEGISLATIVE RECOMMENDATIONS

other Federal and private pension programs. Among other changes, Public Law 94-440, approved October 1, 1976, eliminated the extra 1-percent annuity increases and provided for semiannual adjustments equal to the actual percentage rise in the cost of living. (FPCD-76-80, July 27, 1976.)

Expenditure of Federal Funds for the Protection of Presidents, Vice Presidents, Former Presidents, and Others—As a result of our review of Federal expenditures for President Nixon's residences at Key Biscayne and San Clemente, we recommended that the Congress enact legislation along the following lines:

- Appropriations for protection of private residences should be made to the Secret Service, and no other funds should be available for that purpose.
- The accounting system of the Secret Service should require that such expenditures be authorized by the Director or Deputy Director of the Service.
- The Secret Service should make an annual public report to the Congress, showing, in as much detail as security will allow, such expenditures.
- The report made by the Secret Service should be subject to audit by GAO, and GAO should be given complete access to all records, files, and documents supporting expenditures made by the Service.

In addition, we suggested that the Congress consider limiting the number of private residences at which permanent protective facilities will be provided for a President.

Public Law 96-324, approved on October 17, 1976, generally adopted these recommendations. (GGD-74-48, Dec. 18, 1973.)

Method of Valuing Estate Assets Changed—The Internal Revenue Code (section 2032) permits an executor, for tax purposes, to value an estate as of the date of death or as of 6 months thereafter. Use of the latter date is called the alternate valuation method. When estate property increases in value after death, use of this method would reduce the taxable profit realized by the beneficiary if the property is later sold. Loss of this income tax could be greater than the increase in estate tax realized.

We recommended that the Joint Committee on Internal Revenue Taxation initiate legislation amending the Internal Revenue Code to provide estate tax

relief to beneficiaries only when the value of the estate property declines.

Public Law 94-455, dated October 4, 1976, provided that the base value of property acquired from or passing from a person dying after December 31, 1976, is to be the same as the value immediately before the death. (The law does permit increasing the property basis to its appreciated value as of December 31, 1976.) This law solves the problems our recommendation was intended to correct. (GGD-76-1, Oct. 20, 1975.)

Taxable Estate Definition Changed To Include Amount of Gift Taxes Paid on Gifts Made in Contemplation of Death—If the Internal Revenue Service determines that gifts were made in contemplation of death, those gifts are included in valuing a decedent's taxable estate. However, the amount of gift tax paid is not included in the estate. This, in many cases, results in less Federal tax being paid than would have been paid had the gift not been made.

We recommended that the Joint Committee on Internal Revenue Taxation initiate legislation which would, for tax purposes, completely reverse transactions involving gifts made in contemplation of death.

Public Law 94-455, dated October 4, 1976, provided that the gift tax on gifts made within 3 years of the decedent's death is to be included in the decedent's gross estate. (GGD-76-1, Oct. 20, 1975.)

Taxpayers Subjected to Jeopardy Assessments Given More Prompt Judicial Review—Whenever the Internal Revenue Service determines that the collection of a tax may be in jeopardy, it can immediately assess and collect the tax—through seizure of property if necessary. Jeopardy assessments made for closed tax years and covering taxes other than income, estate, gift, and certain excise taxes are made under authority of section 6862 of the Internal Revenue Code. We reported to the Joint Committee on Internal Revenue Taxation that taxpayers so assessed were not afforded prompt judicial review of the assessment and that any property seized could be sold before judicial review took place.

Based on our recommendations to the Joint Committee, Public Law 94-455, dated October 4, 1976, provided for expeditious Tax Court review of the appropriateness and the amount of all jeopardy assessments. It also restricted the sale of seized property until this review is complete. (GGD-76-14, July 16, 1976.)

Withholding State Income Tax From Military Pay Authorized—Thirty-five States and the District of Columbia tax the pay of military personnel, but until October 4, 1976, Federal law prohibited withholding of the taxes. We recommended that the withholding privilege for State and District income taxes provided other Federal employees be extended to members of the armed services, in the best interests of the members and the taxing jurisdictions.

The Tax Reform Act of 1976 authorized withholding agreements between the Secretary of the Treasury and taxing authorities to include members of the armed services. Service personnel should find it easier to meet their tax obligations, and the States and the District should increase tax revenues and reduce the administrative costs of tax law enforcement. (GGD-75-103, Nov. 19, 1975.)

Amendment to the Federal Magistrates Act of 1968—In 1974 we recommended that the Federal Magistrates Act of 1968 be amended to further define the authority of magistrates as well as expand their trial jurisdiction to include most misdemeanors. (GGD-74-104, Sept. 19, 1974.)

On October 21, 1976, the President signed Public Law 94-577, which expanded the duties of U.S. magistrates and further defined their authority. The additional duties of the magistrates generally relate to the hearing of motions in both criminal and civil cases, including preliminary procedural motions and certain dispositive motions. In either case, the order or recommendation of the magistrate is subject to final review by a district court judge.

General Revenue Sharing

Improvements in Administration of Revenue Sharing Program—Public Law 94-488, approved October 13, 1976, extended the Revenue Sharing Program through fiscal year 1980. The act made certain changes that we had recommended in testimony and reports to the Congress:

- Each government that receives revenue sharing totaling \$25,000 or more is required to have an independent audit of its financial statements, not less frequently than once every 3 years, conducted in accordance with generally accepted auditing standards that are defined in terms of standards

set forth in the financial and compliance element of Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, published by the Comptroller General.

- Restrictions on local governments' use of funds for certain purposes were eliminated.
- The nondiscrimination provisions were broadened to prohibit discrimination on the basis of handicapped status, age, and religion, and the prohibition was extended to cover all programs and activities of a recipient government unless the government can show, by clear and convincing evidence, that revenue sharing did not contribute to the program or activity in which the discrimination is alleged to exist.
- Each recipient government must publish, and hold hearings on, a summary of its proposed budget and the relationship of revenue sharing funds to the items contained in the budget.

(GGD-76-2, Sept. 9, 1975; GCD-76-80, June 2, 1976; GGD-76-90, July 30, 1976.)

Health

Accessibility of Public Buildings to the Physically Handicapped—Enactment of the Architectural Barriers Act in 1968 was a major step toward making public buildings accessible to the physically handicapped. However, the act had not achieved all the desired effects, primarily because it left implementing action to the discretion of the Government agencies named.

We recommended that the Congress amend the act to (1) impose a clear statutory mandate on the named agencies to take all required actions to carry out the intent of the law, (2) enlarge the coverage of the types of buildings and facilities subject to the law, (3) require agencies to insure compliance with prescribed standards, and (4) remove the present exemption of the Postal Service from coverage under the law. Passage by the Congress of Public Law 94-541, signed by the President on October 18, 1976, was completely responsive to our recommendations. (FPCD-75-166, July 15, 1975.)

Public Hazards from Unsatisfactory Medical Diagnostic Products—Because the Food and Drug Administration's regulation of in vitro diagnostic products had not been effective, unreliable in vitro diagnostics

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were being sold in the United States and exported to foreign countries. In addition, not all biological in vitro diagnostic products were regulated in the same way, because legislation concerning their regulation was not clear.

In line with our recommendations, Public Law 94-295 was approved May 28, 1976, providing the Administration with the authority to (1) require manufacturers of medical diagnostic products to be registered, (2) require in vitro diagnostic product manufacturers to be inspected, (3) obtain access to manufacturers' relevant records needed to determine compliance with the Federal Food, Drug, and Cosmetic Act, (4) detain suspected violative products, and (5) prevent export of in vitro diagnostic products not meeting U.S. standards. (MWD-75-52, Apr. 30, 1975.)

Income Security

Coordination Between the Medicare and the Federal Employees Health Benefits Programs—Public Law 92-603 was enacted on October 30, 1972. Section 210 of that law required the Civil Service Commission to provide health insurance plans, under the Federal employees health benefits program, which would supplement medicare benefits. The intent was to provide better coordination for benefits not paid in full by medicare and reduce premiums of the Federal employees plan for individuals covered by both the Federal employees and medicare programs. Section 210 also provided that as of January 1, 1975, both parts A and B of the medicare program would not pay for any service also covered under the Federal employees plan in which the beneficiary was enrolled.

On October 26, 1974, Public Law 93-480 was enacted and deferred the effective date of section 210 until January 1, 1976. It also required the Civil Service Commission and the Department of Health, Education, and Welfare to submit a progress report on the coordination of the two plans.

In our August 4, 1975, report to the House Committee on Post Office and Civil Service, we suggested the Committee analyze the two agencies' joint proposal, as it did not fully meet legislative requirements and would provide preferential treatment to one group of Federal employees. We also provided the Committee with two alternatives to the joint proposal. On December 31, 1975, the Social Security

Act was amended by Public Law 94-182, maintaining the present system of coordinating benefits for Federal employees program enrollees also covered by Medicare. This was one of our alternatives to the joint proposal. (MWD-75-79, Aug. 4, 1975.)

International Affairs and Finance

Need for Establishing Legislative Authority and a Contingency Fund To Cope With Foreign Exchange Rate Fluctuations—Radio Liberty and Radio Free Europe, funded by U.S. Government grants from the Board of International Broadcasting, spend about 84 percent of their funds overseas and have been experiencing problems in maintaining an approved level of operations because of wide fluctuations in the foreign currency exchange rates.

We suggested legislative language to authorize a contingency fund, subject to approval by the Office of Management and Budget, which could be used to provide a level of operations for the Radios consistent with the appropriations passed by the Congress. On July 12, 1976, the Board for International Broadcasting Act was amended by Public Law 94-350 to incorporate our suggestion. However, appropriations to implement the authorization have not been made to date. (B-173239, Mar. 2, 1976.)

National Defense

Elimination of the Incentive for Accumulating Military Leave—Unlike officers, enlisted personnel could redeem unused leave for cash at the end of each enlistment; this encouraged leave accumulation. As a result, the Government incurred large expenditures for unused leave and the enlisted members of the military did not get the benefits of a vacation. We recommended legislation that would limit payment for unused leave to 60 days during the service member's career. This would eliminate repetitive payments, equalize treatment of officers and enlisted personnel, and decrease the incentive to accumulate leave for cash redemption. (FPCD-75-139, Mar. 20, 1975.)

Our recommendation was incorporated in Defense Appropriation Acts of 1976 (Public Law 94-212, Feb. 9, 1976) and 1977 (Public Law 94-361, July 14, 1976).

Natural Resources and Environment

Need To Improve Federal Coal Leasing Process—We recommended that the Congress amend the Mineral Leasing Act of 1920 to provide for (1) the award of coal leases only on a competitive basis and (2) issuance of prospecting permits under which persons could explore for coal for commercial purposes but have no exclusive rights to leases.

On August 4, 1976, the Federal Coal Leasing Amendments Act of 1976 was passed. This law provides for the Secretary of the Interior to (1) offer lands for coal leasing by competitive bidding and (2) issue to any person an exploration license which confers no right to a lease. (RED-76-79, Apr. 1, 1976.)

Increased Emphasis Needed on Reforestation and Timber-Stand Improvement Backlog on National Forest Land—The growing demand for lumber and the increasing pressure to use productive timberland for other, multiple-use purposes added to the need for the Forest Service to accelerate reforestation and timber-stand improvement work on the estimated 18-million acre backlog of national forest land needing such work. We presented for consideration by the Congress several alternatives for increasing funds to accelerate reforestation and timber-stand improvement. One of these was to increase regular appropriations from general funds of the Treasury.

In October 1974, the Forest Service advised the Congress of the additional amounts needed to liquidate its reforestation backlog over a 10-year period. For fiscal year 1976, the Congress appropriated \$62.7 million for reforestation and timber-stand improvement—\$15.2 million more than the amount requested in the President's budget. (RED-74-195, Feb. 14, 1974.)

Need To Protect Our Fishery Resources—Many fish species important to the U.S. fishing industries were being depleted through overfishing or expansion of U.S. coastal areas.

A State-Federal program was established in 1971 to coordinate management of domestic fisheries, but progress has been slow. We suggested that the Congress consider enacting legislation which would give the Secretary of Commerce authority to impose management measures in fisheries under domestic jurisdiction in case such measures were not promptly implemented by the States.

In March 1976 the Congress enacted the Fishery Conservation and Management Act of 1976, which achieves the intent of our suggestion. (GGD-76-34, Feb. 18, 1976.)

Open Legislative Recommendations Made During the 15-Month Period Ended September 30, 1976

Agriculture and Rural Development

Section 901(b) of the Agricultural Act of 1970, which requires that first priority be given by agencies to locating new offices and other facilities in rural areas, should be amended to

- have representatives of Federal departments and agencies advise the Congress of their observations on site selection requirements, problems, and needed improvements,
- provide additional guidance on the matter of site selection priorities,
- assign, or request the President to assign, one agency the overall leadership and coordination responsibility for implementing section 901(b), and
- direct each agency to establish an affirmative action plan for implementing section 901(b). (CED-76-137, Sept. 7, 1976.)

Community Development and Housing

The Secretary of Housing and Urban Development should require the Federal Insurance Administrator to propose legislation amending the Flood Disaster Protection Act of 1973 to prohibit federally regulated financial institutions from purchasing mortgages in the secondary market on properties in designated flood hazard areas that are not protected by flood insurance. (RED-76-23, Sept. 19, 1975.)

Title I of the Housing and Community Development Act of 1974 should be clarified as to the extent, and under what circumstances, federally assisted new housing can be located in areas having high concentration of low-income persons, minority populations, and publicly assisted housing and still comply with the act's objective of promoting greater choices of housing opportunities and avoiding undue concentra-

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tions of assisted persons in areas containing a high proportion of low-income persons. (RED-76-106, June 23, 1976.)

Education, Manpower, and Social Services

To provide a long term solution to problems in recruiting and retaining Federal physicians and dentists, the Congress should

- direct the Director, Office of Management and Budget, to develop a uniform compensation plan for Federal physicians and dentists and
- require the Director to report, within 1 year or earlier, on Office activities, together with recommendations, including proposed implementing legislation and cost estimates.

(HRD-76-162, Aug. 30, 1976.)

The Social Security Act of 1965 should be amended to provide for financing the beneficiary rehabilitation program on the basis of an annual determination by the Board of Trustees, Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, of demonstrated program success in providing savings to the trust funds through rehabilitating the maximum number of beneficiaries into productive activity. This would eliminate the present fixed-percentage method of financing the program, which does not relate program funding to its demonstrated success. (MWD-76-66, May 13, 1976.)

Energy

The Congress should

- require the Energy Research and Development Administration to report on its improvements in reporting data into its management information system for nuclear materials and
- closely monitor the Energy Research and Development Administration's efforts in determining the amount and effect of foreign investments in the domestic uranium industry.

(EMD-76-1, July 2, 1976.)

The Joint Committee on Atomic Energy should review the status of each contract approved under the proposed Nuclear Fuel Assurance Act at its annual authorization hearings. (RED-76-111, May 10, 1976.)

The Joint Committee on Atomic Energy should consider:

- Authorizing the Energy Research and Development Administration to construct the next increment of the uranium enrichment capacity using the proven enrichment process.
- Establishing a Government corporation with self-financing authority to manage the Government's uranium enrichment facilities.
- Developing legislation with provisions, similar to those in the Administration's legislative proposal, authorizing it to enter into cooperative agreements with private enrichers using advanced technologies.

(RED-76-36, Oct. 31, 1975.)

Natural Gas Pipeline Regulation

The Chairman, Federal Power Commission, should report to the Congress on the results of its coordinated effort with the Federal Energy Administration to obtain the natural gas curtailment data needed to evaluate the effectiveness of its curtailment policy. If the desired results are not obtained or if the Commission finds the effort too impracticable, the Chairman should seek legislative revisions to the Natural Gas Act to expand his authority to obtain information on (1) natural gas sales by intrastate pipeline and distributing companies and (2) the end use of the gas by consumers who purchase it from interstate and intrastate pipeline and distributing companies. (RED-76-18, Sept. 12, 1975.)

Environment and Natural Resources

The Federal Water Pollution Control Act should be amended to provide that the Environmental Protection Agency may grant Federal agencies extensions to achieve water quality requirements beyond July 1, 1977, where necessary. (LCD-76-312, June 18, 1976.)

The Mineral Leasing Act of 1920 should be amended to provide, for future coal leases, permits adjusting lease terms more frequently than after a 20-year primary term. (RED-76-79, Apr. 1, 1976.)

The Federal Water Pollution Control Act should be amended to give the Environmental Protection Agency the authority to

- exempt from the permit program certain categories or classes of dischargers having a minimal adverse impact on water quality,

- extend on a case-by-case basis the July 1, 1977, requirement that industrial dischargers achieve permit effluent limitations where permit conditions cannot be met by the deadline after challenges to permit conditions have been resolved, and
 - grant extensions on a case-by-case basis to municipalities which cannot meet the July 1, 1977, water quality requirements because of insufficient time or Federal funds.
- (RED-76-60, Feb. 9, 1976.)

To provide for more competition in the award and renewal of concession contracts, the Congress should

- encourage Government construction of facilities whenever possible, thereby lessening any potential problems from possessory interests and
- amend the Concessioners Policy Act to eliminate preferential renewal rights.

(RED-76-1, July 21, 1975.)

General Government

Legislation should be enacted changing Federal white-collar pay systems to provide for

- separate systems designed around more logical groupings of occupations,
- pay rates based on the pay patterns of the labor market in each area, and
- proper recognition of differences in individual employees' proficiency and performance.

(FPCD-76-9, Oct. 30, 1975.)

The law (30 U.S.C. 6) which prohibits employees of the Bureau of Mines from having certain private interests which may conflict or raise a reasonable question of conflict with their public duties should be amended to include the Administrator and employees of the Mining Enforcement and Safety Administration. (FPCD-75-167, Dec. 2, 1975.)

Legislation should be enacted to establish objectives, standards, criteria, and processes for achieving total compensation comparability between Federal and private sector employees, including both pay and benefits. (FPCD-75-62, July 1, 1975.)

Legislative provisions affecting the wage rate determination process for Federal blue-collar employees should be amended to allow attainment of the legislative pay principle of comparability between

public and private sectors. (FPCD-75-122, July 3, 1975.)

Title 5, section 5941, of the U.S. Code should be repealed because the cost-of-living allowance for Federal employees in Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands is no longer an appropriate means of compensation. (FPCD-75-161, Feb. 12, 1976.)

Proposed legislation streamlining Federal procurement laws should

- repeal Public Law 92-582 or
- amend Public Law 92-582 to require competitive negotiations.

(LCD-75-313, July 21, 1976.)

The Congress should consider amending the Defense Production Act and authorizing a single agency to administer all priority programs to

- broaden application of the priority and allocation authority to include nondefense programs of vital national interest and
- prevent competition among the various priority programs.

(PSAD-76-14, Feb. 27, 1976.)

The House of Representatives should amend House Resolution 42, which limits to 25 the number of members who may jointly sponsor a House bill, to allow the full membership of the House to jointly sponsor House bills. (RED-76-104, May 12, 1976.)

The Congress should enact legislation to repeal all occupational taxes in sections 5081 through 5148 of the Internal Revenue Code on retail and wholesale dealers in distilled spirits, wines, and beer; manufacturers of nonbeverage alcoholic products; brewers; and manufacturers of stills and rectifiers. (GGD-75-111, Jan. 16, 1976.)

Section 8(e) of the Joint Funding Simplification Act of 1974 should be amended either to insure that non-Federal matching shares required for each individual program and appropriation will be provided or to more specifically state that establishing a single non-Federal matching share is authorized. (GGD-75-90, Jan. 19, 1976.)

The Federal Alcohol Administration Act should be amended to clarify the authority of the Bureau of Alcohol, Tobacco, and Firearms to investigate possible consumer and unfair trade practice violations of the

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act before a permit hearing. (GGD-75-111, Jan. 16, 1976.)

The acts allowing waiver of claims of the United States, against an employee or former employee of a Federal agency or a member or former member of the military, arising out of erroneous payments of pay or allowances should be amended to permit the Comptroller General to set the monetary limitation on cases that may be adjudicated at the agency level. (A-54197, Apr. 22, 1976.)

Health

The Congress should resolve the question of the applicability of the Federal Food, Drug, and Cosmetic Act to Federal agencies and departments, by clarifying its intent regarding the regulation of federally sponsored clinical investigations of new drugs. (HRD-76-96, July 15, 1976.)

The Social Security Act should be amended to

- require that all nursing facilities be fully protected with automatic sprinkler systems and
- require the Department of Health, Education, and Welfare (HEW) to establish rigid standards which must be met by nursing facilities requesting a waiver from the recommended automatic sprinkler system requirement.

(MWD-76-136, June 3, 1976.)

The Social Security Act should be amended to

- require the Secretary, HEW, to enter into lease-purchase agreements with suppliers and to encourage the use of lease-purchase agreements for durable medical equipment,
- repeal section 263(d)(5) of Public Law 92-603, which authorized the Railroad Retirement Board to contract with carriers to pay for medicare claims for its beneficiaries, and
- require the Social Security Administration to have railroad beneficiaries' claims processed by the carriers handling all other medicare beneficiary claims.

(MWD-76-93, Feb. 11, 1976.)

The Social Security Act should be amended to

- impose a specific time frame on the Secretary, HEW, for insuring compliance with section 1903(g), which pertains to long term inpatient care and the amount of Federal medical assistance paid to States for such care,

- prescribe information which must be included in a State's documentation to indicate that there is an effective program to control utilization of long term institutional services to inpatients, and

- provide for a less complex and less burdensome procedure for calculating the reduction of Federal funds when States do not make a satisfactory showing.

(MWD-76-89, Jan. 26, 1976.)

The Congress should

- request HEW to prepare a study showing the available options for regulating tobacco and tobacco products and the impact each option would have on the rising U.S. lung cancer rate and then

- consider giving HEW or some other appropriate agency the specific authority to regulate tobacco and tobacco products.

(MWD-76-59, June 16, 1976.)

The Congress should emphasize its oversight responsibility for those Federal agencies and programs which would be affected by our recommendation that the Director of the National Cancer Institute establish a Federal policy on carcinogens. (MWD-76-59, June 16, 1976.)

Section 1816 of the Social Security Act should be amended to authorize the Secretary of Health, Education, and Welfare to redesignate an intermediary when the small numbers of providers served by the intermediary in an area impedes efficient administration. (MWD-76-7, Sept. 30, 1975.)

Human Resources

The Federal Hazardous Substances Act should be amended to

- provide for adjudicating alleged violations pursuant to the Administrative Procedures Act (5 U.S.C. 554-57) and

- authorize the Commission to assess for violations civil fines which are final unless appealed to the U.S. Court of Appeals within a specified time (5 U.S.C. 706).

(HRD-76-148, July 26, 1976.)

The Occupational Safety and Health Act of 1970 should be amended to (1) bring Federal agencies under the inspection authority of the Department of Labor, to supplement and strengthen Federal agencies'

inspections and (2) require that the results of Labor's inspections of Federal workplaces be reported to the Congress. (HRD-76-144, Aug. 4, 1976.)

The Occupational Safety and Health Act of 1970 should be amended to require that:

—The grant arrangement for State inspections under an approved plan be used only if the State either has obtained Labor's approval of all legal authorities, standards, and provisions or agrees to use Labor's established procedures, standards, and provisions until the State's are developed, adopted, and approved.

—A contract arrangement be used if a State wants to make workplace inspections under the act but is precluded, by limited legal authority or other problems, from operating satisfactorily under a grant arrangement.

(HRD-76-161, Sept. 9, 1976.)

Income Security

The Congress could reduce conflicts between State health insurance requirements and contracts of Federal employees health benefits carriers by clarifying whether State requirements should be permitted to alter terms of contracts negotiated pursuant to the Federal Employees Health Benefits Act. (MWD-76-49, Oct. 17, 1975.)

Title IV-D of the Social Security Act should be amended to

—avoid possible duplication of audits presently called for in the law and allow HEW flexibility in deciding what group(s) would carry out evaluations and audits,

—provide for a consistent rate to be used in computing the incentive payment, so localities will not concentrate collection efforts on new cases,

—provide authority to one or more organizations to issue regulations concerning garnishments, and

—define the term "legal process."

(MWD-76-63, Apr. 5, 1976.)

Interest

The Third Liberty Bond Act of April 4, 1918, should be amended to

—immediately repeal the 4½-percent interest limitation or

—annually redefine the maximum maturity of securities whose flotation is subject to the interest limitation and/or

—annually increase the dollar volume of long term securities which may be sold without regard to the ceiling.

(OPA-76-26, Apr. 17, 1976.)

International Affairs

The Congress should

—require that all North Atlantic Treaty Organization costs, regardless of appropriation, be identified in annual security assistance program presentations and

—provide a definition for those costs.

(ID-75-72, Aug. 25, 1975.)

The Congress should consider whether

—the provisions of the Jackson-Nunn Amendment (to Public Law 93-155) have been satisfied by the Defense Department and

—there is a need for more specific language in the current law.

(ID-76-32, Apr. 28, 1976.)

Law Enforcement and Justice

The Congress should enact legislation to:

—Permit deportation of legal resident aliens who have been convicted for smuggling offenses.

—Give the Immigration and Naturalization Service discretionary authority to seize vehicles used in smuggling aliens.

—Prohibit the adjustment of nonimmigrants to legal resident status if grounds for such status were acquired while nonimmigrants were in an illegal status.

(GGD-76-83, Aug. 30, 1976.)

The Congress should require the Attorney General to identify the current cost of serving process so that the Congress can revise the current fees to approximate the cost of providing service. If fees are to be kept current, the Congress should either

—require that the Attorney General periodically analyze the cost of serving process and propose fee adjustments or

—vest the Attorney General with authority to revise fees when necessary.

(GGD-76-77, July 27, 1976.)

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The Congress should enact legislation concerning domestic intelligence operations to

- clarify the authority under which the Federal Bureau of Investigation would be able to initiate and conduct such operations,
- limit the types of groups and individuals warranting investigation and the extent of such investigations,
- limit the extent to which the Attorney General may authorize the Bureau to take nonviolent emergency measures, and
- require the Attorney General to periodically advise and report to the Congress on several specified matters.

(GGD-76-50, Feb. 24, 1976.)

In light of the long term inactivity of the judicial councils and the factors contributing to it, the Congress should reexamine the role of the councils in carrying out their administrative and financial responsibilities over district courts. (GGD-76-67, May 10, 1976.)

The cognizant legislative committees should discuss with the Law Enforcement Assistance Administration (LEAA) whether (1) the block grant concept is sufficiently flexible to enable LEAA and the States to adopt agreed-upon minimum standards to be applied nationwide when determining whether LEAA funds could be used for certain types of projects or (2) additional, clarifying legislation is needed. (GGD-76-36, Apr. 5, 1976.)

The Immigration and Nationality Act should be amended to prevent newly arrived immigrants from receiving welfare benefits. Legislation should be enacted to prevent aliens in illegal status from gaining grounds for permanent resident status. (GGD-75-107, July 15, 1975.)

Open Legislative Recommendations From Prior Years

Agriculture and Rural Development

The Commodity Futures Trading Commission Act should be amended to provide GAO access to records of boards of trade, brokerage houses, exchanges, and other establishments subject to that act. (Letter dated Feb. 13, 1972, to the Chairman, House Committee on Agriculture; testimony before Senate Committee on

Agriculture and Forestry, May 20, 1974; and letter to Senator Dick Clark, July 30, 1974.)

Commerce and Transportation

The Congress should consider clarifying section 101 of the Postal Reorganization Act by authorizing the Postal Service to close small offices if equivalent alternate service is available. (GGD-75-87, June 4, 1975.)

Education, Manpower, and Social Services

If the Congress decides that the American labor market is being adversely affected and that added protection from alien workers is needed, the Immigration and Nationality Act should be amended to remove the labor certification exemptions from certain categories of aliens. (MWD-75-2, May 16, 1975.)

Energy-Related Activities:

The Energy Conservation and Production Act should be amended to

- establish a national program for energy conservation, including national goals and priorities and Federal agency goals,
- require that all existing homes financed directly or indirectly through any federally insured agency meet minimum thermal standards,
- establish a cutoff date when appliances meeting minimum standards of operating efficiency would be required to be installed in new homes, and
- ban the use of ornamental gas lights and require electric igniters, instead of pilot lights, on new appliances.

(RED-75-377, June 20, 1975.)

General Government

The Intergovernmental Personnel Act should be amended to allow salary supplements for State and local government employees detailed to Federal positions where

- their Federal counterparts receive higher salaries or
- the cost of living is higher.

(FPCD-75-85, Mar. 7, 1975.)

Title 5, section 3318, of the U.S. Code, allowing arbitrary listing of the top eligibles for a position vacancy, should be amended to allow the Civil Service Commission to prescribe alternative selection procedures. (FPCD-74-57, July 23, 1974.)

The Fair Labor Standards Act and title 5 of the U.S. Code should be amended to permit controlled experimentation with flexible hours or compressed workweek schedules. (FPCD-75-92, Oct. 21, 1974.)

Legislation should be enacted which would

- establish an overall Federal employee retirement policy and
- provide uniformity among the numerous Federal retirement systems as to methods of financing or benefits provided.

(FPCD-74-93, July 30, 1974.)

The Civil Service Act should be amended to eliminate the requirement that appointments to competitive civil service positions in the departmental service in Washington, D.C., be apportioned on the basis of population distribution. (FPCD-74-44, Nov. 30, 1973.)

Title 5, section 5334(b), of the U.S. Code should be amended to provide that an employee demoted without loss of pay be entitled, upon repromotion or restoration to his previously held grade, only to the rate of pay he would have received had he not been demoted. (FPCD-74-46, July 2, 1974.)

The Federal Deposit Insurance Act should be amended to grant GAO access to examination reports, files, and other records used by the Federal Deposit Insurance Corporation. (FOD-76-13, July 21, 1976.)

The Renegotiation Act of 1951 should be amended to

- require the Renegotiation Board to obtain and analyze profit and cost data on standard commercial articles and services to determine whether excessive profits are escaping renegotiation and
- determine whether the exemption for new, durable productive equipment is valid.

(B-163520, May 1973.)

The Renegotiation Act of 1951 should be amended to

- provide penalties for failure by contractors subject to renegotiation to file reports to the Renegotiation Board as required by the act and
- reverse the penalty provision to hold contractors

responsible for furnishing all data required by the Renegotiation Board and to have the contractors show reasonable cause why they did not furnish the data.

(B-163520, May 9, 1973.)

The Social Security Act, section 205(c), should be amended to prohibit a person from receiving credits toward social security benefits if he has not paid the required tax on self-employment income. (B-137762, Aug. 9, 1973.)

The Intergovernmental Cooperation Act of 1968 should be amended to require that Federal agencies report to each State on all Federal financial assistance to the State and its political subdivisions. (GGD-75-55, Mar. 4, 1975.)

The Bankruptcy Act (11 U.S.C. 1) should be amended to exclude, from discharge through bankruptcy, taxes assessed within 3 years before a bankruptcy petition is filed. (B-137762, Aug. 9, 1973.)

A law should be enacted to

- transfer the Bureau of Custom's statutory fees to the administrative jurisdiction of the Secretary of the Treasury,
- combine fees to eliminate certain administrative work, and
- eliminate outdated user charges.

We also recommended that the new law raise the fees to a level that would recover all costs; however, a public law enacted on July 12, 1976—the Airport and Airway Development Act Amendments of 1976—prohibits administrative overhead costs for inspections at airports from being assessed against the parties in interest. (GGD-75-72, Mar. 10, 1975.)

Chapter 24 of the Internal Revenue Code of 1954, as amended, should be revised to include remuneration received as agricultural wages in the Federal income tax withholding system. (GGD-75-53, Mar. 26, 1975.)

A law should be enacted to provide

- one premium pay plan to apply to the four inspecting agencies for services at U.S. ports of entry and
- a uniform policy on the charges to be made to the parties in interest, for inspections at U.S. ports of entry.

(GGD-74-91, Feb. 14, 1975.)

LEGISLATIVE RECOMMENDATIONS

Health

The Department of Defense should study the appropriateness of the current minimum charge of \$25 per hospital stay for dependents of active duty personnel under the civilian health and medical program of the uniformed services and, if warranted, propose to the Congress the legislative changes needed to increase it. (MWD-74-154, Apr. 10, 1974.)

The Fair Packaging and Labeling Act or the Federal Food, Drug, and Cosmetic Act should be amended to:

- Require full disclosure of all ingredients on packaged food products.
- Authorize the Food and Drug Administration to require food labels to specifically identify spices, flavorings, and colorings.
- Establish a uniform open-dating system for perishable and semiperishable foods.

Legislation should also be enacted to establish a unit pricing program, including guidelines for designing and maintaining unit pricing information and educating consumers about its use and benefits. (MWD-75-19, Jan. 29, 1975.)

Legislation should be enacted to permit importing fresh, frozen, and processed shellfish from only those countries that harvest and process shellfish under conditions at least equal to domestic standards. (B-164031(2), Mar. 29, 1973.)

Legislation should be enacted to provide the Food and Drug Administration with the authority to require firms to recall all violative products under its responsibility, and the Congress should clarify whether diagnostic products of biological origin should be controlled under the Federal Food, Drug, and Cosmetic Act or whether such products should be licensed in accordance with the Public Health Service Act. (MWD-75-52, Apr. 30, 1975.)

The Social Security Act should be amended to:

- Eliminate the waiting period before Medicare coverage resumes for kidney transplant patients who reject their transplant after 12 months.
 - Encourage greater use of home dialysis treatment.
- (MWD-75-53, June 24, 1975.)

The Social Security Act should be amended to:

- Require hospitals that participate in Federal health programs to publicly disclose overlapping financial interests of board members and key employees.

—Require that hospitals disclose their agreements with hospital-based specialists.
(MWD-75-73, Apr. 30, 1975.)

Income Security

Language similar to that contained in section 205(N) of the Social Security Act should be incorporated into the black lung law to permit the making over of a deceased miner's check to his widow to better insure that surviving widows have a continuous source of income while their claims are being processed. (MWD-75-44, Dec. 31, 1974.)

We suggested that the Congress amend the Federal Employees' Compensation Act to

- strengthen or eliminate the reimbursement process for agencies receiving appropriated funds and on whose behalf disability benefits were paid from the Employee's Compensation Fund and
- apply the fair-share surcharge for administrative costs to all participating Government agencies, instrumentalities, and other organizations not wholly dependent on annual Federal appropriations and not enumerated in the act.
(MWD-75-23, Mar. 13, 1975.)

Interest

A law should be enacted to provide that:

- The major trust funds not be invested in specific Government securities.
- Interest be paid on the trust fund balances used for nontrust purposes.
- The rate assigned to each fund be the same and in line with the Treasury's cost of borrowing from the public.
(GGD-75-34, Jan. 10, 1975.)

Law Enforcement and Justice

The Department of Justice should consider proposing to the Congress legislation authorizing administrative adjustment of Marshal's fees or revising the fees prescribed by law. (GGD-70-69, Oct. 7, 1969.)

Statutory authority (18 U.S.C. 4281 and 4284) for providing inmate release funds should be amended to:

—Specifically authorize release gratuities to inmates of community treatment centers.

—Clearly authorize or prohibit loans to prisoners in the work release program.

(GGD-75-3, Aug. 16, 1974.)

The Congress should consider passing legislation to make it unlawful to hire illegal aliens. (GGD-74-73, July 31, 1973.)

The Congress should impose a mandatory waiting period for foreign students before allowing them to acquire immigrant status, if grounds for such status were acquired while in an illegal status. (GGD-75-9, Feb. 4, 1975.)

National Defense

Section 206 of the Naval Reserve Act should be repealed, because the requirement that members of the Fleet Reserve or Fleet Marine Corps Reserve be physically examined at least once every 4 years serves no useful purpose. (FPCD-73-25, Mar. 19, 1973.)

Legislation should be enacted to allow military enlisted personnel to reenlist for unspecified periods, resulting in fewer personnel separating when their enlistments expire because of the requirement for specific periods of reenlistment service. (FPCD-75-67, July 5, 1974.)

Laws requiring 48 drill sessions and 2 weeks' active duty per year for military reservists should be amended to permit varying the training schedules of the Army and Air National Guards by categories, according to the required kinds and degrees of training. (FPCD-75-134, June 26, 1975.)

The Maritime Administration should be given authority to approve, in appropriate circumstances,

—subsidized construction ships in U.S. yards for foreign flag operation and

—subsidized U.S. flag operation of foreign-built ships.

(PSAD-74-44, Feb. 12, 1975.)

The Congress should enact legislation to

—authorize agencies to solicit proposals from a competitive, rather than a maximum, number of sources and

—repeal the requirement that contracting officers prepare determinations and findings for certain procurements.

(B-168450, Sept. 17, 1973.)

Federal policy for supporting contractors' independent research and development should be clarified by congressional guidelines setting forth:

—The purposes for which the Government supports contractors' costs.

—The appropriate amount of this financial support.

—The degree of control to be exercised by the Government over contractors' independent programs supported in some part by the Government.

(PSAD-75-82, June 5, 1975.)

Natural Resources and Environment

The Mineral Leasing Act of 1920, with respect to oil and gas, should be amended to:

1. Require that oil and gas leases on all Federal lands be awarded competitively unless otherwise justified.

2. Increase the minimum acreage limitation applicable to the assignment of the leases.

(B-118678, Mar. 17, 1970.)

The Mining Law of 1872 should be amended to:

1. Establish an exploration permit system covering public lands and require individuals interested in prospecting for minerals to obtain a permit.

2. Establish a leasing system for extracting minerals from public lands.

3. Require that, to preserve valid rights, (a) mining claims be recorded with the Department of the Interior within a reasonable time after legislation is enacted and (b) evidence of a discovery of valuable minerals be furnished before claims are recorded.

4. Authorize the Secretary of the Interior to grant life tenancy permits to individuals now living on invalid claims, if he determines that evicting them from the lands would cause them undue personal hardship.

(RED-74-246, July 25, 1974.)

The National Commission on Water Quality issued its report on March 18, 1976. We recommended that if as a result of the Commission's study the Congress needs to reassess and review legislative goals, it should determine priorities and funding levels for Federal

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research programs to meet the revised goals. (RED-74-184, Jan. 16, 1974.)

The Water Supply Act of 1958 and the Small Reclamation Projects Act should be amended to provide for interest rates which are more representative of the Treasury's cost of borrowing money in financing small reclamation loans and the construction of multi-purpose water resources projects. (B-167712, Aug. 11, 1972.)

In enacting legislation authorizing the establishment of national recreation areas, the Congress should —provide the Secretary of the Interior with guidelines for changing established boundaries when the acquisition of high cost properties on or near the boundaries is involved and

—require the Secretary to (1) analyze the location and estimated cost of high-cost properties bordering authorized recreation areas for which additional funds are needed and (2) justify the desirability of acquiring such properties. (B-164844, Apr. 29, 1970.)

If the 160-acre limitation of Reclamation Law is still considered appropriate to encourage the establishment of family-size farms, the Congress should consider enacting legislation to prevent large landowners and farm operators from benefiting by their control of numerous 160-acre tracts. If the 160-acre limitation is no longer considered appropriate, the Congress should consider establishing a new acreage limit for family farms eligible for subsidized Federal project water. (B-125045, Nov. 30, 1972.)

services procured by Government agencies, and \$7.5 million involved debts which Government agencies had been unsuccessful in collecting.

Following our recommendation, the Department of the Air Force is collecting about \$13.4 million in additional revenues for airlift services furnished by the Military Airlift Command during the 1973 Middle East War. Other major sources of collections involved recovery by the Department of Health, Education, and Welfare of erroneous payments resulting from a defective computer program and refund of overcharges to the Departments of the Army, Air Force, and Navy for services involving sealift and other airlift programs.

Other Measurable Financial Savings

GAO work for the 15 months ended September 30, 1976, resulted in "other measurable savings" listed below. Although some of these savings are due to GAO efforts alone, others are the result of the combined efforts of GAO and other parties, such as the Congress and Federal agencies. The items consist largely of realized or potential savings in Government operations attributable to actions taken or planned on the basis of findings developed in GAO's examinations of department and agency operations. In most instances, the potential benefits are based on estimates, and for some items, the actual amounts to be realized depend on future actions or events.

Attributable Directly to GAO Efforts

<i>Action taken or planned</i>	<i>Estimated savings</i>
Automatic Data Processing:	
Savings from elimination of unnecessary computer printouts—Army (estimated annual savings)	\$11,000
Benefits:	
Savings resulted from GAO determination that overfunding existed in contractor's pension plan—Air Force (nonrecurring)	540,000
The maximum per diem rate paid to nursing homes was reduced as a result of correction of an error in the manner in which the rate was calculated—Veterans Administration (nonrecurring)	235,000
Savings resulted from GAO determination that past service costs for commercial subsidiaries were not reimbursable by the Government—Defense (estimated annual savings)	49,000

CHAPTER THREE

FINANCIAL SAVINGS AND OTHER BENEFITS

The full effect of GAO's activities, in terms of financial savings and improvements in the operations and effectiveness of Government programs and activities, cannot be determined. For instance, the actions taken on our recommendations, leading perhaps to increased effectiveness in Government programs, cannot be measured in financial savings.

When we can estimate those savings and when actions have been taken by the Congress or by an agency we keep a record of them. Tables 1 and 2 summarize the collections and estimates of other measurable savings related to our work during the 15 months ended September 30, 1976.

Table 1 lists \$532 million which is attributable *directly* to GAO's efforts.

Table 2 lists \$1.6 billion which is attributable to the *combined* efforts of GAO and other parties, such as the Congress and Federal agencies.

This chapter also illustrates savings not fully or readily measurable and other benefits resulting from GAO activities.

Collections

Collections attributable directly to our activities totaled \$50.4 million. Of this, \$1.8 million represented recovery of overcharges for commercial transportation

Table 1

**FINANCIAL SAVINGS ATTRIBUTABLE TO THE WORK OF THE GENERAL ACCOUNTING OFFICE
FOR THE FIFTEEN MONTHS ENDED SEPTEMBER 30, 1976**
Collections and Other Measurable Savings Attributable *Directly* to GAO Efforts

(000 omitted)

	Collections	Other measurable savings	Total
DEPARTMENTS			
Army	\$8,425	\$99,841	\$108,266
Navy	5,788	25,020	30,808
Marine Corps	10	50	60
Air Force	21,468	26,985	48,453
Defense	43	164,709	164,752
Health, Education, and Welfare	4,915	100,069	104,984
Housing and Urban Development	11	452	463
Interior	-	283	283
Justice	-	12	12
State (including AID)	-	23,077	23,077
Treasury	476	4,322	4,798
General Services Administration	-	79	79
Agriculture	-	443	443
Transportation	-	766	766
Government-wide	-	205	205
AGENCIES			
Civil Service Commission	-	950	950
Defense Supply Agency	-	503	503
District of Columbia Government	-	3,000	3,000
Environmental Protection Agency	-	16,207	16,207
Federal Power Commission	-	13	13
Government Printing Office	-	-	-
Postal Service	-	196	196
Veterans Administration	-	645	645
Energy Research and Development Administration	-	13,800	13,800
Board for International Broadcasting	-	-	-
Export-Import Bank of U.S	-	125	125
Community Services Administration	-	13	13
Total for Departments and Agencies	41,136	481,763	522,901
Transportation Audit	1,757	-	1,757
General Claims Work	7,519	-	7,519
Total	\$50,412	\$481,763	\$532,177

Table 2

**FINANCIAL SAVINGS ATTRIBUTABLE TO THE WORK OF THE GENERAL ACCOUNTING OFFICE
FOR THE FIFTEEN MONTHS ENDED SEPTEMBER 30, 1976**
Collections and Other Measurable Savings Attributable to the Combined Effort of GAO and Others

(000 omitted)

	Collections	Other measurable savings	Total
DEPARTMENTS			
Army	\$32	\$319, 178	\$319, 210
Navy	-	483, 536	483, 536
Marine Corps	-	2, 131	2, 131
Air Force	253	264, 031	264, 284
Defense	-	187, 353	187, 353
Health, Education, and Welfare	-	18, 813	18, 813
Housing and Urban Development	-	1, 716	1, 716
Interior	-	-	-
Justice	-	-	-
State (including AID)	-	-	-
Treasury	-	-	-
General Services Administration	-	16, 800	16, 800
Agriculture	-	191, 900	191, 900
Transportation	-	50	50
Government-wide	-	-	-
AGENCIES			
Civil Service Commission	-	-	-
Defense Supply Agency	-	95, 600	95, 600
District of Columbia Government	-	-	-
Environmental Protection Agency	-	-	-
Federal Power Commission	-	-	-
Government Printing Office	-	999	999
Postal Service	-	-	-
Veterans Administration	-	4, 468	4, 468
Energy Research and Development Administration	-	-	-
Board for International Broadcasting	-	6, 000	6, 000
Export-Import Bank of U.S.	-	-	-
Community Services Administration	-	-	-
Total for Departments and Agencies	285	1, 594, 575	1, 594, 860
Transportation Audit	-	-	-
General Claims Work	-	-	-
Total	\$285	\$1, 594, 575	\$1, 594, 860

FINANCIAL SAVINGS AND OTHER BENEFITS

<i>Action taken or planned</i>	<i>Estimated savings</i>	<i>Action taken or planned</i>	<i>Estimated savings</i>
Communications:			
Savings from canceled operation and expansion of a radio broadcasting system—Defense (nonrecurring \$16,900,000; estimated annual savings \$214,000)	47,114,000		
The Department of Defense is reducing 1,600 telecommunications center positions and established standard staffing criteria—Defense (estimated annual savings)	16,000,000		
The Air Force consolidated its CONUS Aeronautical Stations and the Tactical Air Command's High Frequency Command and Control Network (Coronet Claymore)—Air Force (nonrecurring \$396,000; estimated annual savings \$672,000)	1,068,000		
Cancellation of an Automated Multi-Media Exchange (AMME), planned for installation at the Presidio of San Francisco, California, and establishment of DOD procedures for periodically reviewing communications requirements—Army (nonrecurring)	966,000		
Reduction in number of computer disk drives leased by the Defense Supply Agency—Defense Supply Agency (estimated annual savings)	498,000		
Cancellation of proposed procurement and use of competitively awarded contract to replace equipment being leased on a sole source basis—Agriculture (estimated annual savings)	339,000		
Reduction in telecommunication expenditures by establishing interexchange channel tariffs—Defense (estimated annual savings)	8,000		
Contracting Policies and Procedures:			
Social Security trust funds available to finance the Beneficiary Rehabilitation Program were reduced—Health, Education, and Welfare (estimated annual savings)	29,400,000		
Reduction in contract price resulting from determination of defective subcontract cost or pricing data—Air Force (nonrecurring)	735,000		
Savings resulted from reduction in contractor's negotiated claim for certain support work—Navy (nonrecurring)	47,000		
Reduction in contract price due to determination of defective cost or pricing data—Navy (nonrecurring)	17,000		
National Park Service increased rental charges to concessionaires for use of certain Government-owned or leased properties and changed its policy for computing future rates charged based on fair market value—Interior (nonrecurring, \$1,000; estimated annual savings \$15,000)	16,000		
Payments that had been made to consultants at rates higher than established by rate policy without prior approval were disallowed—Justice (nonrecurring)	12,000		
Energy Conservation:			
Seven Navy installations having additional charges for required reactive kilovolt amperes (KVA) are installing capacitors among electrical requirements and result in an estimated savings of \$176,000 a year after the estimated investment of \$16,162 is recovered—Navy (estimated annual savings)			176,000
Facilities Construction:			
Construction of nitrogen removal facilities for four federally funded municipal waste treatment plants deferred—Environmental Protection Agency (nonrecurring)			13,500,000
Cancellation of a planned 11,000-foot long, 42-inch ocean outfall to discharge effluent from the Navy's Fort Kaneohe sewage treatment plant into offshore waters—Navy (nonrecurring)			11,600,000
Through better management the military services were able to house enlisted bachelors in Government quarters and avoid paying allowances to live in the civilian community—Defense (estimated annual savings)			3,400,000
Avoidance of a military construction project—Navy (nonrecurring)			1,600,000
Design and construction of a refuse incinerator at the Lutterkeny Army Depot, Chambersburg, Pennsylvania, was deferred indefinitely—Army (nonrecurring)			1,434,000
Plans to construct an unneeded cardiac catheterization laboratory at the Sepulveda, California, hospital were suspended—Veterans Administration (nonrecurring)			410,000
Federal construction grant for municipal waste treatment facility was reduced for ineligible appearance—Environmental Protection Agency (nonrecurring)			75,000
Through better management, the Navy was able to house enlisted bachelors in Government housing and avoid paying allowances to live in the civilian community—Navy (estimated annual savings)			74,000
Cancellation of proposed acquisition of classified-waste incinerator—Navy (nonrecurring)			38,000
Financial Management:			
Savings resulted from the cancellation of an improper charge by the Department of the Navy against special Department of State funds authorized to meet expenses incurred in the transportation, temporary care, and resettlement of Cambodian and Vietnamese refugees—State (nonrecurring)			1,150,000
Interest Expense:			
Savings in interest expense resulting from depositing collections more promptly—Federal Power Commission (estimated annual savings)			13,000

FINANCIAL SAVINGS AND OTHER BENEFITS

<i>Action taken or planned</i>	<i>Estimated savings</i>	<i>Action taken or planned</i>	<i>Estimated savings</i>
Interest Income:			
Savings resulting from depositing dollar repayments from loans on a daily basis—Agency for International Development (estimated annual savings)	97,000	Emergency Food and Medical Services Grant funds from a project which did not meet program requirements were re-programmed—Community Services Administration (non-recurring)	13,000
Elimination of interest expense paid by the Federal Government to three trust funds administered by the Civil Service Commission—Civil Service Commission (estimated annual savings)	930,000	Logistics:	
Identification of reimbursable interest costs for recovery from commercial power revenues—Interior (nonrecurring)	159,000	Identification and use of ammunition components on-hand forestalled procurement of like components in fiscal years 1976-1977. Also, management practices in the Army were improved—assuring better recognition and use of available components in future years—Army (nonrecurring)	35,000,000
Savings in interest costs as a result of discontinuing use of commercial bank accounts—Export-Import Bank of U.S. (estimated annual savings)	125,000	During a review of contractor-operated depot maintenance activities in Europe, GAO determined that an additional maintenance facility could be closed without impairing depot maintenance capability or efficiency—Army (nonrecurring)	13,100,000
Additional reimbursable interest costs for recovery from commercial power revenues of the Southeastern Federal Power Program were identified when reviewing Corps of Engineers financial information—Interior (non-recurring)	108,000	Consolidation of (1) procurement offices in Japan, Korea, and Okinawa, (2) quality control organizations in Okinawa, (3) Autodin terminals in Hawaii, and (4) aircraft maintenance activities at Yokota Air Base, Japan—Defense (nonrecurring \$96,000; estimated annual savings \$1,631,000)	1,727,000
Loans, Contributions, and Grants:			
Savings resulting from Social Security Administration's use of accurate Veterans Administration and Railroad Retirement Board benefit information to compute supplemental security income benefits payments—Health, Education, and Welfare (estimated annual savings)	60,000,000	Work force at the Army's Yokohama, Japan, cargo port will be reduced in consonance with a decreased level of activity which our report used as argument for consolidation. In addition, 50 pieces of materiel handling equipment will be available for redistribution—Army (nonrecurring \$250,000; estimated annual savings \$1,400,000)	1,650,000
The Ohio Department of Public Welfare took action to provide for more timely termination by the State of ineligible cases in the Aid to Families with Dependent Children program by using computer terminals in county welfare offices—Health, Education, and Welfare (estimated annual savings)	2,700,000	Nonrecurring savings from canceled procurement of spectrometers—Air Force (nonrecurring)	1,146,000
HEW disallowed a claim by the State of North Carolina for Federal financial participation in Medicaid expenditures not eligible for Federal cost sharing—Health, Education, and Welfare (non-recurring)	2,154,000	The Long Beach Naval shipyard was holding materiel excess to its requirement. As a result of our review, materiel valued at \$833,000 was returned to Government supply agencies for use by other Government organizations—Navy (nonrecurring)	670,000
Savings resulting from cancellation by HUD of a section 236 housing project at Stanford University—Housing and Urban Development (estimated annual savings)	452,000	Consolidation of spectrometric oil analysis laboratories in the Department of Defense—Defense (estimated annual savings)	300,000
A continuation grant awarded to the Penobscot Bay Medical Center was reduced by the amount of improper charges to a prior grant made to the organization—Health, Education, and Welfare (nonrecurring)	218,000	Reduction in Army's fiscal year 1977 budget because of unsupportable projects, and improved review techniques by the Army to preclude inclusion of similar unsupportable projects in future budgets—Army (non-recurring)	291,000
HEW reduced a grant request to meet the special education needs of migratory farmworkers because a recreational program for ineligible children was disapproved—Health, Education, and Welfare (estimated annual savings)	120,000	Consolidation of cartridge actuated devices (CAD) management under a single service—Navy (nonrecurring \$120,000; estimated annual savings \$120,000)	240,000

FINANCIAL SAVINGS AND OTHER BENEFITS

<i>Action taken or planned</i>	<i>Estimated savings</i>	<i>Action taken or planned</i>	<i>Estimated savings</i>	
Logistics—Continued		Military Training:		
Collection and savings resulted from the use of Military Sealift Command rather than contractor-provided shipping—Defense (estimated annual savings)	230,000	Savings resulting from disestablishment of senior ROTC units not meeting prescribed officer production requirements—Air Force and Navy (estimated annual savings—\$5,500,000 and \$1,000,000)	6,500,000	
A direct contract for engine overhaul services instead of a subcontract—Air Force (estimated annual savings)	220,000	Payments to Government Employees and Other Individuals:		
Reduction of Navy's West Pacific training flights—Navy (estimated annual savings)	213,000	Elimination of lump-sum leave payment each time an enlisted member of the Armed Forces reenlists—Defense (estimated annual savings)	90,000,000	
Assets being held to fill requirements which no longer existed were used and/or made available to fill other requirements—Army (non-recurring)	180,000	Savings resulting from having the East-West Center, Hawaii, modify its plans in granting employees longevity increases—State (estimated annual savings)	30,000	
Consolidation of three separate Air Force logistics staffs in Okinawa—Air Force (estimated annual savings)	165,000	Unpaid increments of erroneous reenlistment bonuses were canceled—Army (nonrecurring)	29,000	
Cancellation of plans to contract out the maintenance functions for all family housing at Dover Air Force Base and the adoption of a more economical alternative whereby the new housing would be maintained by base personnel—Air Force (nonrecurring)	126,000	Correction of overstated military leave balances at Pope Air Force Base, North Carolina—Air Force (nonrecurring)	15,000	
Savings resulted from a change in refuse collection services for family housing at Army installations—Army (estimated annual savings)	125,000	Erroneous leave records were corrected—Navy (nonrecurring)	12,000	
Savings in labor and material costs resulting from elimination of the requirement to affix identification decals to packaged alcoholic beverages sold in package stores—Marine Corps (estimated annual savings)	50,000	Reporting:		
Reduced space requirement for Corps of Engineers records holding area—General Services Administration (estimated annual savings)	11,000	Savings resulting from elimination of 29 statutory and nonstatutory executive branch reports to the Congress and the modification of 11 other reports—Government-wide (estimated annual savings)	205,000	
Manpower Training:		Revenues:		
Savings attributable to consolidation of navigation training for the military services—Defense (estimated annual savings)	603,000	Billings to foreign governments for training increased to recover current costs—Air Force (nonrecurring)	17,300,000	
Reduction of helicopter flight training time for an optional orientation program at the Military Academy—Army (estimated annual savings)	120,000	D.C. Civ Council enacted legislation to increase regulatory fees for permits and licenses—District of Columbia Government (estimated annual savings)	3,000,000	
Manpower Utilization:		Armed Forces Recreation Center in West Germany increased the surcharge for foreign military guests to recover more of the actual operating costs of the Center—Army (estimated annual savings)		22,000
Savings resulting from replacing military personnel with civilians in support positions at the Military Academy—Army (estimated annual savings)	1,274,000	Additional annual savings resulting from change in reimbursement procedures by the U.S. Treasury for restricting dollar checks—Treasury (estimated annual savings)		22,000
Savings in military personnel costs by contracting out the food service activities at the Naval Academy—Navy (estimated annual savings)	570,000	Supply Management:		
Reduction of military personnel assigned to senior ROTC units after adoption of uniform staffing guidelines—Navy (estimated annual savings)	225,000	By establishing a system for greater visibility and utilization of shipboard supplies, the Navy was able to reduce procurement and repair budgets by the amount of excess supplies which could be redistributed and used elsewhere in the supply system—Navy (estimated nonrecurring savings for fiscal years 1976 and 1977)		4,300,000

FINANCIAL SAVINGS AND OTHER BENEFITS

<i>Action taken or planned</i>	<i>Estimated savings</i>	<i>Action taken or planned</i>	<i>Estimated savings</i>
DOD revised its packaging guideline to provide for greater economies in packaging of material. The Army has been a leader in specifying commercial packaging for items procured, resulting in significant savings—Defense (estimated annual savings)	3,978,000	Amended billings to foreign customers for payment of transportation charges—Army (nonrecurring)	2,000,000
A 30-day depot safety level of direct support system (DSS) stocks in Korea was eliminated and requisitions submitted to replenish the safety level were canceled—Army (nonrecurring)	2,725,000	Accelerated deposit of checks received for payment of materiel sold under the Foreign Military Sales Act—Navy (estimated annual savings)	1,068,000
Through improved supply management, the Navy was able to decrease the amount of inventories aboard some of its submarines and submarine tenders—Navy (estimated annual savings)	2,600,000	The U.S. Army's cold stores warehouse in Kaiserslautern, Germany, had been incurring seavan delay costs estimated at \$1.3 million per year. DOD adopted most of our recommendations and the problem has been resolved at this time—Defense (estimated annual savings)	1,000,000
Scientific equipment items held by EPA laboratories identified as excess and made available for use by other EPA laboratories—Environmental Protection Agency (nonrecurring)	1,762,000	Amendment of sales agreement to include billing of ocean transportation charges for services provided by the United States—Army (nonrecurring)	820,000
Excess unreported reusable engine containers were used to fill current requirements. The Tank Automotive Material Readiness Command was able to cancel part of a contract and avoid the construction of wood crates to support these requirements—Army (nonrecurring)	406,000	Billing of foreign military sales customer for land transportation of materiel—Army (nonrecurring)	660,000
Excess items of ship repair and alteration materiel returned to the supply system—Navy (nonrecurring)	268,000	Correction of sales invoices to include proper ocean transportation charges and packing, crating and handling charges—Army (estimated annual savings)	300,000
Scientific equipment items held by EPA laboratories declared excess and released to the General Services Administration—Environmental Protection Agency (nonrecurring)	247,000	Disclosure of the cost and magnitude of airlift support provided by the Navy to members of a private organization to enable them to attend their 1974 annual reunion at Las Vegas, Nevada, prompted the cancellation of similar support for the 1975 convention—Navy (nonrecurring)	191,000
Unreported assets returned to the Army supply system—Army (nonrecurring)	178,000	Savings resulting from having Department of Agriculture recompute ocean freight differential costs on wheat shipment to Egypt under P.L. 480—Agriculture (nonrecurring)	104,000
The San Antonio Air Logistics Center (ALC) reduced a planned purchase of reusable plastic containers—Air Force (nonrecurring)	150,000	Correction of sales invoice to include proper ocean transportation charges—Army (nonrecurring)	100,000
Excess equipment and pickup trucks returned to the Army supply system or transferred to fill existing needs of other organizations—Army (nonrecurring)	122,000	Shipments of foreign liquor which were being improperly paid for from appropriated funds are now being charged to nonappropriated funds—Army (estimated annual savings)	94,000
Issuance of nonstandard items as substitutes for standard items—General Services Administration (nonrecurring)	68,000	Correction of erroneous depot search matrix codes which had resulted in unnecessary transportation costs—Army (estimated annual savings)	92,000
Recovered new packing material and fiberboard containers from the Defense Supply Agency—DSA, Defense Property Disposal Facility—Defense Supply Agency (nonrecurring)	5,000	Amended billing to foreign customer for payment of packing, transportation and port handling charges—Army (nonrecurring)	64,000
Transportation:		Amended billing to foreign customer for payment of packing, transportation and port handling charges—Army (nonrecurring)	61,000
Army canceled its plans to procure 588 general purpose railway tank cars in fiscal years 1977, 1978, and 1979—Army (nonrecurring)	22,300,000	Savings resulted from routing all parcel air lift mail through the Seattle Postal Concentration Center rather than through both the Seattle and San Francisco Centers—Postal Service (estimated annual savings)	31,000
Billing of ocean transportation charges for services provided by United States—Army (nonrecurring)	3,141,000		

FINANCIAL SAVINGS AND OTHER BENEFITS

<i>Action taken or planned</i>	<i>Estimated savings</i>	<i>Action taken or planned</i>	<i>Estimated savings</i>
Transportation—Continued			
Reimbursement of appropriated funds for the shipment of foreign beer—Navy (nonrecurring)	22,000	Veterans Administration (estimated annual savings \$568,000; nonrecurring savings \$3,900,000)	4,168,000
Procedures changed to prevent duplicate payment of inland transportation charges for sea containers in Europe—Navy (estimated annual savings)	21,000	Reduction of computer processing time by modernizing several applications systems—Government Printing Office (estimated annual savings)	800,275
Reimbursement of appropriated funds for the shipment of foreign beer—Air Force (nonrecurring)	20,000	Reduction in staff requirements due to improved job scheduling and more efficient computer usage—Government Printing Office (estimated annual savings)	151,725
Other Items:			
On GAO's recommendation, the State Department reached agreement with Iran on payment of military mission costs—State (estimated annual savings)	21,800,000	Computer-output-microfilm can improve the economy and efficiency of Government information systems—Navy (nonrecurring) . .	63,000
Savings resulted from better management of research equipment at Federal laboratories—Energy Research and Development Administration (nonrecurring)	13,800,000	Elimination of unneeded components of a rented computer system—Government Printing Office (estimated annual savings)	47,000
Savings resulted from cancellation of a planned procurement of Chaparral missile system equipment—Army (nonrecurring)	11,500,000	Savings resulting from reentry of dropped mortgage cases into FHA master computer file, and consequent billings of unpaid premiums—Housing and Urban Development (estimated annual savings)	16,000
Funds available for vocational rehabilitation services to be provided to supplemental security income recipients were reduced—Health, Education, and Welfare (estimated annual savings)	5,437,000	Communications:	
Savings in staff-years by deferring collection action on low dollar business tax delinquencies—Treasury (estimated annual savings) . .	4,300,000	Cancellation of proposed procurement of a department-wide computer network for the Department of Agriculture—Agriculture (nonrecurring \$151,000,000; estimated annual savings \$30,900,000)	181,900,000
Savings resulted from better management of research equipment at Federal laboratories—Navy and Transportation (nonrecurring) . .	903,000	Termination of the development and implementation of the Air Force Advanced Logistics System (ALS)—Air Force (nonrecurring \$109,600,000; estimated annual savings \$9,100,000)	117,700,000
Elimination of costs incurred by the student store at the U.S. Military Academy because of subsidized prices for services rendered to the cadets—Army (estimated annual savings)	730,000	Cancellation of HEW's proposed acquisition of an IBM 370/168 computer for its Data Management Center—General Services Administration (nonrecurring)	3,800,000
The proposed move of four laboratories from Washington, D.C., and Beltsville, Maryland, to Cincinnati, Ohio, was cancelled—Environmental Protection Agency (nonrecurring) . .	623,000	Contracting Policies and Practices:	
Action taken by Postal Service to reduce the number of employees used to assist in customs inspections—Postal Service (estimated annual savings)	165,000	Reduction of contract price resulting from determination of defective cost or pricing data—Air Force (nonrecurring)	2,387,000
Savings resulting from cancellation of a proposal by HEW to award a contract for the evaluation of the health profession's shortage area evaluation loan repayment program—Health, Education, and Welfare (nonrecurring)	40,000	Energy Conservation:	
Attributable to Combined Efforts			
of GAO and Others			
Automatic Data Processing:			
Veterans Administration reassessed the need for 4 regional computer centers for its proposed target system and eliminated one center—		Savings resulted from Government contractors' implementation of GAO-suggested energy conservation measures—Defense (estimated annual savings)	138,000
Facilities Construction:			
		Reduction in scope of a repair and alteration project at the Central Heating Plant, Washington, D.C.—General Services Administration (nonrecurring)	13,000,000
		Reduction in funds requested by the Navy in fiscal year 1977 for construction projects to provide support facilities for Trident submarines—Navy (nonrecurring)	3,100,000

FINANCIAL SAVINGS AND OTHER BENEFITS

<i>Action taken or planned</i>	<i>Estimated savings</i>	<i>Action taken or planned</i>	<i>Estimated savings</i>
Interest Income:		Reduction in fiscal year 1976 training rates for new pilots and navigators who were not needed because of projected excesses of qualified personnel in those skills—Air Force (nonrecurring)	
Savings resulted from improved cost-effective procedures for disbursing Federal funds administered by Farmers Home Administration—Agriculture (estimated annual savings)	10,000,000		12,990,000
Loans, Contributions, and Grants:		Manpower Utilization:	
Savings resulting from reduction of monthly fee paid to mortgagees for servicing section 235 mortgages—Housing and Urban Development (estimated annual savings)	1,700,000	Savings resulting from improved overseas rotation policies and practices for military personnel—Army and Air Force (estimated annual savings—\$7,200,000 and \$23,700,000)	30,900,000
A Federal Highway Administration funded highway was redesigned to be more in line with anticipated needs—Transportation (nonrecurring)	50,000	Savings in manpower costs resulting from changes in travel regulations to require that travel time authorizations be limited to only the actual time required to complete the travel based on the mode of transportation used—Army (\$11,700,000), Navy (\$5,638,000), Air Force (\$10,032,000), and Marine Corps (\$2,131,000) (estimated annual savings)	29,521,000
Logistics:		Payments to Government Employees and Other Individuals:	
Reduction in Defense Supply Agency's fiscal year 1977 clothing and textile war reserve program appropriations request on the basis that items requested may not be a valid requirement—Defense Supply Agency (nonrecurring)	95,600,000	Correction of computer program to prevent improper payments for unused leave—Air Force nonrecurring \$6,900,000; estimated annual savings \$3,300,000	10,200,000
Reductions made in DOD's 1977 appropriation requests as a result of flying hour reductions—Defense (estimated annual savings)	26,800,000	Savings resulting from revision of the Joint Travel Regulations to preclude payment of a temporary lodging allowance to members of the military in excess of their daily expenses—Defense (estimated annual savings)	8,576,000
Reduction in Navy's fiscal year 1976 and 1977 flying hour programs appropriation requests on the basis that Navy programmed more hours than required for force readiness requirements—Navy (nonrecurring)	16,715,000	Improved controls to prevent erroneous payments of readjustment pay to reserve officers—Air Force (estimated annual savings)	859,000
GAO told the Senate Appropriations Committee the Air Force could not support needs for 1,727 personnel at military aerial ports. As a result the Committee deleted funding for 1,700 positions and reduced the Air Force appropriation for fiscal year 1976 by \$15,408,000—Air Force (estimated annual savings)	15,400,000	Addition of new edit routines to the Joint Uniform Military Pay System for use in collecting rental charges—Army (estimated annual savings)	91,000
Savings resulted from replacing nonstandard radio and tactical air navigation equipment in F-15 aircraft with standard equipment—Air Force (nonrecurring \$1,700,000; estimated annual savings \$605,000)	2,305,000	Correction of student leave records at Fort Benjamin Harrison, Indiana—Army (nonrecurring)	85,000
Reduction in appropriations for operating Navy tugboats by \$1.5 million and personnel reduction savings of about \$100,000 a year—Navy (estimated annual savings)	1,600,000	Improvement in automated payroll system controls to preclude duplicate and erroneous payments; Air Force reserve pay and allowance system—Air Force (estimated annual savings)	50,000
Savings resulted from negotiating an increased rental rate on land and buildings—Army (estimated annual savings)	32,000	Procurement:	
Manpower Training:		Reduction in various procurement appropriation accounts to be offset by application of free assets—Defense (nonrecurring)	126,000,000
Recovery of all costs of training foreign pilots made possible by revision of regulations and procedures for allocating training expenses not previously used in calculating program costs—Air Force (estimated annual savings)	68,400,000	Reduction in the military services appropriations for the procurement of subsistence in kind—Defense (nonrecurring)	7,139,000
		Weapon Systems:	
		Savings resulted from termination of the Condor missile program—Navy (nonrecurring)	458,400,000

FINANCIAL SAVINGS AND OTHER BENEFITS

<i>Action taken or planned</i>	<i>Estimated savings</i>
Weapon Systems—Continued	
Savings resulted from termination and deactivation of the Safeguard system—Army (non-recurring)	294,060,000
Fiscal year 1976 funding for the Vehicle Rapid Fire Weapon System was reduced—Army (non-recurring)	6,070,000
Savings resulted from consolidation and/or improved management of test ranges and test facilities—Defense (nonrecurring \$700,000; estimated annual savings \$18,000,000)	18,700,000
Funds allocated to a longitudinal study of compensatory education were reduced by reducing the scope of the study—Health, Education, and Welfare (nonrecurring)	18,400,000
Other Items:	
Savings resulting from consolidating common activities to reduce administrative, technical, and support services duplication—Board for International Broadcasting (estimated annual savings)	6,000,000
The Missouri Department of Social Services revised its cost accounting procedures to provide for a more equitable allocation of costs between activities subject to different rates of Federal reimbursement—Health, Education, and Welfare (estimated annual savings)	413,000

Additional Financial Savings Not Fully or Readily Measurable

Many important one-time or recurring financial savings result from joint efforts of GAO and the Congress, departments, or agencies. Actions are taken to eliminate unnecessary expenditures or to correct deficiencies identified in GAO's audit reports, but the amount of savings directly attributable to our work cannot be fully or readily measured. Some illustrations follow.

Cost Reduction in Future Outlays for Lower Income Housing Assistance Programs

The U.S. Housing Act of 1937, as amended, authorized the Department of Housing and Urban Development to administer a low-income housing program. The Congress has cumulatively authorized the Department about \$3 billion in contract authority for use in the program. Annually, the Congress provides the Department appropriations to pay funds up to the total cumulative contract authority.

In an issue paper dated August 29, 1975, and in previous discussions, we told the Senate and House Committees on Appropriations, Subcommittees on HUD-Independent Agencies, that the Department had a policy of not reducing contract authority even though program activities for which the contract authority had been authorized had been completed.

At the request of the Committees, we estimated, using departmental budget data, that the Department's fiscal year 1976 incremental contract authority request of \$662.3 million would have a total runout cost of about \$17 billion in future years. The Department had provided the Committees with a total runout cost estimate of \$26 billion. To limit the Department's future reuse of the contract authority granted in fiscal year 1976, the Congress used the GAO runout cost estimate of \$17 billion to place a ceiling on the total future expenditures on that authority. We understand that the Congress plans to annually place runout cost limitations on the Department's contract authority authorizations to restrict total future program expenditures.

Actions to Improve the Marine Corps Computerized Pay/Personnel System

Following our audit of selected pay/personnel records at 18 reporting commands, we advised the Commandant of the Marine Corps that about 30 percent of the records sampled contained one or more errors, most of which affected a member's pay. We recommended that changes be made in the systems procedures for acknowledging input; that administrative staffing requirements be reevaluated; and that unit commanders be required to formally respond to internal audit recommendations for improving controls and operating procedures in the computerized pay/personnel system.

In June 1976, we were advised that the Marine Corps was taking action to correct the problems noted in the review.

Detecting and Reducing Incorrect Payments

On the basis of a random sample, we found that about 8 percent of the monetary settlements being made as a result of actions taken by the Air Force Board for the Correction of Military Records were erroneous. The erroneous settlements, which resulted

in overpayments and underpayments, went undetected because the Air Force had no procedures for administrative review. Most of the errors were caused by clerical oversight.

As a result of our review, the Air Force began a quality assurance program in July 1976, which includes a supervisory review of selected cases. This action should help detect and reduce the number of erroneous settlements made.

Regulations Issued for Prohibiting Undesirable Contract Types in Procuring Professional Services

Since 1957 the Environmental Protection Agency and predecessor agencies have awarded Federal grants totaling about \$16 billion for constructing municipal waste treatment facilities. Municipalities have generally contracted with consulting engineering firms for designing waste treatment facilities on the basis of a percentage-of-construction-cost of the facilities. This is an undesirable fee arrangement because it does not give an engineering firm an incentive to keep costs as low as possible or to be cost conscious.

We recommended in a report to the Congress (RED-75-367, May 8, 1975) that the Agency require municipalities to use other contracting methods in procuring professional services for designing waste treatment facilities.

On December 17, 1975, the Agency issued regulations which prohibit using the percentage-of-construction-cost method of contracting for architect-engineer services.

Procedures Revised to Prevent Lease Guarantee Program from Sustaining Losses

The Small Business Administration has authority to guarantee small business tenants' rent payments for commercial and industrial space which they would otherwise be unable to obtain on reasonable terms. SBA interprets the law as requiring the program to be self-sustaining, which means that the fees for lease guarantees must cover default payments and administrative expenses.

In January 1975, we told SBA the program was not self-sustaining because re-rentability of properties had not been considered when evaluating applications for lease guarantees. No new actuarial studies had been

made since January 1971. In an October 1975 report to the Congress (GGD-75-101), we estimated that reserves available to pay landlords would be exhausted in fiscal year 1976 and that net losses of about \$17 million would be incurred by the end of the average life of the outstanding policies issued through June 30, 1974. We recommended that a property's re-rentability be considered as a separate factor in evaluating a lease guarantee application.

In March 1975, SBA revised its procedures to limit lease guarantees to the amount properties would bring in if re-rented after defaults occurred. In January 1976, it further limited lease guarantees to existing facilities and required that all lease guarantees be issued by September 30, 1976. No new guarantees are planned after that date.

Legislation Enacted to Promote Energy Efficiency in Buildings

On June 20, 1975, we reported to the Congress that over 40 million of the 70 million existing housing units in the United States needed thermal protection improvements, such as ceiling insulation, caulking, weatherstripping, and the installation of storm doors and storm windows. We reported also that, despite our Nation's energy deficiencies, constructing energy-efficient housing was still a low priority concern to nearly all participants involved in planning, designing, financing, and constructing residential housing. Energy savings of 30 percent and 60 percent for old and new buildings, respectively, were considered to be conservative estimates.

On August 14, 1976, the Energy Conservation and Production Act (Public Law 94-385) was enacted. Among the energy conservation alternatives suggested in the report that were included in the act were (1) a grant program to help low-income persons improve the energy efficiency of their homes through such actions as adding insulation and storm windows, (2) the establishment of mandatory energy conservation standards for new buildings, including residences, and (3) authorization of a demonstration program to show financial incentives for conservation.

Eliminating Costly National Park Service Procedures for Acquiring Private Lands

During fiscal year 1969, the National Park Service (NPS) established the Opportunity Inholding Pro-

gram—a land acquisition program to acquire private lands (inholdings) located within the boundaries of older national parks as quickly as possible to preserve or convert these lands to their natural settings.

NPS established procedures whereby persons who sell their property to NPS may retain, for a fee, the residential "use and occupancy" of the property for a mutually agreed-upon period.

The "use and occupancy" provisions of NPS served, in many cases, as an incentive for property owners to develop vacant properties within the parks. Not only were the former owners permitted to use the property themselves, for what has been generally recognized as a minimal fee (1 percent), but also under existing NPS regulations the owners could rent their property to others.

Constructing new homes on vacant inholdings results in much higher acquisition costs to the Federal Government once such properties are acquired.

On May 15, 1975, we met with NPS officials, who concurred with our views; on May 21, 1975, NPS announced that the granting of "use and occupancy" privileges in park areas where a statutory right does not exist will be confined to construction started before July 1, 1975.

NPS' decision to limit use and occupancy privileges should help deter new construction, and should result in lower acquisition costs to the Federal Government in acquiring private properties under the Opportunity Inholding Program, as well as in returning the area to its natural setting more quickly.

Guidelines for Improving Mailing Practices and Reducing Mailing Costs

Before the Postal Reorganization Act, Federal agencies' postage payments to the Post Office Department were based on their own systems for estimating mail costs. Many agencies were underpaid because their estimating systems were inaccurate.

The Postal Reorganization Act established the U.S. Postal Service with the intent that its operating expenses be offset by its revenues. As a result, the Service has begun to determine its costs more accurately, and Federal agencies' postage costs have risen.

As a result of our review, the General Services Administration issued Bulletin FPNRB-63 which

gives Federal agencies better guidelines on how to use each class of mail or special mail service and on moving mail by the most economical means. Such guidelines should provide a basis for agencies to reduce their postage costs and to use mailing envelopes more economically.

Social Security Administration Ruling Results in Reducing Social Security Income Payments by One-Third

During our review of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), we noted that supplemental security income payments were made to residential handicap facilities on behalf of handicapped individuals without considering CHAMPUS payments made on behalf of these same individuals in determining income eligibility. Supplemental security income officials were unaware of the Special CHAMPUS program for the handicapped until we pointed it out, and in June 1975 they ruled that CHAMPUS payments can be included in income determination if made under the program for the handicapped. National instructions were issued in August 1975 to effect this change. They provided that supplemental security income payments be reduced by one-third because of income received by individuals as a result of third-party payments.

Savings resulting from reducing supplemental security income benefits could be as much as \$480,000 recurring annually if all eligible handicapped CHAMPUS beneficiaries applied for supplemental income benefits and did not have income or resources of their own. However, since the number of such CHAMPUS beneficiaries is unknown, actual savings are not measurable.

Improved Regulations Governing GI Bill Benefits for Independent Study Programs

During 1973 the Veterans Administration approved an associate of technology degree program offered by a State university through an arrangement with a proprietary company. The program required attending a class 1 day a month and completing independent

study projects on topics relating to the course. Veterans and other eligible persons enrolled in this program were granted college credits and monthly VA educational assistance payments at full-time rates.

In July 1974, we provided the Senate and House Veterans' Affairs Committees information concerning this program, the basis on which it was approved, and the problems which resulted from its operation.

As a result of the information we provided, and at the Committees' request, VA revised its regulations in December 1974 so that veterans enrolled in the program and similar independent study programs were precluded from qualifying for full-time educational assistance rates.

Although the dollar savings resulting from VA's revised regulations could not be readily measured, we noted that, as of November 1974, about a month before VA's change in regulations, about 13,000 veterans were believed to be enrolled in the program at full-time assistance rates, costing VA more than \$3.5 million monthly.

Reduced Supplemental Security Income Program Administrative Costs and Medical Assistance Payments Under Medicaid

The Social Security Administration has had problems in making correct payments to supplemental security income program recipients since the program began in January 1974. One of the principal causes of these payment errors is that the agency does not have accurate information on benefits paid to many program recipients by the Veterans Administration and the Railroad Retirement Board. Such information is used in determining eligibility and benefit payment amounts.

We estimated that, if the Social Security Administration used accurate Veterans Administration and Railroad Retirement Board benefit information, 35,600 ineligible recipients would be removed from the supplemental security income rolls, with a reduction in administrative costs. Because supplemental security income eligibility determinations are generally used to determine eligibility for Medicaid, there would be an associated reduction in medical assistance costs.

The Social Security Administration agreed with our findings and is taking action to obtain accurate Veterans Administration and Railroad Retirement Board benefit information.

Management Practices Over Ammunition Procurement Improved

Ammunition component inventories on hand at the Army ammunition plants as of September 30, 1975, were worth about \$550 million. GAO found that the Army lacked a sound management system for identifying, reporting, and managing inventories that had accumulated at contractor plants over the years. As a result, the Army was not in a position to consider these assets as reductions against their total needs when preparing budgets, buying new components, and preparing production schedules.

In our review of ammunition components, which we reported on in April 1976 (LCD-76-431), we reviewed 68 components worth about \$312 million in the September 1975 inventory. We found that quantities of 47 components worth about \$149 million were beyond firm end-round production requirements. We analyzed the last procurements during calendar years 1974 and 1975 for 17 of the 68 components. In nine instances the quantities procured resulted in an unnecessary accumulation of components already in excess amounting to \$3.5 million. Because production was so far advanced on these items, it was uneconomical to stop production. We pointed out that the Army faces the challenge of insuring the best possible use of these unneeded components, and we recommended that it mount a special effort to provide visibility over component inventories to permit reduction of future ammunition budget requests and identify alternative uses for excess components.

Armament Command officials told us that they would make thorough reviews to insure that all available ammunition components had been considered in fiscal years 1976 and 1977 budget submissions and make appropriate reductions where necessary. As a result, ammunition budgets for fiscal years 1976 and 1977 were reduced by \$35,000,000 through the use of components that were identified and matched with production requirements. In

addition, the Armament Command developed improved management practices which should help guard against unnecessary procurements in the future.

Responsibility for Automatic Digital Network (AUTODIN) Terminal Management Centralized

The limited effectiveness of DOD's consolidation program and the unnecessary planning and development of centers in its automation program resulted from the absence of a single entity (except for the Secretary of Defense) with the necessary authority and resources for complete management control of DOD's AUTODIN system. DOD was developing and installing expensive automated facilities in excess of its requirements, and consolidation of telecommunications centers was not being achieved to the extent possible. Each military department had designed and developed its own automated center—referred to as a local digital message exchange (LDMX) and were planning to install a total of 103 at a cost of over \$100 million. Our review indicated that 11 of 15 planned installations selected for review were not required. Our review also indicated that intraservice and interservice consolidation of telecommunications centers at 44 locations selected for review could result in annual savings of over \$2.6 million. In line with recommendations in our July 1974 report, DCA was given the authority, responsibility, and resources necessary for managing the total AUTODIN system, including terminals, thereby assuming the role of single manager over AUTODIN.

Guidelines Established for Documenting Computer Programs and Systems

In reviewing computer programs and mathematical models, we found that good documentation of computer systems prevents waste and unnecessary costs in many ways—by making program modification feasible, by making redesign changes easier, and by making computer programs and mathematical models usable by others. Government-wide policy, standards, or guidelines were not available to help Federal managers decide what type of documentation to prepare for computer programs and/or mathematical

computerized models, how much to prepare, and when to prepare it.

We recommended in our report to the Congress (B-115369) that standards be developed and the work necessary for preparing good documentation be done. On February 15, 1976, in answer to this recommendation, the National Bureau of Standards, Department of Commerce, published "Federal Information Processing Standards for Documenting Computer Programs and Automated Data Systems" (FIPS PUB 38).

Adoption of Standard Components

In December 1975 we questioned the Army's selection of the 105mm gun as the main weapon for its new XM-1 tank in the face of recent test results showing a larger 120mm gun to be superior. We also concluded that starting full-scale development of one XM-1 before testing the Leopard 2 AV (a tank developed in the Federal Republic of Germany) indicated the Army was not serious about the Leopard as an alternative to the XM-1, even if it proved a cost-effective contender. It has been contemplated that developing these tanks might lead to the adoption of a standardized North Atlantic Treaty Organization tank.

Defense officials said the Army had determined the 105mm gun to be the only logical choice for the XM-1 but that its turret would be designed to accept the larger gun. Army officials suggested that Leopard components might be incorporated after the XM-1 entered full-scale development.

In July 1976 the Army announced a major reversal in its position, stating that it would defer putting the XM-1 into full-scale development, would not use the 105mm gun for the XM-1, and would ask the contractor to redesign the XM-1 to accept the 120mm gun. At the same time, in the interest of standardization, the Department of Defense announced the signing of an agreement with the Federal Republic of Germany whereby the XM-1 and Leopard 2 AV would use a common engine, transmission, track and fuel.

In addition to economics in research and development, production, and life-cycle costs, the adoption of standard components is expected to promote increased combat efficiency among the NATO alliance countries.

Delay of Full-Scale Production of PHALANX Weapon System

In early 1975 the Navy expected a full-production decision for the PHALANX weapon system in September 1976. Accordingly, the Navy requested \$33.2 million in development funds and \$20.3 million in production preparation funds for fiscal years 1976 and 1977.

In a February 1975 study, we questioned the realism of the Navy's test program and the PHALANX system's effectiveness. We also pointed out that numerous technical problems had not been resolved. We suggested that the Congress limit future funding of the program to research and development efforts until it could be shown, with a reasonable level of confidence, that the system was ready to enter production.

In June 1975 we advised the Chairmen of the House and Senate Armed Services and Appropriations Committees that the system's problems had not been resolved and repeated our position that the system should not be approved for production.

In a December 1975 study we pointed out that the Navy had delayed a full-production decision until the summer of 1977. Subsequently the Congress deleted all procurement funds for this system and reduced research and development funding to \$15 million.

Review of Technical Evaluations of Contractors' Price Proposals

Department of Defense analysts were making incomplete or insufficient technical evaluations of noncompetitive price proposals over \$100,000. In the proposals we examined, about 40 percent of the contractors' proposed direct costs had not been adequately reviewed. Also, many technical evaluation reports did not contain enough information to support recommendations.

We recommended that formal training of all personnel performing technical evaluations of contractors' noncompetitive price proposals be intensified and that uniform performance and reporting standards be developed for use by Defense activities making technical evaluations.

Defense officials stated that our findings are being referred to Defense components as matters to emphasize in their continuing efforts to improve management practices, and to the various training activities for use in courses.

Improved Accounting Procedures for Reimbursable Technical Assistance Projects

In our review of Civil Service Commission revolving fund activities, we found that accounting reports for State and local technical assistance projects showed losses amounting to \$273,000 for fiscal years 1974 and 1975. The costs of these projects are intended to be fully recovered by the revolving fund. As a result of our report, the fund was reimbursed from other appropriations for costs which had not been billed previously, and income was recorded in the fund which had not been properly accrued by regional offices. Instructions on improving accounting and project costing procedures for reimbursable projects were furnished to Commission regional offices.

Top Management Emphasizes Position Classifications and Management

We reviewed the Civil Service Commission's administration of the Federal classification program, and selected agencies' administration of their position classification responsibilities. We found that weak controls and pressures exerted on job classifications had resulted in overgraded positions and increasing costs and had adversely affected employee morale and productivity. One conclusion in our report to the Congress was that top Federal management must make a commitment to improve job classification. We recommended that the President of the United States issue a directive to the heads of all Federal agencies emphasizing the importance of position management and the need to develop, at all management levels, an informed interest in economically structuring work and properly classifying positions. Such a memorandum was issued, and the Civil Service Commission was charged with evaluating agency classification performance and bringing about corrective action.

During the review we audited several job classifications and determined that about 75 percent of the positions were overgraded. As a result of our report, the Commission and the agencies took corrective actions to downgrade, redescribe, or abolish positions covered by our audit sample. Some employees were reassigned; a few were promoted.

Phaseout of U.S. Economic Assistance to Turkey

We reviewed the U.S. economic assistance to Turkey and concluded that U.S. assistance played a major role in the dramatic overall progress of the Turkish economy. Although AID and the State Department had discussed the possible phaseout of U.S. concessional aid to Turkey, neither had prepared a phaseout schedule or strategy.

We recommended (B-125085, Sept. 16, 1974) that the State Department and AID develop an overall plan, with firm target dates, and integrated strategies for reducing and phasing out U.S. economic assistance to Turkey.

In line with our recommendation, economic assistance to Turkey is phasing out. In recent years such assistance averaged about \$42.5 million annually; however, only four uncompleted economic assistance loans and one population planning grant are now active. These programs are scheduled to be fully disbursed by December 1978. During our review the AID Mission staff was reduced from 41 to 3 as of December 1975. Only one liaison staff person was scheduled to remain in Turkey until later in 1976.

Phaseout of East Asia Regional Economic Development Program

After reviewing the East Asia Regional Economic Development Program, we concluded that multilateral institutions presented a viable alternative to support Asian regional development and that further support for the program no longer constituted a prudent use of U.S. funds. AID had reassessed the program; however, no phaseout schedule or strategy had been developed by either AID or the Department of State.

We recommended (ID-76-16, Oct. 28, 1975) that the State Department and AID develop and implement an orderly plan to phase out the program. This recommendation was initially resisted by the State Department and AID, but they later developed and implemented a phaseout of the program. The September 1975 program staff of 16 was reduced to 4 as of August 1976. AID indicated that, as requirements for administering the existing commitments decrease, the staff likewise will decrease. Responsibility for managing residual activities under the program are being shared by the remaining program staff, other field posts, and by AID in Washington, D.C.

Reducing Requirements for U.S. Military Personnel Proficient in The Thai Language Saves Language Training Costs

Our review of the stalling of positions for a military assistance group in Thailand disclosed inadequate procedures for setting requirements for language-designated positions. Proficiency of military personnel in foreign languages is attained by training at the Defense Language Institute, Monterey, California.

GAO suggested that each position should be covered by a written justification which would specify required skills. The military assistance group concurred with our suggestion and new procedures were established.

The new procedures will result in fewer language-designated positions in the current and future structure of such groups. Due to the phaseout of the U.S. military activities in Thailand, the changing staff patterns prevent our comparing present requirements for language-designated positions with excess requirements found in our review. Therefore, it is not feasible to estimate dollar savings in training costs resulting from the corrective action implemented as a result of our suggestion.

Development of Standards on Whether to Recycle or Store Slightly Contaminated Solid Materials

On July 25, 1974, we advised the General Manager of the Atomic Energy Commission (AEC), now the Energy Research and Development Administration (ERDA), that standards had not been developed for disposing of slightly contaminated solid materials, such as copper and steel, which have been or will be taken from accelerators, reactors, and other nuclear facilities. Without standards agency officials could not decide whether to recycle, store, or bury this material.

At one facility, we found that 600-800 tons of steel, 60-80 tons of copper, and 15-20 tons of stainless steel had been stored for about 5 years in a fenced, uncovered area. The salvage value of the copper at this facility was about \$500,000. This value is expected to increase in the future as more devices are dismantled.

AEC laboratory officials stated that the radioactive levels in these metals are so low that a health and safety problem did not exist.

Following our recommendations, the Director of ERDA's Division of Operational Safety stated, in a letter dated August 7, 1975, that the Division was

beginning a 2-year project to develop standards which would permit recycling and thus reduce or alleviate future storage of these materials.

New Coal Sampling Procedures Implemented at the Energy Research and Development Administration's Y-12 Plant

At the request of the Joint Committee on Atomic Energy, we reviewed coal sampling procedures at the Energy Research and Development Administration's Y-12 plant, Oak Ridge, Tennessee. We found the coal sampling procedures for the Y-12 plant had not been tested for statistical validity and were not explicit enough in guiding and instructing coal-sampling personnel. We concluded that this led to personnel (1) not obtaining representative samples, (2) not protecting coal samples from changes in composition, and (3) operating without a sampling plan based on statistical sampling standards.

In line with the recommendations in our October 28, 1975, report, ERDA said that the Y-12 contractor has developed and implemented a coal sampling procedure based on American Society for Testing and Materials standards which should enable the contractor to obtain a more representative sample of the coal received.

Authorization Bill Revised to Require Review of Uranium Enrichment Services Pricing Criteria

At the request of the Joint Committee on Atomic Energy, we evaluated the Energy Research and Development Administration's proposed legislation to change the basis of the Government's charge for uranium enrichment services. We noted that ERDA's assumptions in computing a fair value charge (a price above actual cost) were judgmental; it would be difficult, if not impossible, to say that those were the most reasonable assumptions to be made.

We recommended to the Joint Committee on Atomic Energy that it retain control over establishing the Government's uranium enrichment charges by requiring that (1) any changes in the basic approach used in arriving at the fair value charge and (2) any additions to this charge necessary to remain competitive with private supply sources be included in the

uranium enrichment criteria and submitted to the Joint Committee for approval.

On April 6, 1976, the Joint Committee adopted our recommendation as title V to ERDA's fiscal year 1977 authorization bill.

More Equitable and Effective Procurement of Mess Attendant Services by the Navy

For several years the Department of the Navy procured civilian mess attendant services by competitive negotiation. Because of the complexity of solicitations and the vagaries in interpretation between Navy procuring activities, numerous protests were received by GAO each year. In our decision entitled *ABC Management Services, Inc.*, 53 Comp. Gen. 665 (1974), GAO suggested to the Navy that formal advertisement be considered for all future procurements of such services, particularly because both the Air Force and the Army used formal advertisement for such services.

A series of informal meetings with Navy legal representatives ensued, and the Navy informed GAO that all solicitations for such services after March 15, 1976, would be formally advertised. The Navy also responded by declining to exercise any options on its 65 outstanding mess attendant contracts.

The result of this action has been a dramatic reduction in the number of protests received in GAO, and informal advice received from both Navy officials and small business firms indicates that using the formal advertisement method has proven quite satisfactory.

Revising Military Procurement Regulation to Permit Acceptance of Low Bid Despite Technical Noncompliance With Invitation

The Armed Services Procurement Regulation (ASPR) previously granted the contracting officer discretion to waive bid bond deficiencies in certain types of cases. As a result of GAO's decision in *Commercial Sanitation Service*, 55 Comp. Gen. 352 (1975), GAO recommended to the Defense Department's ASPR Committee that the regulation be amended to require waiver of bid bond deficiencies in cases where such waiver was discretionary with the contracting officer.

By letter dated March 19, 1976, the chairman of the ASPR committee advised GAO of a change in the regulation to make the acceptance of a bid mandatory where it is accompanied by a defective bid bond but where the deficiency is within one of the stated exceptions. As a result, the Government will be assured of the advantages of acceptance of the lowest bid in all cases where bid bond deficiencies are within one of the regulatory exceptions.

Added Controls to Recoup Unauthorized Readjustment Pay

Reserve officers who are involuntarily separated following at least 5 years of continuous active duty may receive readjustment pay up to \$15,000. However, they must repay an amount equal to 75 percent of the payment if they later become entitled to retired pay on the basis of their total years of service. After we advised the Air Force of an apparent lack of control to assure repayment under these circumstances, procedures were developed to accumulate a file of readjustment pay data. The names of new retirees are matched against this file to determine if any recoupment of readjustment pay is required.

Other Benefits

Some actions taken in response to GAO's 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 have a direct, favorable effect on the well-being of individual citizens.

Guidelines for Employee Conduct and Improved Procurement Procedures

An employee of the Metropolitan Washington Council of Government (COG) placed a COG purchase order for bedroom furniture for her own personal use. The purpose of the order was to take advantage of a 49-percent discount available to COG under the terms of a Federal contract.

COG's personnel manual did not clearly state ethical standards employees should follow in dealing

with persons or firms who had or were seeking business or financial relationships with COG. In addition, COG did not require that all purchase orders be sequentially numbered and accounted for—whether issued, canceled, or mutilated. Also, many departments authorized several personnel to approve purchase orders, increasing opportunities that inappropriate or unneeded items may be purchased.

In line with our recommendations, COG issued policy and procedure memoranda on standards of conduct for employees and changes to COG's procurement policies.

Improved Controls Over the Sale of Defective Automobiles

Our review of the effectiveness of automobile recall campaigns indicated that some dealers may have been selling vehicles from inventory without correcting defects. Dealers attributed the absence of repair records to misplaced files, repairs having been made without being reported, and oversight. As a result of our recommendations, the National Highway Traffic Safety Administration established a followup procedure to help insure improved dealer compliance on vehicles in inventory.

Dispersing Information About the Availability of Small Business Administration Financial Assistance to Small Business Employers

The Occupational Safety and Health Act of 1970 authorizes the Secretary of Labor to establish mandatory occupational safety and health standards and enforce them by inspecting work places and setting penalties and correction deadlines for violations of the standards. The Congress authorized the Small Business Administration (SBA) to make loans available to small businesses which were likely to suffer major economic injury by complying with mandatory safety and health standards. Field offices of the Occupational Safety and Health Administration (OSHA) were responsible for promoting this program. As of June 30, 1975, however, SBA had made or guaranteed only 145 OSHA loans totaling \$30.3 million.

The act provides that States operate their own occupational safety and health programs after OSHA approves their plans for developing and enforcing

standards. As of September 30, 1975, 22 States, operating under OSHA-approved plans, were not actively promoting the loan program and some small businesses, which had expressed a need for financial assistance to comply with the mandatory standards, were unaware of the assistance offered by the program.

In an April 1976 report to the Assistant Secretary for Occupational Safety and Health, Department of Labor, we recommended that OSHA require all States operating under OSHA-approved plans to establish procedures requiring that small businesses be advised of the availability of financial assistance through SBA's loan program.

In July 1976, OSHA issued a program directive which instructed compliance officers of approved State programs to inform small business employers, during closing conferences, about SBA's loan program and to record the notification in their case files. The directive also required OSHA monitoring staffs to follow up on the implementation of the directive.

Property Management Regulations Amended To Improve Equipment Management

The Environmental Protection Agency had not complied with Federal Property Management Regulations in managing scientific equipment. Agency property records were not complete, and about \$7.2 million worth of scientific equipment was infrequently or never used, while further unnecessary purchases were made.

The Agency implemented our recommendations by

- releasing over \$2 million worth of scientific equipment to other laboratories or to the General Services Administration,
- amending its Property Management Regulations to provide additional controls and strengthened management practices in requiring and performing laboratory walk throughs,
- establishing scientific equipment pools,
- establishing procedures for screening purchase requisitions against idle, unneeded and/or excess equipment before procuring new equipment,
- revising its personal property accounting system to include equipment usage, and
- purifying its property records to insure that they contain complete and uniform descriptive information, including appropriate stock numbers.

Procedures Developed to Improve the Completeness and Accuracy of Injury and Employment Reports Submitted by Operators of Metal and Nonmetal Mines

The Mining Enforcement and Safety Administration requires all operators to report quarterly employment data and all occupational injuries and illnesses, to help the Administration evaluate the progress made in reducing injuries and illnesses.

On October 22, 1975, we told the Administration that the injury reports submitted did not always accurately reflect the mines' injury and illness experience and that, therefore, procedures to verify the accuracy and completeness of the operators' reports were needed. We suggested that the Administration's inspectors, during their regular inspections, review the mining operators' records and reports to determine whether the operators understand the Administration's reporting requirements and to determine the accuracy and completeness of the operators' reports.

On November 12, 1975, the Administration instituted procedures in line with our suggestions. These procedures should help insure that the Administration's program initiatives and resource allocations are based on more accurate and reliable information and accordingly should help reduce the number of accidents and injuries in metal and non-metal mines.

Improved Procedures for Developing and Supporting Plans to Construct Federal Prisons

In response to a Presidential directive, the Bureau of Prisons developed a long-range plan in 1970 for improving the Federal prison system. This plan called for 66 additional facilities at an estimated cost of \$670 million; as of June 30, 1975, it had been reduced to 34 facilities at an estimated cost of \$460 million.

As a result of recommendations made in our report and discussions with Bureau officials during the review, the following actions were taken or will be taken:

- Implementing a system by which the Bureau will check with States, once every 6 months, to determine any available capacities.
- Developing uniform custody classification definitions.

- Developing new capacity technology and definitions and the determination of new capacities for existing facilities. (Weaknesses in the Bureau's method of determining capacities were also noted in a report by the Survey and Investigation Staff of the House Committee on Appropriations.)
- Using life-cycle costing in future prison construction.

These new improved procedures should enable the Bureau to better determine the proper number and types of new facilities needed.

Ban on Color Additive Red No. 2

The Food and Drug Administration permitted the use of Red No. 2 in food, drugs, and cosmetics for 15 years without determining its safety as required by the Federal Food, Drug, and Cosmetic Act.

As a result of our recommendation, Red No. 2 study data was evaluated, showing that Red No. 2, when fed at high levels to test animals, caused a statistically significant increase in a variety of malignant tumors. On the basis of this information the Commissioner, FDA, banned the use of Red No. 2 in food, drugs, and cosmetics on January 19, 1976.

Time to Respond to Employee Complaints Reduced

The Occupational Safety and Health Administration implemented controls and procedures to insure that (1) worksites are promptly inspected when employees present complaints about alleged safety or health hazards and (2) complainants are quickly notified of OSHA's actions. OSHA's actions were in response to issues raised by GAO in a paper prepared for the Senate Labor and Public Welfare Committee, Subcommittee on Labor. Since OSHA issued its instructions, Atlanta, Chicago, and New York area offices reduced their response time average from 35, 101, and 12 days, respectively, to 3, 5, and 6 days, respectively, for the 6-month period ended April 1976.

Improved Outreach Efforts for Veterans in Prison or on Parole

We reported that the Veterans Administration did not have a uniform system for their regional offices to follow in informing veterans in prison or on

parole of the VA benefits available to them, although the Veterans Education and Training Amendments of 1970 requires such outreach efforts.

In accordance with our recommendations, the Administrator of Veterans Affairs implemented a program whereby (1) Veterans Services Officers make semiannual visits to Federal and State prisons to advise prison officials and inmates about available VA benefits, and (2) VA literature is distributed to imprisoned and paroled veterans to encourage them to use such benefits.

Improved Services to Florida Medicare Participants

The Medicare Part B carrier in Florida was not processing beneficiaries' claims promptly. The delays in payment were caused by management's lack of attention towards claims which could not be routinely processed in a reasonable time.

After our discussions with carrier officials, the carrier started (1) processing claims over 50 days old on a priority basis and (2) processing other claims first-in, first-out. Additionally, the carrier revised its computer screens to reduce the number of claims delayed unnecessarily for verification of allowable charges and duplicate payments.

These changes, along with HEW's contracting with a second carrier to process a portion of claims in Florida, resulted in speeding up payments. As of October 1975, the carrier had reduced the average processing time for participant claims from 30 to 16 days.

Plans Implemented to Reduce Department of Labor's Completed Contract/Grant Closeout Inventory

In a report dated October 7, 1975, to the Assistant Secretary for Administration and Management, Department of Labor, we reported that (1) about 4,400 contracts and grants awarded by the Department for manpower services and program evaluation were awaiting closeout at June 30, 1975, representing \$4.2 billion in potential costs, and (2) regional quarterly closeout activity reports were not being prepared accurately. Until closeout action is taken, the Government does not have complete assurance that funds have been fully accounted for.

In line with the recommendations in our report, the Department issued instructions on January 9, 1976, to its regions to (1) reduce the inventory greatly and, if possible, entirely and prepare an estimate of anticipated progress by calendar quarter through September 1976 and (2) reconcile inventory reports to individuals' records to determine the true status of contracts/grants awaiting closeout, including the number and dollar amount, and establish a firm base for measuring future progress.

Better Screening of Blood Donors for Hepatitis

To avoid future blood donations by undesirable donors, blood banks generally maintain a registry of blood donors that have caused, or could have caused, hepatitis in persons transfused with their blood. Our review of post-transfusion hepatitis pointed out that such a registry was maintained at the Massachusetts General Hospital, but it was used to avoid calling undesirable donors in soliciting blood and not to screen walk-in donors.

We discussed with hospital officials the problems with their existing blood donor registry system and recommended a new hospital procedure.

On the basis of our recommendations, the donor registry was moved from the testing laboratory to the collection center, where it is presently used to screen all prospective donors. Since implementation of this procedure in March 1974, eight prospective donors have been identified and rejected. If the blood of the eight donors had been accepted and transfused, it could have caused hepatitis in the recipients.

Improved Processing of Widow's Claims for Black Lung Benefits

In a report to the Chairman, Special Studies Subcommittee, House Committee on Government Operations, we reported that the Social Security Administration's district offices were using surface mail to notify SSA headquarters of a miner's death, instead of using a speedier teletype network operated by Western Union. Following our recommendations, SSA district offices began using that system in 1974 as an interim measure, and, as a result, the processing time of a widow's claim was reduced from 6 to 4 weeks.

We further recommended that the Secretary of Health, Education, and Welfare have SSA develop an

automated system, similar to that being used in the Retirement and Survivors Insurance program, to handle the death termination and widow's benefit conversion process in the black lung benefits program. SSA implemented this system in November 1975 and, as a result, has increased the number of claims conversions and reduced the processing time on conversions from 4 weeks to 1 week.

Improved Readiness of Army Units in Europe

Tracked combat vehicles play a major role in today's Army combat units. They provide mobility and much of the firepower for these units.

During our review of their readiness, we visited key front-line combat units in Europe and found that

- units did not have sufficient tank crews to fully man all of their M60 tanks and M551 Sheridans (armored reconnaissance vehicles),
- units had not coordinated unloading plans with other units using the same congested storage site because they did not know the units for which ammunition was stored,
- units did not have all necessary ammunition supplies.

These and other related findings are discussed in our July 23, 1976, report to the Secretary of Defense entitled "Readiness of First Line U.S. Combat Armored Units in Europe".

Crew shortages were brought to the attention of the units as well as Headquarters, U.S. Army, Europe, early in calendar year 1975. Although the Army had planned to increase the manning in the units, little emphasis was placed on whether the unit commanders had full crews for all their tracked vehicles. Because of GAO's emphasis in this area, the Army took action to follow up on unit management to insure that the full crews were available for all tracked combat vehicles.

Ammunition problems related to coordination of unloading with other users of the site as well as to shortages of ammunition supplies were also corrected by the units immediately.

Improved Computer Use

We suggested that Bonneville Power Administration, Department of Interior, conduct a study to

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determine whether the backlog of work order analysis could be reduced by greater use of the computer. Bonneville Power is currently using the computer and assigning unitized costs to larger units of property. In fiscal year 1975 the backlog of work orders, about \$160 million, was reduced about \$5.7 million. Further reductions are expected in future periods.

Unclaimed Savings Bonds Returned to Veterans and Other Individuals

GAO's followup on recommendations in a previous report showed that the Department of Treasury has continued its program to locate veterans and other individuals who are the owners of U.S. savings bonds which have been held in safekeeping by Treasury and Federal Reserve banks for a long time. According to Treasury officials, this continuing effort has resulted in the number of unclaimed bonds being reduced from over 850,000 to about 220,000.

Improved Procedures for Employee Financial Disclosure Reporting Systems

During a review of service contracts, we found that employee financial disclosure reporting systems at ACTION and the National Institute of Education (NIE) should be improved. These systems implement a Civil Service Commission regulation requiring employees responsible for making decisions or taking actions on the Government's behalf that could have an economic impact on the interests of any non-Federal enterprise to file financial disclosure statements to prevent possible conflict-of-interest situations.

We identified positions at these agencies, other than those identified by agency personnel, that appeared to meet the established filing criteria of the Civil Service Commission. At ACTION, we also found that followup efforts were not being taken when statements were not returned promptly. At NIE, we also found that required supplementary statements were not being requested from employees each June 30, nor were they being requested from employees within 30 days after their occupancy of positions previously identified as requiring statements.

Appropriate recommendations were reported to these agencies, which later concurred with our recommendations and commented that appropriate action either had been or would be taken.

Professional Wage Data Collectors to Collect Information on Non-Federal Pay Rates for Determining Federal Blue-Collar Rates

About 517,000 Federal blue-collar workers have their pay rates determined by a method of matching descriptions of Government jobs with private sector jobs in each of 135 wage areas and setting pay rates for the Federal employees comparable to those of local industry. A serious weakness in the data collection process was that the individuals matching jobs and collecting the wage data generally did not have needed qualifications, experience, or training to effectively perform this difficult and highly judgmental task. Data collectors were being selected on an ad hoc basis from Federal employees in the local area, often without regard to their occupation, which likely was unrelated to job analysis and classification or similar skills needed for this position. We recommended that a permanent body of carefully selected and trained full-time data collectors be established. The Department of Defense data collection agency subsequently took action in 112 of the 135 wage areas which we consider generally responsive to our recommendation.

Program for Discharge of Marginal Performers Applied Consistently Among Military Services

We reported that the Army, Navy, and Air Force had introduced programs to simplify and expedite the discharge of enlisted personnel considered to be marginal performers. However, since the programs had been developed independently, they were inconsistent and often inequitable as to the type of discharge, consent and appeal procedures, specificity of criteria, and length of the evaluation period. In addition, the Army limited its program to its European command, and the Marine Corps was using a quota system which delayed some separations under the established discharge procedure. Hence, a person discharged under one program might have been retained by another.

We recommended that the Secretary of Defense establish a uniform, Defense-wide program to assure that consistent and equitable standards are applied by all the military services. Our recommendation was adopted and corrective actions taken.

Divestiture of Conflicting Interests by U.S. Geological Survey Employees

We reported that 49 employees and consultants of the U.S. Geological Survey owned financial interests which we believed either violated the Organic Act of 1879, prohibiting employees from having financial interests in lands or mineral wealth of regions under survey, or were potential conflicts of interest under Department of the Interior regulations.

The Department investigated the cases which we enumerated in our report, and we were subsequently advised that 37 of the 49 employees had divested themselves of 72 financial interests which potentially conflicted with their duties and 2 other employees had terminated their employment with the Survey.

Army Improves Its Methods of Determining Skill Training Requirements

Because of shortcomings in its computer model and the methodology used to reconcile the model with the manpower program, the Army's Military Personnel Center had not been able to accurately project training requirements for the various specialties needed in a modern combat force. The Army often committed itself to train enlisted personnel in specific skills as much as 11 months before the training was to begin. These conditions caused the Army to train people in skills which were already overstaffed and for which, therefore, no valid training requirement existed. Moreover, even in those instances where the Army had identified training for which no valid requirement existed, no procedures existed to renegotiate or terminate enlistment contracts.

In response to our report, the Army has taken corrective actions in line with our recommendations to improve its skill training requirements determinations. We believe these improvements will minimize the future occurrences of training in skills for which no requirement exists.

Action Taken to Safeguard Personal Privacy

We reported to a congressional committee on the need for and uses of data recorded on DD Form 214, Report of Separation from Active Duty, which summarizes an individual's military service. The Department of Defense developed the form to serve its

internal administrative needs. It evolved from the practice of describing an individual's military service on his discharge certificate.

The form can contain derogatory information. Therefore, the practice of routinely providing it to all individuals released from military service does not adequately safeguard their privacy. The majority of military personnel do well and the DD Form 214 they receive does not adversely affect them in civilian life. For those who do not adapt well to military life, however, their DD Form 214 can reflect this and can adversely affect them, particularly in seeking civilian employment.

The Department of Defense agreed with our recommendation to eliminate the routine distribution of the report and make it available only upon written request of the individual concerned.

Improvements Being Made in the Land Disposal of Radioactive Wastes

Large volumes of radioactive wastes, including some that are long lived and highly toxic, are disposed of at six licensed commercial burial sites and five principal Federal facilities.

Some of these sites have been operated for over 30 years, yet we found that (1) site selection criteria have never been developed, (2) important earth science characteristics are not well defined, and (3) some disposal sites are releasing radioactivity to the environment.

In a report to the Congress, we recommended that the Nuclear Regulatory Commission and the Energy Research and Development Administration jointly

see that comprehensive studies are made at existing disposal sites to evaluate their ability to retain radioactive wastes and

use the studies' results to develop site selection criteria for determining the long-term suitability of existing sites and for selecting future sites.

We also made recommendations to improve the management and regulation of commercial sites, and to insure there will be adequate funding to cover the long-term care requirements for the sites.

NRC and ERDA are taking steps to implement our recommendations.

Expedited Health Surveys at 49 Sites of Early Government Radiological Activities

The Energy Research and Development Administration is aware of 49 sites used previously by the Government for various radiological operations. Due to insufficient records, the only way to insure that there is no existing or potential radiation hazard is to survey each site. In addition, ERDA does not know the current use or ownership of some of the sites. Some sites have been identified, including land owned by an airport and land in a public park.

We found that ERDA was having 1 contractor perform the 49 surveys, but that it would be 1980 before all surveys were completed.

On the basis of our recommendation, ERDA is seeking funds to expedite this program and have all 49 surveys completed by fiscal year 1978.

Improvements in Personnel Management And Employee Morale

The results of our study of personnel policies and practices of Federal agencies in the Canal Zone were reported to the Subcommittee on the Panama Canal, House Committee on Merchant Marine and Fisheries. Hearings were held on June 16 and July 22, 1975. Although our report contained no specific recommendations or conclusions, observations and other information were presented on selected areas which indicated a need for some type of modification or change. Using our study as an "action paper," the Canal organization has made several proposals and implemented policy changes. These include

- eliminating segregated housing communities in the Zone by making future housing assignments in all communities on the basis of eligibility criteria rather than citizenship,
- phasing out the Latin American school system by consolidation with the U.S. schools,
- greatly reducing the number of security positions,
- eliminating dual personnel registers,
- recruiting more Panamanians,
- expanding training opportunities for Panamanian employees, and
- developing an upward mobility program.

These actions could also diminish some of the friction present in United States/Panamanian relations.

Increased Public Participation in Federal Highway and Airport Public Works Projects

In response to our recommendations, the Federal Highway Administration and the Federal Aviation Administration issued instructions to promote more direct citizen involvement in Government-financed highway and airport construction projects. These agencies now require that environmental planning include public notification, such as newspaper announcements of proposed projects and public hearings, so that those likely to be affected by the projects may learn of the potential benefits and present any objections they may have.

Modification of Contracts to Include Examination of Records Clause

In January 1975, the Air Force awarded two contracts for developing the F-16 air combat fighter. Both contracts contained production options which, when exercised, will include important work to be done by foreign subcontractors. Both contracts stated that the Examination of Records by the Comptroller General clause did not apply to all work done outside the United States. No waiver or concurrence was obtained before waiving the clause, as is required by the Armed Services Procurement Regulations and Title 10 U.S.C. As written, the contracts precluded our reviewing the performance of foreign subcontractors which would be producing components for U.S. aircraft.

In response to the Comptroller General's letter, the Deputy Secretary of Defense wrote us that appropriate contractual modifications were being negotiated to reinstate the Examination of Records clause in the F-16 contracts. The clause was reinstated in both contracts by supplemental agreement in October 1975.

Revitalized Effort to Provide Training to Procurement Personnel

In 1970 we reviewed the Department of Defense career program for procurement personnel. We concluded that many personnel were not completing mandatory training. Since 1970 the primary Defense remedial action has been to increase centralized management of procurement training.

In a recent survey of the adequacy of procurement training programs, we found that many employees in the Defense procurement workforce lacked the training to do their duties. We found that Defense (1) had not given priority attention to the training of procurement personnel, (2) lacked a uniform program to accomplish the required training, and (3) devoted insufficient resources to provide the necessary training. We recommended to the Secretary of Defense that a plan be prepared which would (1) screen out personnel for whom training could be waived, (2) establish training priorities for those employees whose needs are greatest, and (3) expand the use of other available training modes.

Defense officials concurred with our conclusions and recommendations and stated they would now mount a revitalized effort to provide training.

Increased Efforts to Collect Delinquent Mortgage Insurance Premiums

The Department of Housing and Urban Development insures lenders against losses on home mortgages guaranteed under several Federal programs. The homeowners pay insurance premiums monthly to the lenders. The lenders are required to remit the premiums when the Department bills them.

We observed that the Department's billings were incomplete and inaccurate and that the Department did not effectively follow up delinquent payments. The accounts showed that on February 1, 1976, about 6,400 lenders were delinquent in paying about 285,000 mortgage insurance premiums totaling over \$20 million. About \$9 million had been delinquent for 6 months or longer.

We recommended that the Department improve its system of accounting and billing for mortgage insurance premiums, take prompt and aggressive action to collect delinquent accounts, and consider

whether interest should be charged on delinquent payments. After learning of our intention to audit its records, one lender who had not made payments for 10 months remitted over \$1.6 million to the Department.

The Department stated it is following up on delinquent payments, is taking steps to improve the accuracy of its billings and accounting, and is exploring the feasibility of charging interest on delinquent payments.

Making Highways Safer

In a January 1976 report to the Subcommittee on Investigations and Review, House Committee on Public Works and Transportation, and to the Subcommittee on Transportation, Senate Committee on Public Works, we recommended that the Congress adopt several provisions which had been included in either House or Senate passed highway safety legislation. We suggested that the States' flexibility on the choice of safety projects for Federal funding be increased to help maximize the safety benefits, and indicated that this could be done by consolidating existing safety construction programs, or by increasing the transferability of funds among the various programs. We also identified weaknesses in the States' procedures for selecting safety improvement projects, and suggested that the Congress continue providing funds to help States develop systematic project selection procedures.

In adopting the Highway Safety Act of 1976, the Congress provided lump-sum funding for two safety construction programs. The new act also increased the States' ability to transfer funds among the remaining safety programs. In addition, the Congress authorized specific funds to help States develop systematic procedures for selecting safety projects.

CHAPTER FOUR

LEGAL SERVICES

Highlights

During the period of this report, the Office of the General Counsel, directed by Paul G. Dembling as General Counsel and Milton J. Socolar as Deputy General Counsel, provided legal services for the Congress and GAO; agency and department heads; fiscal, disbursing, and certifying officers; and individual claimants.

Our staff members assisted committees of the Congress; commented on proposed legislation; and furnished formal and informal legal advice to committees, individual Members, and their staffs. We prepared decisions affecting the rights and obligations of agency or department heads, disbursing or certifying officers, and individuals. We also assumed primary agency responsibility for the impoundment work mandated by the Congressional Budget and Impoundment Control Act of 1974.

We disposed of 6,927 separate legal matters (see table 1). These produced the quantity and types of responses shown in table 2.

As will be shown later, our office is becoming increasingly involved in GAO's ongoing work. Our attorneys are participating more directly in audits, rather than just reviewing report drafts. This interaction between attorneys and auditors has reduced the staff-hours GAO spends on its work,

Procurement law:	
Bid protests	1,785
Other	683
Personnel law:	
Civilian	1,140
Military	576
Transportation law	553
General Government matters	1,583
Special studies and analysis	607
Total	6,927

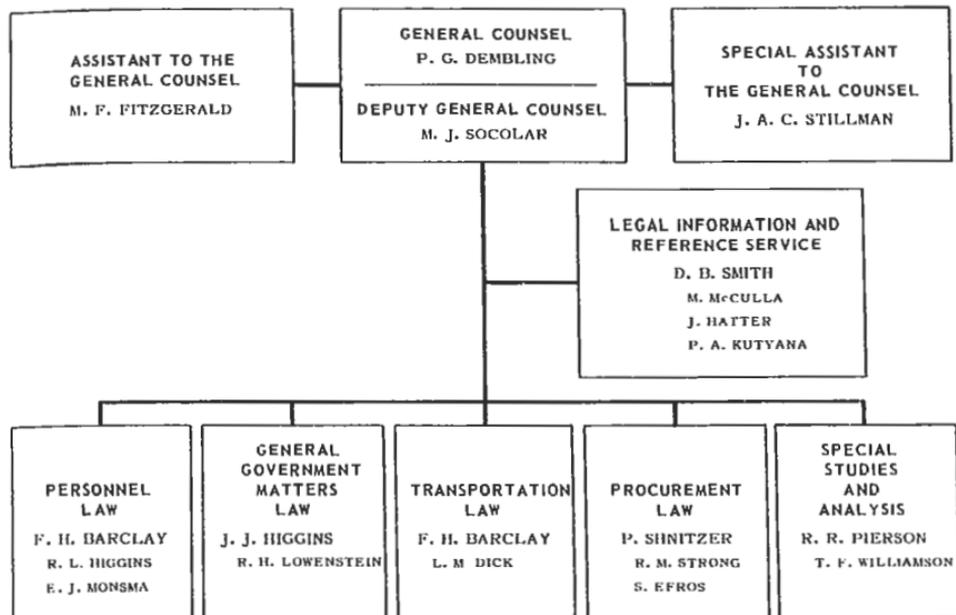
Decisions rendered to:	
Heads of departments or agencies	943
Certifying, disbursing, or contracting officers	260
Individual claimants	2,864
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	4,067
GAO internal matters:	
Reviews of audit reports	956
Memorandums to divisions and offices	1,352
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	2,308
Congressional requests:	
Opinions	513
Comments on legislation	426
	<hr/>
	939
Miscellaneous:	
Circular letters	36
Litigation reports (Attorney General or Court of Claims)	600
Comments on procurement regulations	42
Advice or opinions to the Office of Management and Budget	32
	<hr/>
	710
Total responses	8,024

as a result of the legal problems receiving prompt attention.

The arrival of our 140th lawyer in early November climaxed the staff expansion which began in fiscal 1973. We, fortunately, have been able to attract unusually well-qualified individuals who form an overall staff well suited to accomplishing our mission.

We are investigating the use of computerized legal research systems, such as FLITE, JURIS, and LEXIS. In the near future, we will decide how to take advantage of available improvements in office machine, equipment, and facilities technology.

OFFICE OF THE GENERAL COUNSEL



SEPTEMBER 30, 1976

We are continuing our summer legal intern program, established in 1973, which has helped reduce the time and effort required to replace professionals lost through attrition. This year, about half of our new staff members will come to us through this program.

General Government Matters

During the period of this report, our attorneys responded to hundreds of questions—from the Congress, agencies, GAO, and the public—involving complex and controversial legal issues arising from the full range of governmental activities.

The largest number of questions came from congressional committees and Members. Thus, at the request of a committee, we interpreted the provisions of the Congressional Budget and Impoundment Control Act of 1974 and defined the scope and func-

tions of the Congressional Budget Office, the legal effect of spending ceilings and targets, and the scope of the term "budget authority" for purposes of agency budget requests. We advised the House Appropriations Committee on the legality and propriety of actions which the Department of the Army proposed to take to cure overobligations of almost \$200 million in four of its procurement accounts. We issued opinions to several committees on the legal implications of the National Railroad Passenger Corporation's (AMTRAK's) acquisition of the northeast corridor railroad properties and its ensuing dispute with the Department of Transportation. We advised another committee on the propriety of certain payments made to the States by the Department of Health, Education, and Welfare under the Medicare and Medicaid programs.

Several responses concerned the availability of a Federal regulatory agency's appropriated funds to aid representatives of indigent consumers and other

LEGAL SERVICES

prospective intervenors in regulatory proceedings, where such participation was necessary to resolve the matters before the agency. We also answered questions from three committees about the independence, under the Federal Advisory Committee Act, of advisory committees *vis-a-vis* their parent agencies.

For individual Members, we responded, for example, on the legality of spending public funds to rescue the American merchant ship, *Mayaguez*, as well as the Armed Forces' use of such funds to evacuate American citizens and foreign nationals from Vietnam. The *Mayaguez* decision was, for us, a landmark case; it was the first time we interpreted the War Powers Resolution and its impact on Presidential powers. We explored possible legal loopholes in current acreage limitations on mineral leases on land which is in the public domain. We also wrote a decision on a controversial requirement of the Environmental Protection Agency compelling the use of recyclable beverage containers.

Our next largest number of inquiries came from GAO divisions and offices. We helped the General Government Division review the Postal Rate Commission's rate-making process, resulting in recommendations to resolve rate-associated questions faster and shorten administrative proceedings. We helped the Human Resources Division answer questions from a congressional subcommittee about HEW's administration of the Aid To Dependent Children and Medicaid programs. We are assisting that division and our International Division on a report, mandated by statute, on the effectiveness of the Trade Act of 1974. We are aiding the Financial and General Management Studies Division in its review of Department of Defense and other agency accounting practices and in its revision of *Budgetary Definitions*—the glossary of standard terms and definitions used by all Federal agencies to supply accounting information to the Congress. We have also advised the Community and Economic Division on problems arising from the use of irrigation water supplied by Interior's Bureau of Reclamation.

Agencies asked our help on many complex issues involving the application of "continuing resolution" authority in particular circumstances. Many of these were resolved informally and very quickly, to insure continuation of important programs that were jeopardized by ambiguities in resolutions which applied to them. Similarly, we issued a number of decisions interpreting the "transition quarter" legislation which

changed the Federal fiscal year to end on September 30 and, where appropriate, recommended legislative changes to eliminate difficulties.

Procurement Law

The Procurement Law division processed 2,468 legal matters involving the Government's acquisition, lease, sale or disposition of its goods, services, equipment, buildings, or other facilities. Of these matters, 72 percent, or 1,785, were bid protest submissions, in which parties aggrieved by agency procurement actions sought redress through our relatively speedy and inexpensive procedures. The remaining 28 percent, or 683 cases, involved other questions within the division's broad jurisdiction. (See table 3.)

Because of our expertise in bid protests, the Federal judiciary requests our services in court actions brought against contracting agencies by disappointed bidders. In one such action, the U.S. District Court for the District of Columbia asked us to consider a dispute between a contractor and the Department of the Navy. This case, which involved a cost-reimbursement contract for recruiting advertisement services, was novel in that it concerned a primary dispute between the contractor and the Navy, as well as a dispute between the Navy's procuring office and higher agency levels. The Navy had decided to award the contract to a firm which had received a lower technical evaluation score than its competitor but which had submitted a lower bid. The procuring office favored awarding the contract to the competitor, whose evaluation score and price were higher. We upheld the Navy's decision, finding that the competing proposals were essentially equal. (B-184825, May 14, 1975.)

In another case, decided at the request of a U.S. District Court, we upheld an Army decision to use a machine gun of foreign manufacture. Its decision to award a contract to the foreign manufacturer and not to a domestic concern violated neither the Buy American Act nor applicable procurement regulations. (B-186276, Aug. 20, 1976.)

The basic procurement statutes specify using formal advertising procedures to obtain goods or services, unless a particular exception justifies negotiation and formal advertising is not feasible or practicable. Therefore, we recommended that the General Services Administration not extend or

Table 3

BID PROTEST ACTIVITY

Disposition of cases handled:	
Protests sustained	89
Protests denied	889
Total bid protests decided	978
Protests withdrawn before decision	507
Miscellaneous dispositions	205
Protests dismissed	15
Total decided without formal decision	807
Total bid protests disposed of	1,785
Distribution of protests decided formally:	
Defense Supply Agency	91
Department of the Air Force	122
Department of the Army	207
Department of the Navy	149
Marine Corps	4
Total Department of Defense	576
Agency for International Development	1
Architect of the Capitol	1
Civil Service Commission	1
Commission on Civil Rights	1
Department of Agriculture	33
Department of Commerce	26
Department of Health, Education, and Welfare	22
Department of Housing and Urban Development	7
Department of the Interior	30
Department of Justice	5
Department of Labor	3
Department of State	8
Department of Transportation	24
Department of the Treasury	8
District of Columbia Government	20
Environmental Protection Agency	11
Energy Research and Development Administration	6
Federal Communications Commission	2
Federal Energy Administration	1
Government Printing Office	7
General Services Administration	118
Interstate Commerce Commission	1
National Aeronautics and Space Administration	21
Nuclear Regulatory Commission	1
Securities and Exchange Commission	1
Small Business Administration	8
Smithsonian Institution	1
Tennessee Valley Authority	3
United States Court of Claims	1
United States Information Agency	1
Veterans Administration	30
Total other than Department of Defense	402
Total protests formally decided	978

renew its existing janitorial contracts, which had been awarded by negotiation, and that it study the possible use of formal advertising for future janitorial contracts. (B-184186, Feb. 3, 1976.) Because of widespread Federal contracting for janitorial services, this decision should have an impact throughout the Government.

More and more frequently we handle the question of what security precautions are needed to safeguard information in automatic data processing equipment. In a case involving the procurement of data processing services by the Federal Energy Administration, we concluded, after an independent technical survey, that the successful bidder did not meet an informational security requirement. (B-178205, July 15, 1975.) Events following the award of the contract proved us right.

While we have traditionally maintained that the Federal procurement system should permit maximum competition for Government contracts, we did uphold a Navy decision to award a sole-source contract for improving a nuclear submarine sonar system to the firm which had developed the original system. The technical and delivery risks, coupled with potentially higher costs, justified the Navy's decision. (B-184927, Apr. 23, 1975.)

On the principle that all competitors must know about changes in the ground rules of a particular procurement, we recommended that the National Aeronautics and Space Administration terminate a \$286,800,000 contract for purchasing liquid hydrogen for the space shuttle program. Since only the successful bidder had been told that its interest expense would be reimbursed in an otherwise fixed-price contract, we held that not all bidders had been given an equal opportunity to compete and that negotiations should be reopened. (B-184495, Feb. 26, 1975.)

On-base housing for military personnel is an important factor in retaining these personnel and is a significant part of the Defense budget. Under the principle that it is improper to award a negotiated procurement to a bidder whose offer varies materially from the specifications of the solicitation without giving all bidders an opportunity to compete on the same terms, we held that the Navy had improperly awarded a contract by not adhering to this principle. (B-182979, Sept. 12, 1975.) This decision will affect the Navy's turnkey housing program.

By law, the District of Columbia is authorized to satisfy its needs only by soliciting competitive bids or by interagency agreement. The District, however, entered into a noncompetitive arrangement to provide reproduction services with a firm which had received a contract for the identical work with a governmental entity. We found this arrangement to be invalid, despite the fact that the terms of the arrangement were identical to those set out in the valid contract with the agency. (B-183706, B-184115, Nov. 17, 1975.)

More and more Federal grant funds have been made available in recent years to defray the cost of activities conducted at the State and local levels. A substantial part of this money funds procurement contracts. To insure that these contracts are awarded according to the law, appropriate regulations, and the grant instruments themselves, on September 12, 1976, we advised all persons interested that we would consider complaints concerning such awards. In the past year, we have decided a number of such cases on their merits, some at the instance of Federal and State courts.

The U.S. budget for fiscal year 1966 allocated less than \$15 billion for all governmental grants; however, the funds dedicated to this purpose rose to more than \$55 billion during the 15 months ended September 30, 1976. If this trend continues, we anticipate that our review of contracts under grants will become a significant part of our workload and will enable us to accomplish tangible governmental economies.

Personnel Law

Civilian Personnel

Federal civilian employees' entitlement to the rights, benefits and perquisites of Federal employment is governed by a complex variety of statutes and regulations. When an agency questions paying an employee's entitlement to compensation, allowances, differentials, or other benefits, the agency may request an advance decision from the Comptroller General. Additionally, an employee who believes himself entitled to a particular payment may pursue his claim through the agency's request or file the claim with GAO.

Our attorneys have responded to many questions involving labor-management relations in the Federal sector. In a collective bargaining agreement, an

agency may establish a nondiscretionary, valid policy. Under this principle, an agency may implement an arbitrator's award which determines that the agency violated the provision and, save for such violation, the employee would have received the benefits contemplated by the agreement.

Thus, we have held that, because the Internal Revenue Service provided a time frame for career-ladder promotions, certain IRS employees were entitled to retroactive promotions and back pay when their promotions were not processed within the time specified in the agreement. (55 Comp. Gen. 405 (1975).) So, also, we upheld an arbitration award of 2 hours of overtime pay because the Federal Aviation Administration had agreed to provide 2 hours of such work, but in fact had only provided the employee with 1 hour of overtime. (55 Comp. Gen. 405 (1975).) We agreed with an arbitrator's award compelling FAA to provide parking facilities for employees because the agency had previously found that such accommodations were necessary for its operational efficiency. (B-180012.02, June 25, 1976.) When an agency changed its basic work week without consulting with the union, as provided in the agreement, we held the award of overtime by the arbitrator improper in the absence of a finding that, but for the failure to consult, the change in the basic work week would not have occurred. (55 Comp. Gen. 629 (1976).)

While we have, in such situations, approved compensation for the employees affected by the agency's actions, we have not upheld awards of punitive damages to the union for the agency's violation of the agreement. (55 Comp. Gen. 564 (1975).)

IRS detailed an employee to a temporary duty post and required her to choose between a temporary promotion or per diem during the detail. The employee chose per diem. We held that the agency erred in requiring the choice and that, since the employee would have been promoted temporarily but for this improper action, she was entitled to a retroactive promotion with back pay. (55 Comp. Gen. 836 (1976).)

We have finished revising our civilian pay and leave manuals which set out the laws and regulations on personnel matters, as well as the GAO decisions interpreting them. These manuals are used throughout the Government. Their printing and distribution is scheduled for early 1977, and revisions to similar manuals covering travel and relocation expenses will begin soon.

Military Personnel

Members of the Armed Forces and commissioned officers in the National Oceanographic and Atmospheric Administration and the Public Health Service are subject to various circumstances, before and after retirement, which affect their pay and allowances. Differences in pay can result from length of service and the types of duty involved, such as duty in an area of critical skills, hazardous duty, and overseas duty. Individuals must be reimbursed for travel costs while on temporary duty or for expenses incident to changes in their duty stations. Retirement pay is based on a number of factors, and individuals can choose reduced retirement pay to provide survivor protection.

The laws, regulations, and instructions which govern these benefits cannot specifically cover all eventualities; our primary responsibility is to determine pay entitlement in questionable circumstances. Our knowledge in this field enables us to advise the Congress, governmental departments or agencies, and other GAO divisions about this subject. Often we are called upon to suggest legislative and regulatory changes to effect a more efficient and equitable system of compensating these Federal employees.

In response to several congressional inquiries, we reviewed and analyzed some potential conflict-of-interest cases under the statutory provision which requires a retired officer, under certain circumstances, to forfeit his retirement pay if he does business with the Government. The individuals in question were employed by private concerns which sold to the Government. Additionally, we assisted our Procurement and Systems Acquisition Division with an ongoing review of Department of Defense procedures to detect and prevent such conflict of interest. We expect our review to lead to strengthened procedures.

We received invaluable assistance from other GAO divisions in two cases involving the establishment of criteria for collecting debts owed the Government by Armed Forces members. In one case a minimum amount was set so the services would know whether to try collecting from debtors no longer on active duty. The Financial and General Management Studies Division, the Claims Division, and the Field Operations Division, by analyzing the cost data and cost accounting aspects of the issue, helped us conclude that, while we agreed with the use of reasonable methods of establishing points of diminishing returns, we were not satisfied that the Armed Forces' methods

accurately established these points. (B-115800, B-117604, Aug. 17, 1976.)

In the other instance, we considered the appropriateness of suspending collection action in debt cases where the debtor has asked that his debt be waived under a statute authorizing this under certain circumstances. Working with our Claims Division, we concluded that suspension would be proper when a reasonable possibility existed that the waiver would be granted; when the Government's interest would be protected; and when collecting the debt would cause the debtor undue hardship. (B-185466, Aug. 19, 1976.) Taken together, our decisions should save the Armed Forces significant time and money in their collection efforts.

The Departments of Defense and Health, Education, and Welfare administer millions of dollars in variable incentive pay and continuation pay for personnel who are in a critical shortage category. We advised our former Manpower and Welfare Division (now the Human Resources Division) on legal questions it encountered in reviewing the problems of recruiting and retaining physicians and dentists under these programs.

We received several inquiries concerning the applicability of the constitutional provision that no person holding any office of profit or trust under the United States shall, without consent of the Congress, accept any present, emolument, office or title of any kind whatsoever from any king, prince or foreign state. We have long held that this provision requires a former member of the uniformed services to forfeit his retirement pay if he accepts employment with a foreign government without consent of the Congress. At the request of a congressional subcommittee, we commented on a bill which, if enacted, would, under certain circumstances, confer consent of the Congress so as to allow foreign employment without loss of retirement pay.

The Survivor Benefit Plan of 1972 provides annuities for dependents of retired members of the Armed Forces who are deceased. We have answered numerous questions about the Plan, such as its applicability when a retiree waives retirement pay to receive a civil service annuity (B-185453, June 11, 1976) or Veterans Administration compensation (55 Comp. Gen. 684 (1976)); or problems involving the revocation or correction of annuity elections under the Plan (55 Comp. Gen. 158 (1975)); or the application of cost-of-living increases to the amounts on which

annuities under the Plan are based (B-184874, Sept. 9, 1976).

In another decision, we held that the Secretaries of the Armed Forces could issue regulations authorizing civilian and military employees to travel at Government expense to receive non-Federal honor awards, but only if the awards are reasonably related to their duties. This authorization, however, did not extend to dependents accompanying the employees. (B-183110, July 29, 1976.)

Transportation Law

While the General Accounting Office Act of 1974 transferred to GSA GAO's function of auditing and adjusting payments to carriers and forwarders furnishing transportation to the Government, the act gave the Comptroller General the right to review GSA's actions regarding this function. Additionally, GAO continues to receive claims by carriers and forwarders for loss of or damage to property; it also oversees the use of travel agencies in procuring official travel. We also provide advice to enforce and implement the provision of the Merchant Marine Act of 1936 which requires using American flag vessels for travel on official business and the similar provision in the International Air Transportation Fair Competitive Practices Act of 1974 which requires using American flag air carriers, when available, for Government-financed freight and passenger transportation.

Perhaps the highlight of the year for us was the settlement by one of our attorneys of the so-called Household Goods Cases. These involved 894 separate lawsuits covering 900,000 shipments of household furniture, with carrier claims totaling over \$100,000,000. After innumerable conferences and negotiations with attorneys for the carriers and Government auditors and attorneys, and after extensive investigation of the claims, our attorney negotiated a \$16,500,000 settlement, far below the judgment value assigned to the suits.

For the first time, we appeared before the Interstate Commerce Commission in its regulatory rule-making proceedings. Relying largely on our information, ICC issued a rule requiring motor carriers to justify any published tariff exceptions or commodity rates producing charges in excess of the classification basis. (B-183117, 1976.)

In another case we held that LASH (Lighter Aboard Ship) services furnished cooperatively by domestic vessels and foreign-flag vessels to deliver Government cargoes to Chittagong, Bangladesh, violated the Cargo Preference Act of 1954, and that the peculiar geographic limitations of the port, offered in justification of the combined service, could not be used to circumvent the act.

Answering a question about the propriety of paying claims presented to the Military Sealift Command, we held that the 3-year statute of limitations set forth in the Transportation Act of 1940 applies to the Command's shipping and container agreements because a subsequent amendment expanded it to include all carriers and all contracts and agreements. (A-24222, Jan. 21, 1976.)

We held that an ocean carrier which had issued a joint tender with a motor or rail carrier, subject to a 3-year statute of limitations, could not assert its claim after the land carrier's 3-year period expired. (B-183940, Aug. 27, 1975.)

We upheld the Government interpretation of readjusting contracts for transporting fuel in pipelines in a case where the carrier's intent was plain on the face of its offer; it received a fair return on its investment; and, had the offer been ambiguous, it would have been construed strongly against the carrier, which authored it. (B-185503, Sept. 2, 1976.)

Special Studies and Analysis

The Special Studies and Analysis division serves as the "inhouse" counsel for GAO's offices and divisions. Its contribution to GAO's audit and evaluation work is demonstrated by an increasing number of matters of ever-growing complexity referred to it.

The division has helped draft legislative proposals, one of which resulted in the United States Grain Inspection Act of 1976 which established a new grain inspection system. It helped amend the Architectural Barriers Act and facilitated access by handicapped persons to Government buildings. It also participated in matters of policy which did not result in new legislation. For example, the GAO report on FBI domestic intelligence activities led to the Attorney General's curtailing such work substantially.

The Special Studies and Analysis division monitors executive branch compliance with the provisions of

the Congressional Budget and Impoundment Control Act of 1974 serving as the basis for the Comptroller General's reports on executive branch rescissions and deferrals of budget authority. These reports cover all actions proposed by the President and include detecting and reporting those budget actions required to be, but not, disclosed to the Congress by the executive branch. The first lawsuit commenced by the Comptroller General under the act was settled November 25, 1975, when the Secretary of Housing and Urban Development agreed to release impounded funds for the homeownership assistance program under section 235 of the National Housing Act.

The division also gives legal advice within GAO on the Privacy Act and the Freedom of Information Act. Although GAO is not subject to either of these acts, GAO has regulations governing access to its records, under which legal questions arise, and much of the information GAO receives and uses in its work comes from agencies subject to both acts.

The division has developed three new services for GAO's other offices and divisions: a regional office program, the *OGC Adviser*, and inhouse training programs. Under the regional office program, our attorneys periodically visit GAO regional offices to provide direct legal advice on problems and to consult with personnel on their work projects. The *OGC Adviser* is a publication circulated to all GAO professionals to provide information on legal matters useful in ongoing GAO audit work. Members of the division help prepare and teach courses for GAO's professionals to help them with the legal implications of their work.

Attorneys in the division helped to get audit agreements with NATO countries in connection with European production of the F-16 fighter aircraft and the Roland missile. Access to records agreements were also negotiated with the Federal Reserve Board, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation in connection with a congressional request to audit these agencies (see page 3). Division attempts to get access to the records of contractors participating in the Department of Housing and Urban Development's experimental housing allowance program stirred the social science research community and resulted in a conference of social scientists, chaired by the Comptroller General.

Legal Information and Reference Service

The three sections of the Legal Information and Reference Service—Index-Digest, Index and Files, and Legislative Digest—provide a complete support service to help GAO attorneys and the staffs of other offices and divisions carry out their daily work. We issue numerous periodicals which keep GAO, other Government agencies and departments, interested organizations, and the public informed of legislative or legal developments which might affect them. We distribute advance copies of decisions and digests, prepare monthly pamphlets summarizing decisions in specific areas, publish an annual volume of decisions which illustrate novel or significant points of law or are otherwise interesting and applicable throughout the Government, and serve as the GAO clearinghouse for collecting and distributing legislative materials introduced in and being considered by the Congress.

The decisions of the Procurement Law division are available on a regular basis for commercial publication. Additionally, we forward all our decisions systematically to the Air Force Accounting and Finance Center in Denver, to be included in its computerized legal research system, Project FLITE (Federal Legal Information Through Electronics).

The Index-Digest section annotates and cross-references all GAO decisions, maintains an elaborate card index system for locating them, provides personal and telephone research services on demand for the public, and upon request furnishes free copies of decisions. During the 15 months the section responded to 5,318 individual research inquiries and sent out 63,318 copies of our decisions.

The Index and Files section logs, indexes, cross-references and processes all incoming and outgoing letters and prepares daily reports on significant matters for GAO's offices and divisions. During the period of this report, the Index and Files employees processed 72,738 pieces of incoming correspondence and sent out 22,595 decisions, reports and letters.

In the same period, the Legislative Digest section opened 11,964 legislative history files on public and private bills introduced in the first and second sessions of the 94th Congress and processed requests for reports on 426 bills from committees and Members of Congress.

This Division is directed by Donald L. Scantlebury, Director, and Harold L. Stugart, Deputy Director.

Approval of Agency Accounting Systems

The Budget and Accounting Procedures Act of 1950 requires the Comptroller General to approve executive agency accounting systems when he finds them to be adequate and in conformity with the principles, standards, and related requirements prescribed by him. The act also provides that GAO cooperate with executive agencies in developing their accounting systems. The approval process consists of first reviewing and approving the principles and standards under which the system is to operate and then evaluating and approving the detailed design of the system.

Accounting principles and standards for 3 agencies and designs for 32 systems were approved during the 15-month period ended September 30, 1976, as shown in table 1.

Accounting Principles and Standards

Ninety-eight percent of the accounting systems now have approved principles and standards. Of the 11 Federal departments, 10 have had principles and standards approved for all their accounting systems. The Department of Agriculture has had principles and standards approved for all but 1 of its systems. (See table 2.) Only 4 other accounting systems lack approved principles and standards.

Accounting System Designs

Twenty-three of the additional approved accounting system designs were for the Department of Defense and nine were for civil departments and agencies. The percentage of system designs approved by the Comptroller General remained at 52 percent. This resulted from an increase from 286 systems on June 30, 1975, to 338 systems on September 30, 1976, identified as being subject to approval. (See tables 3 and 4.)

Most of the increases were in the accounting systems of the military services, primarily the Department of the Navy. Further increases are expected in the Department of Health, Education, and Welfare and in the District of Columbia.

CHAPTER FIVE

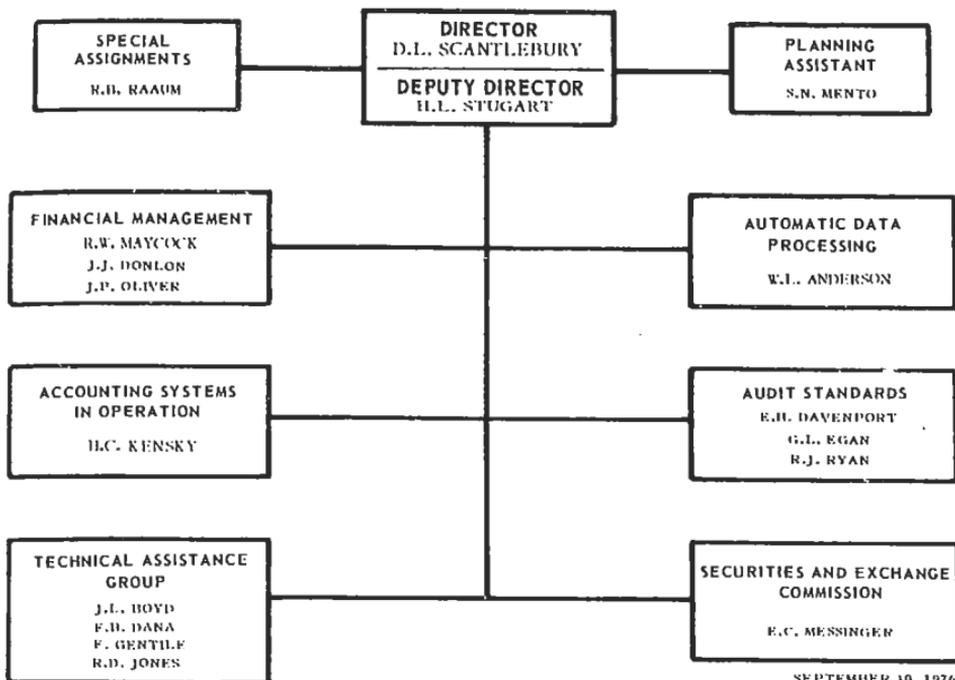
FINANCIAL AND GENERAL MANAGEMENT STUDIES

Responsibilities

The Financial and General Management Studies Division

- helps Government agencies develop accounting systems that meet the principles and standards prescribed by the Comptroller General, who approves satisfactory systems;
- reviews agency accounting systems in operation and settles the accounts of accountable officers, except for military disbursing officers (whose accounts are settled by GAO's Field Operations Division);
- reviews automatic data processing activities or programs throughout the Government;
- provides expert technical and advisory services to other GAO divisions and offices in automatic data processing, systems analysis, actuarial science, and statistical science;
- promotes the improvement of auditing of Federal and federally assisted programs at all levels of government—Federal, State and local;
- reviews the activities of the Securities and Exchange Commission; and
- participates in the Joint Financial Management Improvement Program.

FINANCIAL AND GENERAL MANAGEMENT STUDIES DIVISION



SEPTEMBER 30, 1976

Reviewing Accounting Systems in Operation

The Budget and Accounting Procedures Act of 1950 requires GAO to review, from time to time, executive agency accounting systems in operation. We ascertain whether accounting systems have been implemented and are operating in accordance with the principles and standards and designs approved by the Comptroller General, and make recommendations in our reports to effect needed improvements.

During fiscal year 1976 and the 3-month transition period, we prepared 34 reports on accounting systems and financial management activities. Seven were submitted to the Congress, its committees, or Members, and 27 were sent to agency officials. Some of these reports are summarized below.

Cost Recoveries on Foreign Military Sales

In December 1975, we told the Secretary of Defense that the Air Force did not recover at least \$5.7 million in costs incurred in training foreign students under the foreign military sales program during fiscal year 1975, primarily because it used tuition rates which were erroneously computed or obsolete.

Acting on our recommendations, the Air Force made changes to their billing system to insure that current tuition rates are used. We estimate that, as a result of these changes, the Air Force will collect an additional \$17.3 million for training provided during fiscal year 1976. In addition, the Air Force is rebilling foreign governments to recover about \$4 million in

TABLE 1

	Approval date	
	Principles and standards	System designs
Civil departments		
Department of Health, Education, and Welfare National Institutes of Health, Administrative Accounting		6/11/76
Department of the Interior Bureau of Mines		4 ^a 29/75
Mining Enforcement and Safety Administration	9/28/76	
Department of Justice Law Enforcement Assistance Administration, Administrative Accounting		9/28/76
Department of State Agency for International Development, American Payroll		9/28/76
Department of Transportation Federal Railroad Administration		9/24/76
Transportation Systems Center		6/23/76
Independent agencies		
Civil Aeronautics Board, Payroll		9/27/76
Farm Credit Administration	4/11/75	3/16/76
Federal Energy Administration	7/16/75	
Veterans Administration, Mortgage Loan Program		9/28/76
Military departments		
Department of the Air Force Department Stock Fund System		1/23/76
General and Systems Support Stock Fund, Division Office		1/23/76
Fuels Stock Fund, Division Office		1/23/76
Clothing Stock Fund, Division Office		1/23/76
General and System Support Stock Fund, Command Office		1/23/76
Base Level Materiel System		1/23/76
Civil Engineer Cost System		3/14/76
Civilian Payroll		5/25/76
Military Aircraft Storage and Disposition Center Cost Billing System		5/27/76
Airitt Services Industrial Fund System		6/17/76
Departmental Industrial Fund System		9/21/76
Department of the Army Test and Evaluation Activities		8/3/76
Department of the Navy Industrial Fund, Ordnance Activities		8/6/76
General Accounting at Marine Corps Activities		8/10/76
Joint Uniform Military Pay System		9/10/76
Naval Academy Midshipmen Pay System		9/16/76
Naval Education and Training Command, Command Level		9/21/76
Nonmechanized Command Level System		9/21/76
Facilities Engineering Activities, Civilian Payroll		9/21/76
General Accounting Fleet (Air), Field Level		9/21/76
General Accounting at Nonmechanized Resource Management System Activities		9/24/76
Industrial Naval Air Stations, Civilian Payroll		9/28/76
Office of Secretary and Defense Agencies National Security Agency Central Security Service		9/24/76

^aReapproval

TABLE 2
APPROVAL STATUS BY DEPARTMENT
 At September 30, 1976

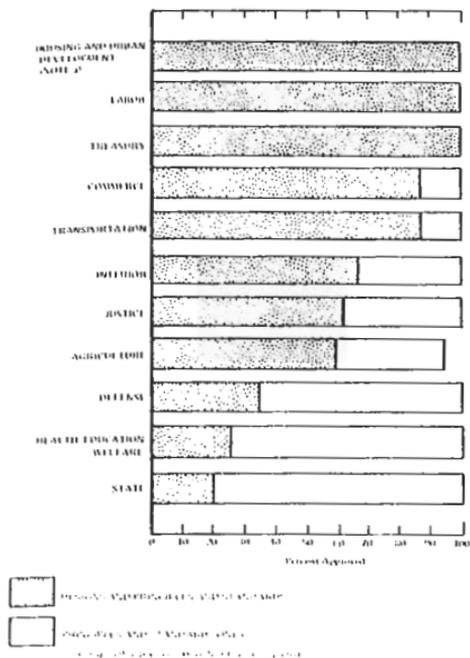
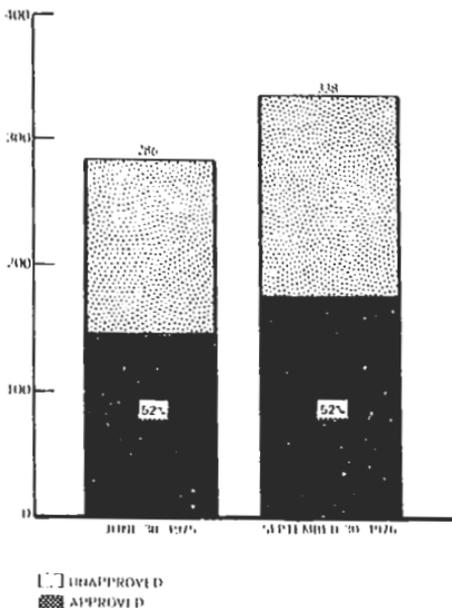


TABLE 3
ACCOUNTING SYSTEM DESIGNS
SUBJECT TO APPROVAL



costs not previously charged because outdated and incorrect unit rates were used. (FGMSD 76-21, Dec. 1, 1975.)

In July 1976 we informed the Secretary of Defense that no action had been taken on recommendations made by the Department's internal auditors that (1) a study be made to insure that all costs of providing technical assistance and training to the armed forces of Iran are identified and (2) reimbursement for such costs be obtained. The auditors estimated that about \$28 million in fiscal year 1976 costs would not be recovered unless such action is taken.

We recommended that the Department of Defense make the study and take such other actions as are necessary to fully recover the costs for technical assistance and training services provided to Iran. (FGMSD 76-64, July 13, 1976.)

Mortgage Insurance Premiums

The Department of Housing and Urban Development insures lenders against losses on home mortgages guaranteed under a number of Federal programs. The homeowners pay insurance premiums monthly to the lenders, who remit the premiums to the Department when billed for them. The Department is supposed to bill the lenders annually and follow up to see that the bills are paid.

In May 1976, we informed the Secretary of Housing and Urban Development that thousands of mortgages were delinquent in paying insurance premiums amounting to more than \$20 million. The Department, therefore, was denied the use of these funds to meet program needs.

We recommended that the Department improve its system of accounting and billing for mortgage insurance premiums, promptly collect delinquent accounts, and consider whether interest should be

Table 4
STATUS OF ACCOUNTING SYSTEMS

	Principles and standards		Designs		Subject to approval
	Approved	Unapproved	Approved	Unapproved	
Civil departments and agencies:					
Agriculture	16	1	10	7	17
Commerce	8	-	7	1	8
Health, Education, and Welfare	19	-	5	14	19
Housing and Urban Development	1	-	1	-	1
Interior	19	-	12	7	19
Justice	13	-	8	5	13
Labor	2	-	2	-	2
State	7	-	4	3	7
Transportation	8	-	7	1	8
Treasury	18	-	18	-	18
Executive Office of the President	4	-	4	-	4
Independent agencies	52	4	41	15	56
Total civil	167	5	119	53	172
Percent	97	3	69	31	100
Department of Defense:					
Air Force	43	-	28	15	43
Army	29	-	5	24	29
Navy (including the Marine Corps)	75	-	20	55	75
Defense agencies	18	-	5	13	18
Total Defense	165	-	58	107	165
Percent	100	-	35	65	100
District of Columbia Government	1	-	-	1	1
Total all systems	333	5	177	161	338
Percent	98	2	52	48	100

¹ Number of systems will be reduced to six when planned consolidations have been made.

² The billion accounting system has not been included as it is being moved into the Financial Management Information System, a new accounting system now being designed which will include all of the Bureau of the Mint. The new system is scheduled for completion in Sept. 1977.

³ For the most part, these systems are the principal automated ones.

⁴ Actual number of accounting systems not yet determined.

charged on delinquent payments. The Department told us it is following up on delinquent payments, taking steps to improve the accuracy of its billings and accounting, and exploring the feasibility of charging interest on delinquent payments. (FGMSD-76-54, May 5, 1976.)

Composite Pay Checks

In 1974, about 19 percent of the Federal work force (864,000 employees) had their pay sent directly to

banks through the use of composite checks, which saved the Government about \$2.3 million. In our review of the composite check program, we found that additional savings were possible if more employees participated in the program.

Agencies' efforts to promote employee participation have varied considerably, with the Air Force having 45-percent participation and saving about \$1.2 million of the \$2.3 million saved. Several other agencies either had not implemented composite check procedures or were using composite checks only



Report of GAO discusses the accounting system design documentation for the Ordnance Activities Industrial Fund with Joyce Hays and Gary Harlow, an Office of the Navy Comptroller.

to a limited extent. If the Air Force's 45-percent participation rate were achieved Government-wide, an additional \$3 million could be saved.

In a November 1975 report to the heads of all Federal departments and major agencies, we suggested that more positive action promoting the use of composite checks be taken and that the Department of Treasury assist agencies in promoting the program. (FGMSD-76-11, Nov. 10, 1975.)

Property Accounting

In January 1976, we reported to the Congress that major deficiencies existed in the National Aeronautics and Space Administration's property accounting. At three space centers, equipment and material valued at \$144 million had been on hand for as long as 10 years but still not recorded. Millions of dollars worth of equipment was shown in the property

accounting system as being used when in fact it was not. Property losses were not promptly reported and investigated.

As a result, large amounts of property were not under accounting control and were not shown in financial reports; equipment identical to idle equipment already on hand was being purchased; and the reasons for property losses frequently could not be determined.

We recommended that the Administration maintain accounting control over all property, promptly identify and investigate losses of property, and maintain up-to-date and accurate records showing whether equipment is in use or is available for reuse in lieu of new procurement.

The Administration said it will emphasize the importance of property management to line managers, correct all known deficiencies, review property management at each center every 2 years, and have

its internal auditors systematically follow up to see whether corrective actions have been taken. (FGMSD-75-27, Jan. 16, 1976.)

Financial Controls Over Appropriations

The Chairman of the House Committee on Appropriations asked us to review an alleged violation of the Anti-Deficiency Act (31 U.S.C. 665) by the U.S. Army Electronics Command. We reported that an Army audit showed that there was a deficiency of about \$40 million in the fiscal year 1972 "Other Procurement Appropriation." We also reported that (1) the precise reasons for the overobligation may never be determined because ledgers and journal vouchers had apparently been lost during a reorganization and move and (2) the Army may find more overobligations. (FGMSD-76-2, Sept. 8, 1975.)

In October 1975, the Army notified the Chairman that there had been a serious breakdown in controls over procurement appropriations and that more overobligations may have occurred. In April 1976, the Army reported that it had identified \$205 million in overobligations in three procurement appropriations and was investigating nine other apparent violations of the law.

In accordance with a second request from the Chairman, we reviewed the Army's procedures to determine the amounts and causes of the overobligations and whether accounting systems have been improved to help prevent future violations.

Accounting Operations

In response to a request from the Counsel to the President, we reviewed the White House Office accounts for the period July 1, 1969, to August 9, 1974.

We found a need to improve accounting controls and procedures to help insure that receipts and disbursements are properly handled and that effective accounting control is maintained over all funds, property, and other assets.

We recommended that an internal audit function be established as a means of assuring more effective control over the assets of the White House Office, other agencies in the Executive Office of the President, and the Office of the Vice President.

The Counsel told us that corrective action would be taken and that the White House Office is planning to improve its accounting system and internal controls.

The establishment of an internal audit function will be studied further. (FGMSD-76-34, Sept. 2, 1976.)

Accounting for Obligations

Each year the Navy has systematically been deobligating, without proper justification, millions of dollars in obligations recorded in its Military Personnel and Operation and Maintenance appropriations successor accounts. Successor accounts are consolidated accounts into which all prior-year obligated but unpaid balances and accounts receivable are merged 2 years after the appropriation expires and which are available indefinitely to pay obligations chargeable to any expired appropriation for the same general purpose.

The Navy also wrote off large amounts in accounts receivable which were recorded in these accounts without determining whether the amounts were collectible. From June 30, 1973, to June 30, 1975, such deobligations and writeoffs amounted to \$90 million. As a result, the Navy did not have adequate accounting control over successor account obligations and receivables.

In July 1976 we recommended to the Secretary of Defense that the Navy (1) require an accounting for obligations and receivables in successor accounts, (2) reestablish in successor accounts those obligations and accounts receivable which were deobligated or written off and against which future expenditures or collections were anticipated, and (3) have its accounting staff or internal auditors periodically review the validity of obligations and the balances of accounts receivable. The Department of Defense informed us that the Navy would implement our recommendations. (FGMSD-76-45, July 2, 1976.)

Financial Management Information Systems

Federal agencies spend millions of dollars each year to develop computer-based financial management systems. Contracts with public accounting and management consulting firms are used extensively to provide agencies with technical assistance. We observed that many development projects were unduly prolonged, costly, and frustrating, while other projects proceeded smoothly.

In August 1976 we published a booklet which discusses management's involvement in 68 key steps

in planning, contracting, designing, developing, testing, implementing, and operating computer-based management information systems. It will be useful to Federal, State, and local agencies and contractors. ("Lessons Learned About Acquiring Financial Management & Other Information Systems," August 1976, by the Comptroller General of the United States.)

Automated Payroll Systems

We reported on reviews of three automated payroll systems.

Department of the Army

In fiscal year 1975, the automated payroll system of the U.S. Army Military District of Washington processed pay and allowances of about \$383 million for 24,000 employees.

The system did not have certain internal controls which are necessary to reduce the possibility of unauthorized payments, fraud, and errors. We reported to the Congress that, because of these weaknesses, the system could not be relied upon to produce accurate payrolls and to protect the Government from improper payments.

We recommended that the duties of pay clerks and other employees be separated, computer programs be modified to provide necessary checks and edits

of data, and effective physical control over equipment, files, and negotiable instruments be maintained. The Army said it has taken or plans to take action on some of our recommendations and will include all of the recommended controls in the Army-wide standard civilian payroll system it is developing. (FGMSD-75-26, Oct. 9, 1975.)

Department of Commerce

The Department of Commerce's automated payroll system services about 4,500 employees who were paid \$82 million in calendar year 1974.

We informed the Secretary of Commerce that controls in and between the personnel office, the payroll office, and the automatic data processing operations division needed improvement. We made 10 recommendations for improvements in controls over employees, documents, equipment, and system development and operation. The Department told us it had started some corrective actions. (FGMSD-76-3, Nov. 10, 1975.)

Department of Health, Education, and Welfare

Since 1969 GAO, the Department of Health, Education, and Welfare's Audit Agency, and a special interagency payroll review panel have issued reports on deficiencies in the Department's centralized payroll system. As a part of our review, we have followed up on the Department's actions to implement recommendations included in these reports.



Paul Johnson, Director of the Department of Health, Education, and Welfare's centralized payroll operations, explains operation of system to GAO staff members, left to right, Marcelito R. Ordonez, Joseph H. Potter, Gerald J. Bialis, and Martin E. Carak.

In the first of a series of planned reports on our review, we pointed out to the Secretary of Health, Education, and Welfare that (1) hundreds of wage and tax statements and pay records for 1974 were erroneous, (2) the Department had not recorded canceled check adjustments on about 3,300 of the estimated 3,800 erroneous 1974 pay records, and (3) the Department has not issued corrected wage and tax statements to an estimated 1,940 employees, as required by Internal Revenue Service regulations.

We made several recommendations to the Secretary of Health, Education, and Welfare which, if properly implemented, will correct the problems cited in the report. (FGMSD-76-68, Aug. 24, 1976.)

Reviewing Approved Systems

During the 15-month period, we reviewed eight systems that had been previously approved by the Comptroller General to determine whether they were being operated in compliance with their approved designs. We found that significant changes requiring reapproval had been made or were being made in four systems. We also observed and reported to agency heads improvements needed in property accounting, internal audits, and controls over payrolls, cash, accounts receivable, and advances to employees and contractors.

Testimony Before Congressional Committee

On September 25, 1975, we testified before the Subcommittee on Manpower and Housing, House Committee on Government Operations, on the Department of Housing and Urban Development's system of accounting for property taxes on acquired single-family residential properties.

We told the Subcommittee that the Department's system lacked adequate controls to insure accurate and prompt payment of taxes; the tax records contained numerous errors and, as a result, the Department:

- Paid taxes on properties it did not own.
- Failed to pay taxes it owed.
- Made late tax payments and thereby incurred unnecessary penalty and interest costs.
- Made duplicate payments on some properties.

- Did not receive credit from local tax authorities for delinquent taxes paid to property buyers at the time of sale.

We suggested several things the Department should do to improve the property tax payment system, including using automatic data processing and establishing an accurate accounting of tax liabilities. The Department told the Subcommittee that it would take corrective action in line with our suggestions. This matter was the subject of a GAO report to the Congress. (FGMSD-76-24, Nov. 26, 1975.)

Automatic Data Processing

The Federal Government has over 9,000 computers costing over \$10 billion a year to operate. We study and report on policy matters that arise in managing and using these resources. Finding ways to improve Government operations is our principal objective. We are continually strengthening GAO's capabilities in this highly technical area so we can better serve the Congress and provide technical assistance in audits of Federal programs and operations.

Our automatic data processing staff makes such studies, provides instructors and materials, and develops training in computer system auditing.

Computers in Danger

Many of the Federal Government's 9,000 computers are inadequately protected against sabotage, vandalism, terrorism, or natural disasters. The causes are poor security measures and poor recovery procedures for continuity of operations at a number of Federal installations visited which make the installations susceptible to catastrophic losses caused by bombing, fires, floods, frauds, thefts, embezzlements, and human error.

In our report to the Congress, we recommended that the Office of Management and Budget direct that a management official at each Federal computer installation be made responsible for physical security of automatic data processing. We also recommended that risk management techniques be used to compare the cost of protection with the potential loss. (FGMSD-76-40, May 10, 1976.)



View of records destroyed by fire. Reconstruction will be costly and time-consuming due to the lack of contingency planning.
 (Courtesy of General Services Administration)

Computer-Related Crimes in Federal Programs

Computer systems have added a new dimension to potential crime. Although it is difficult to identify specific crimes as being computer related, we did learn of 69 instances where improper use of computers resulted in losses of more than \$2 million.

Most of the cases examined did not involve sophisticated attempts to use computer technology for fraudulent purposes; rather, they were uncomplicated acts made easier because management controls over the systems involved were inadequate. In our report to the Congress, we recommended that the heads of Federal agencies emphasize management controls in their computer systems. (FGMSD-76-27, Apr. 27, 1976.)

Improvement Needed in Computer Systems Which Automatically Issue Funds or Decisions

Computers in Federal departments and agencies annually issue unreviewed payments and perform other actions involving billions of dollars in Government assets. These actions are sometimes wrong; two causes are software and data problems. In our report to the Congress we suggested remedies to correct the situation Government-wide. (FGMSD-76-5, Apr. 23, 1976.)

Trends, Benefits, and Problems In Using Minicomputers

Minicomputers, now used in Government primarily for scientific data processing and control of machinery,

are expected to be used more and more for general data processing to improve productivity. However, there are problems in and limitations on using minicomputers, especially with software; also, complicated procurement regulations governing minicomputers are causing excessive administrative costs and delays. In our report to the Congress, we recommended that the General Services Administration simplify Federal procurement regulations. (FGMSD-75-53, Apr. 22, 1976.)

Savings Available When Acquiring Computers Under Grant Programs

Because of the large amount of Federal grant money being spent for automatic data processing systems, there is a potential for either savings or waste—often amounting to hundreds of thousands of dollars for an individual grantee. It is important that Federal managers make sure that grantees follow business-like procedures in acquiring (by purchase, lease, or other methods) computers for grant programs. Although instructions and procedures exist, these need to be extended to require consideration of all reasonable alternatives. Also, agencies should make sure that the instructions are followed.

In our report to the Congress, we recommended that Federal policies be strengthened to insure that grantee agencies follow business-like practices in acquiring computer systems. (FGMSD-75-34, July 24, 1976.)

Technical Assistance Services

The Technical Assistance group has a central analytical capability to support audits, studies, and evaluations done by GAO operating divisions and offices. Personnel with specialized education and experience provide expert technical advice and services in automatic data processing, systems analysis, statistical science, and actuarial science.

The group keeps abreast of new developments in each area of expertise to maintain an internal capability for applying new methods and techniques to GAO assignments. During fiscal year 1976 approximately 450 requests for assistance were handled. In many cases the work included developing important portions of the reports issued by other GAO operating groups.

Audit Standards

Our Audit Standards group

- plans, coordinates, and monitors GAO's reviews of Federal agency internal audit systems;
- fosters audit cooperation and improved auditing at the Federal, State, and local levels;
- provides support and assistance to the national and regional intergovernmental audit forums;
- reviews financial reports of federally chartered organizations.

Reviews of Federal Agency Internal Audit Systems

During 1976 we began reviewing the major Federal audit organizations to determine the amount of auditing being directed toward internal financial areas, such as controls over cash, property, and other assets for which Federal agencies are responsible. Our first review in this area, at the Department of Labor, showed that virtually no internal financial areas were being audited because the Department needed to perform "external" audits of its Comprehensive Employment and Training Act Program.

We recommended that the Secretary of Labor determine what action should be taken to provide effective audit coverage of the Department's internal financial operations. The Department agreed with our recommendation and is working to achieve a balance between internal and external audits. (FGMSD-76-67, June 25, 1976.)

Internal Audits of Accounting Reports and Systems

We asked the major executive agencies about the extent of their internal audit coverage of financial reports submitted to the Department of the Treasury, as well as the accounting systems that are the basis for those reports. Our inquiry included 28 departments and agencies that account for about 90 percent of the Government's gross obligational authority.

We reported to the heads of audit agencies that the majority of the departments and agencies queried said they did not regularly perform audits in this area.

We pointed out that these results, along with numerous prior reports on major system deficiencies, indicate a need for increased emphasis on internal

audits of accounting systems and reports to the Treasury. (FGMSD-76 43, June 18, 1976.)

Fostering Audit Cooperation and Improving Auditing

Supplementing the Comptroller General's *Standards for Audit of Governmental Organizations, Programs, Activities & Functions* continues to be a major function. Three supplements published during fiscal year 1976 illustrate how the standards should be applied.

"Using Auditing to Improve Efficiency and Economy" (Supplement No. 7) is a case study describing how broad-scope audit techniques can be applied to improve the efficiency and economy of city government activities. "How Auditors Develop Findings" (Supplement No. 8) shows how auditing can contribute to improving economy and efficiency. It also shows how auditors may obtain specific criteria to gauge the efficiency of existing practices. "Self-evaluation Guide for Governmental Audit Organizations" (Supplement No. 9) is a review guide for governmental audit organizations to evaluate how well their organizations are following the audit standards.

To aid and encourage the exchange of audit information, we published a "Directory of Federal Audit Organizations" and also a "Directory of State Audit Organizations." These directories provide information on the location and size of the agencies. The Federal directory covers 49 organizations and the State directory contains information on 87 State-level agencies having audit responsibilities in the 50 States, the District of Columbia, and 4 territories.

We issued an exposure draft entitled "Audit Guidelines for Audits of Financial Operations of Federally Assisted Programs" on a 1-year trial basis. The purpose of these guidelines is to standardize procedures for financial audits of State and local records for federally assisted programs. This guide should simplify the auditing and thus enable it to be done more economically.

Audit Forums

The 11 intergovernmental audit forums continue to be a valuable means for encouraging State, local and Federal audit cooperation. With a total membership of over 300 audit officials from all levels of government, these forums (1) provide a means for exchanging views and solving common problems, (2) promote the

acceptance and implementation of the audit standards, (3) encourage coordination of audits and standardization of audit guidelines, and (4) promote understanding and communication that will result in cooperative audit work and mutual reliance on audits performed by others.

In January 1976, representatives of all the forums met to discuss matters of mutual concern and interest and to seek ways to resolve issues and problems. The results were published in a joint conference report entitled "Initiatives for Improving Governmental Audits."

Federally Chartered Organization

The accounts of private corporations established under Federal charters must comply with the financial reporting requirements of Public Law 88 504. These organizations, such as the United States Olympic Committee and the American Historical Association, must be audited annually by public accountants and the reports submitted to the Chairman, House Committee on the Judiciary. Under an agreement with the Chairman, GAO reviews these audit reports and comments on their compliance with the statute. During the 15 months ended September 30, 1976, we reviewed 73 such reports.

Securities and Exchange Commission

Our division was assigned responsibility for auditing the activities of the Securities and Exchange Commission in February 1976. During 1976 we spent most of our time evaluating the Securities and Exchange Commission's administration of the Public Utility Company Holding Act of 1935. During 1977 we will undertake an overall planning survey of the Securities and Exchange Commission's regulatory and enforcement activities so we can systematically develop our audit approach. As an outgrowth of this survey effort, we expect to undertake detailed reviews of SEC's programs, concentrating on such SEC responsibilities as regulation of exchanges, brokers, dealers, investment companies, and investment counselors. We also expect to look into SEC's largest program—promoting full and fair disclosure in financial and other statements on securities being offered to investors.

Joint Financial Management Improvement Program

The Joint Financial Management Improvement Program was authorized by the Budget and Accounting Procedures Act of 1950. It is a Government-wide cooperative program to improve and coordinate financial management policies and practices throughout the Government so they will contribute significantly to the effective and efficient planning and operation of governmental programs.

Leadership is provided by the four principals of the program—the Comptroller General, the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Chairman of the Civil Service Commission. The program is administered by an Executive Director under the general guidance of a steering committee made up of representatives from each of the central agencies. Day-to-day conduct of the program is the responsibility of full-time Executive Director Donald C. Kull.

Some of the activities in which JFMIP participated during the last year are discussed below. More detailed information about the program's accomplishments may be found in separately published annual reports on the program.

Productivity Measurement

In July 1976, JFMIP issued its third annual productivity report to the President and Congress. Volume I of this report gives productivity measures for fiscal years 1967-1975, analyzes the causes of productivity changes, and presents information on the status of productivity programs. Volume II consists of case studies from various public and private organizations which may provide useful examples to others who are interested in improving their productivity.

The current productivity measurement system covers 1,926,000 staff-years in 279 organizational elements of 51 Federal departments and agencies. This represents 67 percent of the total Federal civilian work force. During fiscal year 1975 productivity of the measured Federal work force increased 2 percent. Since the base year of fiscal year 1967, productivity has increased 10.7 percent—an average annual increase of 1.3 percent. There are substantial variations in the rates of change for individual organizations and for the 25 functional areas for which productivity

indexes have been developed; all but 4 of the 25 functions had productivity increases during this period.

The report gives special attention to results of a series of demonstration projects on a concept called total performance measurement. In this approach, measures of productivity and effectiveness are integrated with information on employee attitudes and customer attitudes to provide a powerful diagnostic tool to aid operational managers in identifying and correcting problem areas.

Cooperative Projects

An interagency project team organized by JFMIP has helped the Farmers Home Administration develop an improved financial management program which includes systems for loan disbursements, work measurement, and unified management information. Under the new loan disbursement system, loan funds are drawn from the Treasury only as needed to keep pace with the work being financed. The Department of Agriculture has reported that this system will result in a one-time reduction in outlays of about \$750 million and annual interest savings to borrowers and the Government of about \$40 million. The work measurement system provides timely and accurate information on how much time county office employees are spending at their various loanmaking and supervisory responsibilities. This system is expected to increase productivity by making it possible for field staff to devote more time to applicants and borrowers while keeping up with a steadily growing workload. A unified management information system incorporates the loan disbursement and work measurement systems. Improved efficiency and effectiveness of service to borrowers is expected. It is also possible that substantial savings will come about through increased productivity and reduced interest costs.

An interagency project team organized by JFMIP has also been assisting the Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, in developing a financial management planning system to measure and improve the effectiveness of delivering the Bureau's services. Specifications are being developed for a comprehensive system which will include a labor distribution system, a payroll, personnel system, a criminal enforcement management information system, a simulation and modeling system, and a general accounting system. The work is being coordinated

with plans for a new Treasury personnel payroll information system which is modeled after a system used by the Department of the Interior.

Conferences

In fall 1975, JFMIP and the Association of Government Accountants sponsored a 1-day seminar on electronics funds transfer. This seminar provided information on current Federal efforts in the electronic transfer area, plus a look at current technology, proposed new systems, and the impact on individuals and organizations. "Communications in financial management" was the theme of the Fifth Annual Financial Management Conference held in February 1976. In September 1976, JFMIP joined with several other organizations in sponsoring an Intergovernmental Financial Management Conference in St. Louis. This provided an opportunity for about 175 financial managers from Federal, State, and local governments in 25 states to exchange views on several financial management issues of current concern.

Interagency Study Teams

A booklet entitled "Operational Budgets—A Practical Approach" was published in November 1975. The booklet was based on the report of an interagency study team which was appointed by JFMIP to study the use of operating budgets for program management. The booklet contains a number of guidelines which can be useful to many Federal agencies and other governmental organizations.

The work of another JFMIP interagency study team was reported in a special JFMIP publication entitled "Money Management Study." This study confirmed previous assumptions concerning the importance of cash management in the Federal Government and operating agencies' general lack of attention to specific plans and procedures for cash management. The study also demonstrated that substantial financial savings can be achieved by careful attention to cash management. The booklet contains guidelines for agencies to use in developing their own policies and procedures and improving their cash management practices.

CHAPTER SIX

ENERGY AND MATERIALS

Responsibilities

The Energy and Minerals Division

- audits and analyzes the energy and minerals-related programs of all Federal departments and agencies, including Federal contractors' energy programs, and evaluates the interrelationships among all Federal departments, agencies, and programs as they involve energy and minerals matters,
- evaluates Federal energy data collection and analysis activities,
- examines the books, records, papers, or other documents of any person or company who is required to submit energy and financial information to the Federal Government or who produces, processes, refines, transports or distributes energy resources, and
- gives advice to other GAO divisions and offices whenever energy minerals materials is a secondary focus of their work.

This division has overall audit and analysis responsibility for the Federal Energy Administration; the Energy Research and Development Administration; the Nuclear Regulatory Commission; the Federal Power Commission; the Department of the Interior (energy and minerals-related activities);

the Tennessee Valley Authority; and the Energy Resources Council.

Major congressional legislation in the past few years requires GAO to evaluate and make recommendations regarding programs carried out under the Federal Energy Administration Act of 1974; the Energy Reorganization Act of 1974; and the Energy Conservation and Production Act of 1976.

In addition, under title V of the Energy Policy and Conservation Act of 1975, we have been given new responsibilities in the energy data area, including the authority to independently verify energy data; we may use this authority to inspect the books and records of private persons and companies under certain conditions.

McInte Canfield, Jr., is Director of the Division, and J. Dexter Peach is Deputy Director.

Energy

During the 15-month period ended September 30, 1976, GAO spent about 170 professional staff-years on energy-related assignments, 55 percent of which were self-initiated and 45 percent requested by the Congress. We completed 102 energy-related reports—73 to the Congress, Members of Congress, and committees (these reports include those energy-related reports issued by other GAO divisions) and 29 to agency officials.

We concentrated on (1) Federal efforts to conserve energy, (2) Federal collection and analysis of energy data, (3) the Federal role as a proprietor of energy resources, (4) energy pricing, (5) energy research and development, and (6) international energy problems.

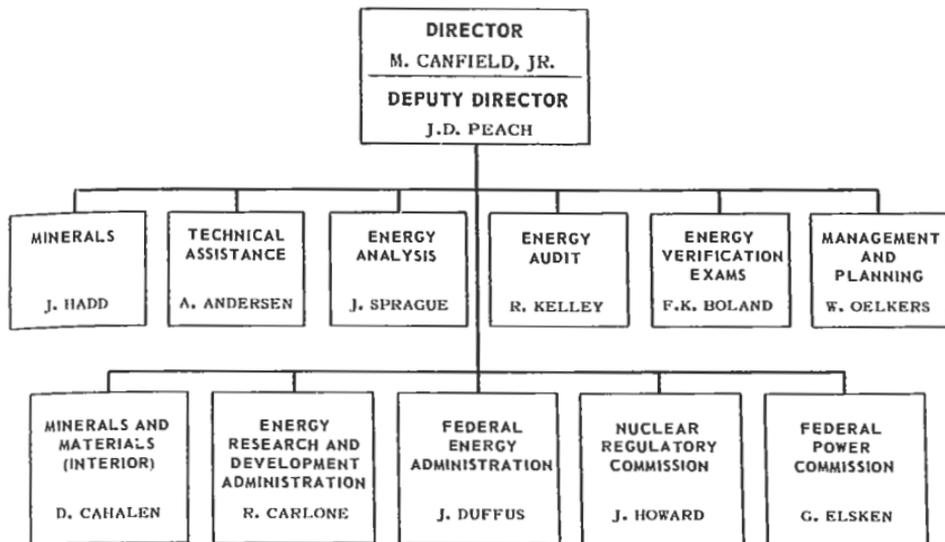
Brief summaries of our major concerns follow.

Nuclear Energy

The growing shortage of fossil fuels is spurring the search for alternative energy sources, including increased use of nuclear power.

We reported to the Joint Committee on Atomic Energy on the President's June 26, 1975, legislative proposal to allow the Energy Research and Development Administration (ERDA) to help private firms build, own, and operate commercial uranium enrichment facilities. (Enrichment is a process which transforms uranium into a usable nuclear fuel.)

ENERGY AND MINERALS DIVISION



SEPTEMBER 30, 1976

In that report we commented on a private group's proposal, submitted to ERDA, for assistance in building an enrichment plant using existing technology. We stated that the requested assistance was excessive for the project and concluded that the group's proposal was not acceptable. ERDA is considering other proposed projects using advanced enrichment technologies; we concluded that conditions of these projects warrant Government assurances similar to those specified in the President's proposed legislation.

Because of the immediate need for additional enrichment capacity, we recommended that the Joint Committee consider authorizing ERDA to make the next increase in enrichment capacity by adding to an existing Government plant.

We also recommended that the Joint Committee consider establishing a Government corporation with self-financing authority to manage the Government's uranium enrichment plants. This would remove the high capital costs of enrichment plants

from the budget and also create the same type of independent operation found in private plants.

Since we believe that plants using advanced technologies will need Government assurances similar to those stated in the President's proposed legislation, we recommended that the Joint Committee consider developing appropriate legislation. (RED-76-36, Oct. 31, 1975.)

We reported to the Congress information on the economics and reliability of current-generation nuclear powerplants.

Generally, we learned:

1. Nuclear powerplants showed a general upward performance trend during the first 7 years of commercial operation.
2. The Nuclear Regulatory Commission is responsible for approving plans for shutting down nuclear powerplants—a process called decommissioning. The powerplant owner is responsible for decommissioning and paying for it. The Commission

estimates that, depending on the alternative chosen by the reactor owner, decommissioning will cost \$3 million to \$60 million initially.

3. There are no commercial spent-fuel reprocessing plants operating in the United States today. Until questions about safeguarding plutonium can be resolved, the Commission will not license commercial reprocessing plants. A Commission decision is not expected until 1978, indicating that a serious shortage of spent-fuel storage capacity could develop.

4. Considerable Government assistance to nuclear power enterprises exists in the form of indirect subsidies for atomic energy insurance and indemnity, management of radioactive waste, and uranium enrichment.

(RED-76-7, Aug. 15, 1975.)

The Nuclear Regulatory Commission is the lead Federal agency in helping States voluntarily develop plans to cope with emergency radiation incidents at nuclear facilities, particularly powerplants, and accidents involving transportation of radioactive materials.

An interagency effort has resulted in published guidelines and free formal training courses for State and local government officials responsible for radiation emergency planning. In addition, Federal interagency field training cadres are available, at no cost, to provide on-the-job assistance to the States in developing and testing their plans.

As of December 1975, however, the Commission had concluded that no State plan was adequately addressing the radiation emergency planning guidelines developed by the Commission and endorsed by the Federal Preparedness Agency. Our review of four States' plans generally supported the Commission's conclusions.

In a report to the Congress, we recommended that the Chairman of the Commission and the Administrator, ERDA, provide full-time field representatives to serve with the interagency field training cadres. We also recommended that the Chairman of the Commission, in coordination with the Director, Federal Preparedness Agency, periodically report to the Congress on the status of Federal efforts to assist the States, setting out:

- The States' actions to improve their plans.
- The relationships and commitments of the various Federal agencies involved.

—Any recommendations for legislation or other plans to better enable NRC to get States to prepare adequate radiation emergency plans.

Both agencies agreed with our recommendations and agreed to implement them. (RED-76-73, Mar. 18, 1976.)

Energy Conservation

Conservation has one basic advantage which, unfortunately, has not received much emphasis: in many cases, once a conservation action is taken, the savings become permanent or at least last many years.

The Federal Government has two roles in energy conservation actions: (1) creating an economic, social, political, and institutional atmosphere conducive to undertaking conservation actions and (2) developing new technologies to improve the energy use systems.

We visited 77 military and civil installations around the country to determine how effectively they were implementing the Federal energy reduction program. We reported to the Congress that installations generally have tried to reduce energy consumption. We pointed out, however, that much more can and should be done to save energy through improved program management, more internal reviews, better energy-use information systems, stricter compliance with Federal standards and regulations concerning both vehicle and building operations, modifications to existing facilities, and changes in mission and training operations. We made a number of recommendations in these areas to strengthen the Government's energy conservation program. (LCD-76-229, Aug. 19, 1976.)

We had previously reported (LCD-75-325, Sept. 17, 1974) that greater efforts were needed to conserve energy at Government installations. As a result of a follow-on review, we recommended that the Department of Defense and the General Services Administration further improve utility conservation efforts by:

- Expanding reviews of utility rates and charges through greater use of computer capabilities.
- Insuring that installation officials enforce prescribed Federal lighting and heating standards.
- Providing the training and personnel required to effectively manage utilities.

In response, the agencies said that corrective actions were in process. (LCD-76-311, Dec. 31, 1975.)

Energy Pricing and Regulation

Prior to the Arab oil embargo in 1973, the Government's role in financing and regulating domestic energy resources consisted mostly of regulating natural gas prices, providing incentives through such tax mechanisms as the depletion allowance and the write-off of intangible drilling costs, manufacturing and selling enriched uranium (justified mainly on a national security basis), and in the years immediately after World War II, directly assisting the initial development of the light water reactor industry. Since 1973, the Government's role has become more pronounced and more visible, largely because of the major price increases in oil, the fear of a major oil and natural gas gap near the end of this century, and the recognized need to develop new energy sources.

In a two-part report prepared at the request of Representative Jack Brooks, we reviewed the economic and environmental impact of curtailing natural gas usage, as estimated by the Federal Power Commission and the Federal Energy Administration, during the winter of 1975-76.

We reported that natural gas usage was expected to be curtailed much more in the 1975-76 winter than in the winter of 1974-75. If the winter was normal and if alternative fuels were available, however, widespread unemployment and extensive plant closures were not expected.

We found that, generally, alternative fuels, such as oil or propane, would be available but at three to four times the cost of natural gas. It appeared, therefore, that, under normal weather conditions, the most important economic impact of the gas curtailments would be in terms of higher industry-operating costs caused by the increased fuel costs. The industries planned to pass on these increased costs to the consumer wherever possible. (RED-76-39, Oct. 31, 1975.)

Our second report discussed the supplies of natural gas that could reasonably be expected through 1985 under either continued regulation or deregulation. We also analyzed the environmental, economic, and social effects of deregulation and concluded that it was unlikely that the Nation would ever again achieve its current natural gas production levels. Even with continued regulation the price of natural gas will increase, but with deregulation the increase will be more rapid and possibly show a production decline. Therefore, while additional supplies are likely with

the higher deregulated prices, this advantage must be weighed against higher prices to consumers.

The report states that, in the final analysis, deregulation requires a political judgment based on careful weighing of the trade-offs involved. (OSP-76-11, Jan. 14, 1976.)

At the request of the Chairman, Senate Finance Committee, we analyzed the probable energy, economic, and budgetary impact of H.R. 6860 as passed by the House of Representatives. The bill would have imposed quotas on imported petroleum products and decreased domestic energy consumption.

Because of uncertainties regarding possible changes in the current oil price control system, we did not analyze the possible impact of decontrolling oil prices. However, both decontrol and foreign oil price increases would further add to the increased domestic oil price expected to result under H.R. 6860 provisions. (OSP/OPA-76-3, Sept. 2, 1975.)

Despite a large supply of coal, the United States could be faced with a shortage of low volatile bituminous coal which is used to manufacture coke for the steel industry. In a report to the Administrator, Federal Energy Administration, we recommended that he keep detailed information on transactions involving coal exports. Because of the scarce domestic supply of low volatile bituminous coal, we also recommended that the information at least show exports by the three categories of volatility to determine whether controls must be implemented. (OSP-76-17, Apr. 14, 1976.)

In contrast to its regulatory compliance work on independent producers, the Federal Energy Administration had not completed enough work on crude oil production activities of major oil companies to determine whether these companies had complied with the petroleum pricing regulations. In a report to the Chairman of the Senate Committee on Government Operations, we recommended that the Federal Energy Administration intensify its audit coverage of the crude oil production operations of major oil companies, and that it implement a more systematic method for selecting independent producers for audit and a uniform policy for arriving at civil penalties to assure equitable treatment of producers. (OSP-76-4, Oct. 2, 1975.)

Federal Ownership of Energy Resources

The Federal Government's policies and programs for developing the substantial energy-source fuel

reserves located on public lands can have an impact on energy supplies. These reserves are essential to achieving greater energy self-sufficiency.

By law the Navy has had custody of Federal lands containing huge reserves of petroleum products. Traditionally these were held for national defense. After the 1973 Arab oil embargo, public attention was focused on producing these reserves for peacetime use and on the most appropriate Federal agency to manage them. We reviewed these issues in conjunction with a congressional request to examine the Navy's management of the reserves.

We reported that the Navy has plans to more fully develop reserve No. 1 in California and No. 3 in Wyoming, and to further explore reserve No. 4 in Alaska. The report also discussed the status of the reserves and the legislation, enacted in April 1976, which transferred management responsibility of reserve No. 4 in Alaska to the Department of the Interior on June 1, 1977. That legislation also authorized the Navy to increase production from reserve Nos. 1, 2, and 3 for a 6-year period.

At reserve No. 3 the Navy had no formal procedures for systematically testing oil wells and solving problems. The Navy said it had requested proposals for a new operator contract and had started to develop a formal maintenance and testing program at that reserve.

In the past the Navy has taken the position that it is not required to follow the Armed Services Procurement Regulation for activities pertaining to petroleum reserves. Consequently, Navy procurement for the reserves has not corresponded to that generally used by defense agencies and does not insure that the Government's best interests are being served.

We recommended that the Secretary of the Navy instruct the Director, Office of Naval Petroleum and Oil Shale Reserves, to:

- Establish contracting procedures which conform to the Armed Services Procurement Regulation.
- Review and modify, as necessary, the recently awarded contracts to operate petroleum reserve Nos. 1 and 4 to include the provisions of the procurement regulation.
- Comply with the newly established contracting procedures for the new operator contract being planned for petroleum reserve No. 3. (LCD-76-313, May 14, 1976.)

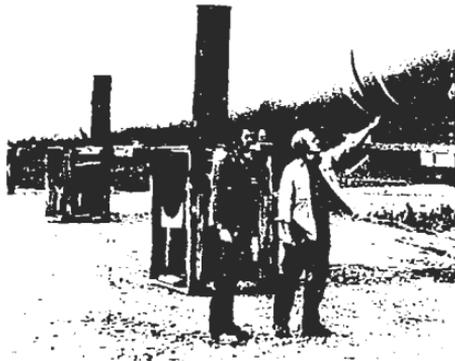
As part of our followup procedures, we evaluated the progress of regulation changes for Outer Con-

tinental Shelf operations prompted by recommendations made in two prior GAO reports.

In June 1973 we reported that certain Outer Continental Shelf operations having pollution potential were not adequately covered by regulations and instructions, and we recommended that the Geological Survey issue appropriate instructions and regulations.

A followup report dated February 21, 1974, pointed out that a Survey official had said regulations would be issued by June 1974. In our most recent followup effort addressed to the Chairman, Subcommittee on Conservation, Energy and Natural Resources, House Committee on Government Operations, we reported that the regulations had not yet been finalized and would not be put into effect until 1976. (RED-76-48, Nov. 21, 1975.)

Our report on the trans-Alaska oil pipeline system (when it was about 40-percent complete) included information on construction scheduling, Federal and State monitoring efforts, and certain environmental matters. Much work has gone into protecting the environment, but some environmental damage has resulted from construction. The most important problems were the lack of erosion control, construction-related oil spills, and the failure to meet standards for sewage treatment at the temporary construction camps. Many violations of the technical stipulations were being corrected not through the quality control program but, instead, through efforts of the Federal and State monitors. Certain corrective measures



GAO auditors John O'Meara and Egan McKinney inspecting the Alaskan pipeline.

were taken by the pipeline company to address these deficiencies. (RED-76-69, Feb. 17, 1976.)

In 1971 the Department of the Interior stopped issuing coal leases and prospecting permits because growing amounts of coal resources were being placed under lease at a time when production was falling off. Overall, production has been poor. An issue which has never been adequately addressed in the 55-year history of the coal-leasing program is that of timely development. The ease of obtaining leases and the low costs associated with holding them have not increased production, contrary to the intent of the law. In fact, these conditions, coupled with Interior's failure to enforce production clauses in the leases, have provided a strong incentive for speculation.

Several changes are needed in the present and proposed coal-leasing regulations, especially those concerning

- production standards for leases,
- adjustment of lease terms,
- assignment of leases, and
- coal exploration.

Improvements are also needed in Interior's preparation for and administration of coal-leasing programs. (RED-76-79, Apr. 1, 1976.)

Research and Development

In the first of two major reports dealing with energy research and development, we identified and assessed the issues relevant to the Government's role in developing the liquid metal fast breeder reactor (LMFBR) for use in electrical power generating plants. Our study looked beyond the program's managerial and technical aspects to its economic, environmental, and social implications.

We concluded that the LMFBR program should be recognized as a research and development program with uncertainties needing resolution before the question of commercialization can be considered. Because of its great potential for the United States and the world, the LMFBR program should be continued at its current research and development pace.

We recommended that the responsible Federal agencies and the Congress obtain adequate information on domestic uranium resources, resolve environmental and safety questions, improve U.S. understanding of and cooperation with foreign LMFBR

efforts, and improve projections of electrical energy demand. (OSP-76-1, July 31, 1975.)

A second report provided a framework and perspective for considering (1) actions which could contribute to solving energy problems in the next 10 to 25 years and (2) the role of the Federal Government in encouraging such actions.

Our report focused on emerging energy supply and conservation technologies which are technically feasible but which, for a variety of reasons, are not being actively commercialized by the private sector. For each technology we attempted to define and assess its potential role in filling energy needs by both 1985 and 2000. We also focused on the major financial and pricing mechanisms which are available to the Government for stimulating activity with regard to emerging energy supply and conservation technologies.

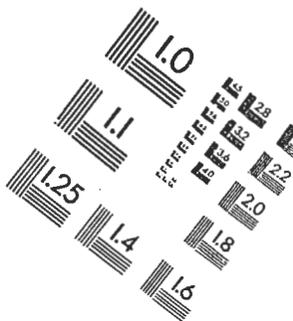
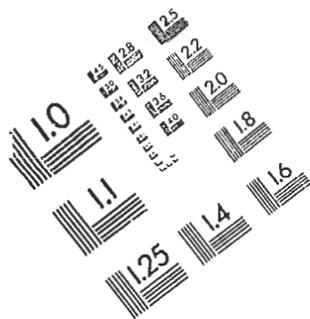
We recommended that the Congress continue to place the highest priority on energy conservation actions, including obtaining better cost/benefit data on the whole range of conservation opportunities; continue to encourage the installation of units for solar hot water and space heating; consider whether it is advisable to enact legislation which would authorize Federal loan guarantees to builders of synthetic fuel plants or consider instead directing ERDA to continue research and development to improve the technology and, in addition, construct and operate smaller plants of a size sufficient to meet its stated goal of obtaining socioeconomic, environmental, and regulatory information in a timely fashion. (EMD-76-10, Aug. 21, 1976.)

International

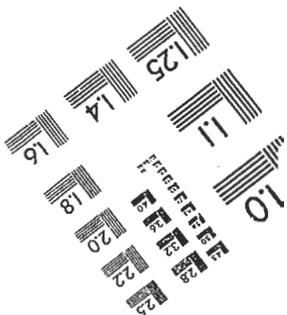
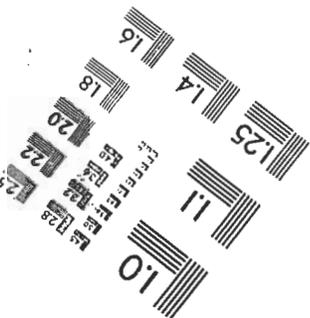
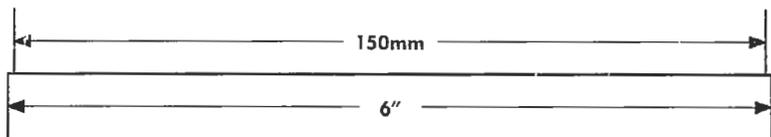
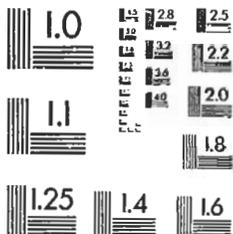
The United States has a number of alternatives for coping with the growing natural gas shortage, but each is limited. We reviewed the role of liquefied natural gas imports in alleviating the growing natural gas shortage and the considerations involved in increased dependence on such imports.

Natural gas provides about 30 percent of the total U.S. energy requirements. We reported to the Congress that importing liquefied natural gas to meet part of the requirement could involve billions of dollars for constructing specialized tankers and receiving terminals. Large-scale liquefied gas imports will also present political, economic, and national security problems similar to those created by large oil imports. (ID-76-14, Oct. 17, 1975.)

IMAGE EVALUATION
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Energy Data Verification

Title V of the Energy Policy and Conservation Act has given us new responsibilities for energy data and includes new and unique tools for our use. Specifically, title V authorizes us to independently verify energy data and states that we may use our authority to inspect the books and records of private persons and companies under the following conditions:

1. If a company is legally required to submit energy information to the Federal Energy Administration, the Federal Power Commission, or the Department of the Interior.
2. If a company is engaged in the energy business, other than at the retail level, and
 - a. furnishes energy information directly or indirectly to any Federal agency, excluding the Internal Revenue Service, and
 - b. we determine that the Federal agency uses this information in carrying out its official functions.
3. If the energy information is any financial information pertaining to a vertically integrated petroleum company.

This new authority has generated many requests from congressional committees to examine energy company records. Among these are:

1. A review of the relationship between international oil companies and oil producing and exporting country governments, including a search of available literature, an examination of company documents, and inquiries into the degree to which, if any, preferred access to OPEC crude assists in OPEC price maintenance mechanisms. We are also to consider what inhibiting effects, if any, those relationships might have on company incentives to expand domestic energy production.
2. A review of the origins and effects of the cost increases occurring in the construction of the trans-Alaska pipeline. This work will include an extensive literature search, an analysis of costs and a determination of the origins and reasons for the significant cost increases, and a "final accounting" of all project costs.

Testimony at Hearings

We testified at 22 hearings on various energy issues before congressional committees and subcommittees. Summaries of the more significant testimonies follow.

- In November 1975, we testified before the Subcommittee on Energy and Power, House Committee on Interstate and Foreign Commerce, on the economic and environmental impact of curtailing natural gas usage during the winter of 1975-76. In December 1975, we testified before the Joint Committee on Atomic Energy on ERDA's assistance to private uranium enrichment groups.
- In January 1976, we testified on the implications of deregulating the price of natural gas before the Subcommittee on Interstate and Foreign Commerce. Also, we testified before the Subcommittee on Energy and Power, House Committee on Interstate and Foreign Commerce, on reliable contract sales data needed for projecting amounts of natural gas that can be deregulated.
- In February 1976, we testified before the Subcommittee on Conservation, Energy, and Natural Resources, House Committee on Government Operations, on low-level radioactive waste storage and disposal.
- In March 1976, we testified before the Senate Committee on Interior and Insular Affairs on S. 1864 (the Energy Information Act) and provided general information on actions affecting energy data collection and analyses. We also testified before the Subcommittee on Mines and Mining, House Committee on Interior and Insular Affairs, on issues related to the development of Federal coal reserves and the ability of the Department of the Interior to effectively administer a development program.
- In April 1976, we testified on (1) the financing for commercialized demonstrations of energy technologies before the House Committee on Science and Technology, (2) developing and commercializing energy technology before the Senate Committee on Banking, Housing, and Urban Affairs, (3) S. 2872 (a bill to extend the Federal Energy Administration Act of 1974) before the Senate Committee on Government Operations, and (4) ERDA's proposed synthetic fuels commercialization program before the House Committee on Science and Technology.
- In May 1976, we testified on Federal financial assistance for developing and commercializing energy technologies before the Subcommittee

on Economic Stabilization, House Committee on Banking, Currency, and Housing, and the Subcommittee on Energy and Power, House Committee on Interstate and Foreign Commerce.

- In July 1976, we testified on international cooperation in energy research and development and on whether the U.S. breeder reactor development program could be accelerated by using foreign technology before the Subcommittee on Domestic and International Scientific Planning and Analysis and the Subcommittee on Energy Research, Development, and Demonstration, House Committee on Science and Technology. We also testified on shortcomings in the systems used to control and protect highly dangerous nuclear material before the Subcommittee on Energy and Environment, House Select Committee on Small Business.

Work In Process

Work in process at the end of the 15-month period included:

- Review of the promises and uncertainties surrounding the drive to substantially increase coal production and use.
- Review of the relationship between current energy policy decisions and national energy goals.
- Review of Government contractors' energy conservation programs.
- Survey of the Federal resource and reserve data base for oil, oil shale, gas, coal, and uranium.
- Evaluation of Federal efforts to achieve energy conservation.
- Review of the planning and construction of transmission lines which interconnect.
- Review of U.S. coal development: promises and uncertainties.
- Review of ERDA's improved oil and gas recovery program.
- Evaluation of the status of the fast flux test facility construction and test planning efforts.
- Review of conflicts among Federal, State, and local governments and private interests concerning the Outer Continental Shelf.
- Review of the transportation charges claimed by petroleum companies importing foreign crude oil.

- Review of the Nuclear Regulatory Commission's efforts to reduce the time required to obtain a nuclear powerplant license.
- Review of the effectiveness of systems used to account for and protect special nuclear material.
- Study of the Rocky Mountain resource development status, potential, and socioeconomic issues.

Materials

We are concentrating on Federal programs and activities which deal with natural resources to be used for the production of goods, with the exclusion of food and energy-source materials, such as coal, oil, gas, and uranium. Specifically, we are dealing with (1) Federal collection, analysis, and dissemination of raw materials data and forecasts of supply and demand, (2) the Federal role as a proprietor of raw materials resources on public lands, (3) international policies and practices and their impact on the availability of raw materials, (4) Federal research and development efforts to conserve raw materials, and (5) Federal policies to stimulate the private sector to increase the production, recycling, and conservation of materials.

We completed 10 materials-related reports—9 to the Congress, Members of Congress, and committees (these reports include those materials-related reports issued by other GAO divisions) and 1 to an agency official.

Brief summaries of our materials-related work follow.

Federal Materials Research and Development

The United States is by far the greatest user of non-energy minerals and other materials, and each year it becomes more dependent upon imports. Because successful materials-oriented research and development could increase the Nation's ability to deal with materials problems, the Senate members of the National Commission on Supplies and Shortages—Senators John Tunney and William Brock—asked GAO to

- analyze Federal funding for materials research and development and
- evaluate the effectiveness of Federal materials research and development.

ENERGY AND MATERIALS

In our report to the Congress we stated that the basic objectives of a national materials policy are not defined. Also, there is no system for assigning priorities to national materials goals, nor any established institutional capability to assess alternatives. All that exists is an interagency committee lacking the staff and authority to adjudicate differences between agencies and program options.

We also found that Federal research and development efforts were highly fragmented; data was incomplete and poorly gathered, with virtually no data collected on non-Federal activities; and program funding in constant dollars was actually decreasing.

In view of these findings we made recommendations aimed at modernizing the materials policy formulation process and the management of Federal materials research and development. We recommended that:

- The Congress consider establishing an institution to analyze national materials issues and provide policy guidance on a continuing basis.
- A comprehensive, unclassified information system for materials research and development be established, building upon existing information in the Smithsonian Science Information Exchange
- The Science Information Exchange include in its information system data pertaining to materials research and development outside the Federal Government. (OSP-76-9, Dec. 2, 1975.)

Supply and Demand of Raw Materials

During the past 25 years, the fertilizer industry has gone through several cycles of bust and boom. In 1974 fertilizer supplies were again in short supply, and the United States did not have enough nitrogen and phosphate fertilizer to meet domestic demand.

Because of congressional concern over fertilizer shortages, we prepared a staff paper on the past, present, and future fertilizer supply situation in the United States. The paper included information and observations on the differences in Government and industry fertilizer forecasts, the factors in recent fertilizer shortages, the efforts of Government and industry to alleviate the shortages, and the outlook for future fertilizer supplies. (RED-76-14, Sept. 3, 1975.)

Responding to concern over future availability of material suppliers, we submitted a report to the Congress which assessed the implications of U.S.



European Branch auditors Ron Maxon and Paul Carpenter observing operations at the COMILOG manganese mine in Gabon.

dependence on imports of five critical minerals. We reported that, at the time of our review, foreign suppliers of these minerals (1) were not politically motivated to withhold supplies from the United States and (2) were limited by economic forces as to the amount they could increase prices. We recommended that the Departments of State, the Treasury, and the Interior and the Congress improve assurances of continued supply of these critical minerals. (ID-75-82, Jan. 29, 1976.)

Federal Role as Proprietor of Raw Materials Resources

The mineral leasing acts and implementing Federal regulations place limitations on the number of acres of Federal land that a person, association, or corporation may hold or control under a single Federal mineral lease and under all such leases. The primary purpose of acreage limitations is to prevent monopoly of any particular mineral found on Federal lands.

In a report to the Chairperson, Subcommittee on Mines and Mining, House Committee on Interior and Insular Affairs, we reported that little is known about the basis and appropriateness of the current acreage limitations. Moreover, the Bureau of Land Management has no system for insuring compliance with the on-shore oil and gas acreage limitation and is not effectively controlling the phosphate, potash, and sodium acreage limitations.

We recommended that the Secretary of the Interior require the Director, Bureau of Land Management, to make a study to help determine whether there is a need for limitations on Federal mineral holdings based on acreage or some other measure, such as estimated mineral reserves. If so, the Director should determine

the appropriate type and size of the limitation for each mineral that the Federal Government leases and recommend to the Congress that the mineral leasing laws be amended accordingly. If limitations are needed, the Secretary should require the Bureau's Director to develop and implement a system to control the limitation for each mineral the Federal Government leases. (RED-76-117, June 24, 1976.)

Recycling

The Congress and the President are interested in expanding the Federal role in recycling and procuring and using products containing recycled materials. In response, several initiatives have evolved to increase the use of recycled materials in products purchased by Federal agencies. These include:

- A General Services Administration program whereby 86 specifications for paper-based products were revised to require various percentages ranging from 3 to 100 percent recycled fibers.
- Issuance by the Environmental Protection Agency in January 1976 of voluntary guidelines and procedures for Federal agencies to follow in procuring products that contain recycled materials.
- Enactment of the Energy Policy and Conservation Act of 1975 which requires that Federal procurement policies be revised to encourage procurement of recycled oil for both military and nonmilitary use.

We concluded that there was a need for more management emphasis by the General Services Administration and the Department of Defense to further expand the procurement of recycled products.

We recommended that the General Services Administration establish a formal program for procuring recycled products and insure that the efforts it has made in purchasing recycled paper-based products are extended to other commodity areas. We also recommended that the Department of Defense develop a coordinated program to aggressively promote the procurement of products with recycled material content.

The General Services Administration and the Department of Defense told us that they would take action to comply with these recommendations. (PSAD-76-139, May 18, 1976.)

Need for National Non-Fuel Mineral Policy

The Mining and Minerals Policy Act of 1970 was passed because of the rising concern over the trend of mineral imports and the Nation's dependence on foreign sources for many materials. Since the passage of the act, the value of non-fuel mineral imports has increased. The Department of the Interior generally advocated a flexible policy under which the United States could move from one supply mechanism to another, such as substituting domestic resources for imports. The Department's position on this matter was not clear, however. Also, steps to be taken to accomplish a flexible supply policy on a timely basis had not been spelled out.

In our report to the Congress, we recommended that the Secretary of the Interior

- identify and evaluate laws and agency programs that have an effect on maintaining and developing a sound and stable domestic mining and minerals industry,
- weigh tradeoffs between the purposes of such laws and the Mining and Minerals Policy Act, and
- advise the National Commission on Supplies and Shortages, the administration, and the Congress of changes in the regulations and/or pertinent legislation believed needed to strengthen development of a coherent national minerals policy.

We also recommended that, until the Congress acts on expected recommendations of the National Commission on Supplies and Shortages, the Secretary of the Interior exercise leadership in clarifying national non-fuel mineral policy. This should entail

- continuing analysis of the advantages and disadvantages of relying on imports for specific commodities and
- formulating recommendations for specific actions and/or programs that may be needed to help reduce the Nation's reliance on imports whenever and wherever such reductions are possible and desirable. (RED-76-86, July 2, 1976.)

Testimony at Hearings

We testified in December 1975 on "Federal materials research and development: modernizing institution management" before the Subcommittee on Science, Technology and Commerce, Senate Committee on Commerce.

ENERGY AND MATERIALS

Work in Process

Work in process in materials includes:

- Impact of mine safety standards upon mineral output and prices in the United States.
- Data requirements, assumptions, and methodologies for formulating policies for future timber supplies.
- Development of criteria for determining the criticality of materials.

- Expanding our capacity to analyze and evaluate major program issues and exploring the implications of choices available to the Congress.
- Helping the Congress obtain and use fiscal, budgetary, and program-related data and improving the quality, availability, and usefulness of such information.

The Program Analysis Division is directed by Harry S. Havens, Director, and Dean K. Crowther, Deputy Director.

Our major responsibilities are program and economic analysis, program information, and program evaluation.

CHAPTER SEVEN

PROGRAM ANALYSIS

Responsibilities

The Legislative Reorganization Act of 1970 and the Congressional Budget and Impoundment Control Act of 1974 clarified and expanded GAO's responsibilities to help the Congress analyze and evaluate Federal programs and to improve the information the Congress receives. The Program Analysis Division (originally the Office of Program Analysis) was established on September 5, 1974, to carry out these responsibilities.

The division's duties include:

- preparing broad analyses, particularly where economic factors are important and major program implications are involved,
- providing leadership and assistance in focusing GAO's analytical resources to support congressional decisions on major program issues,
- improving the usefulness of Federal fiscal, budgetary, and program-related information and helping the Congress obtain access to it, and
- improving evaluative studies provided to the Congress.

We have continued to focus on two objectives in supporting the Congress, its committees, and its staff:

Program and Economic Analysis

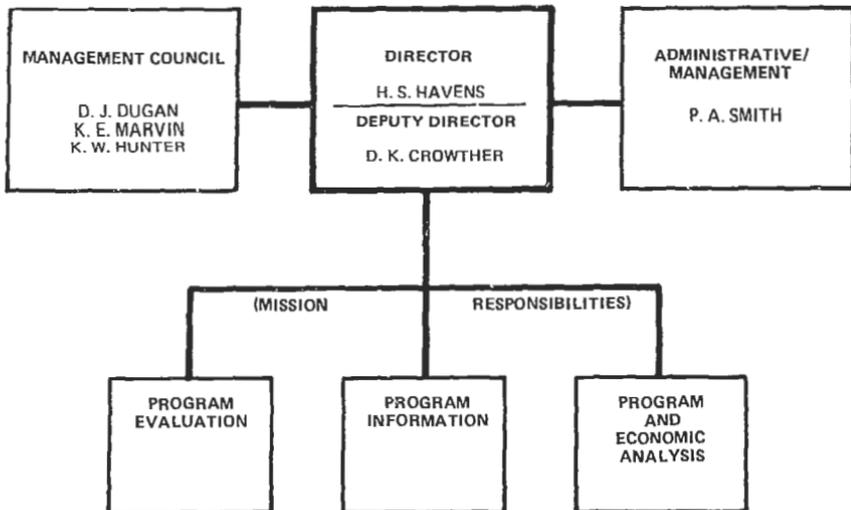
Capital Formation

Capital formation in the United States has recently been a topic of considerable discussion. Assertions have been made that the United States is accumulating capital at a rate which is historically low—low relative to other developed economies, too low to assure adequate economic growth for the future, and too low to absorb the growing labor force. Capital is also said to be badly allocated among sectors of the economy. Thus, we have begun a project to identify the Government policies which influence capital formation and to analyze the nature of their effects. The project consists of a series of studies on various aspects of capital formation. An initial study paper, "Capital Formation: An Overview," was completed in May 1976.

Environmental Economics

Environmental legislation has generated many regulations and requirements for the treatment of pollutants. These regulations, in turn, have increased the demand for capital. As part of the capital formation project, we are studying the cost-benefit implications of such legislation. Also, recent legislative proposals on the mandated deposits for beer and soft drink containers (bottles and cans) are being studied to identify their costs and benefits for households, firms, and the environment.

PROGRAM ANALYSIS DIVISION



SEPTEMBER 30, 1976

Tax Policy

A small tax policy group is reviewing several high payoff projects. These include:

The Adequacy of the Revenue Data Base and Estimating Procedures

Tax-related data and information must be available for the Congress to estimate revenue, calculate a tax expenditures budget, and make fiscal and budgetary decisions. At the present time, the data required by the Congressional Budget Act is unavailable in some cases and hard to obtain in others.

Therefore, we are reviewing the revenue-estimating process of the Federal Government. Our study covers the Internal Revenue Service's processing cycles on which the statistical samples are based; the production of tax return statistics and their use by Treasury, the

Commerce Department's Bureau of Economic Analysis, and the Office of Management and Budget for estimating revenue; and the income reporting requirements of the law.

Timeliness of the Statistics of Income

One implication of the Congressional Budget and Impoundment Control Act of 1974 is the importance of continually monitoring revenues to meet the act's requirements. Our report, "Timeliness of Statistics of Income" (PAD-77-3, Oct. 22, 1976), covered the promptness of an important data source, the Internal Revenue Service's statistics of income series.

Criteria for Identifying Tax Expenditures

During the past year, we began work on a paper on criteria for identifying tax expenditures. Future research will be on the efficacy of the investment tax credit for stabilization and growth, and an evaluation



Discussing and administrative problems being discussed with the Director, Program Analysis Division. Left to right: Helen Stewart; Anna Littlejohn; Wallace Cohen; Harry Hatens, Director; Dean Crowther, Deputy Director; Joseph Cantowis; and Peter Smith.

of direct versus indirect tax expenditures for meeting specific policy objectives. We will continue to study the role of Federal tax policy and its impact on capital formation.

Special Studies

During the year, the program and economic analysis staff examined the financial difficulties of New York City. Two resultant reports are in process: (1) a discussion of the options open to New York City, the State, and the Federal Government to correct the situation and (2) an evaluation of the city's methods for projecting revenues for budgetary purposes.

The economic analysis staff participated in the GAO study of "Implications of Deregulating the Price of Natural Gas," which forecast the effect of higher prices on the supply of natural gas and concluded that, while additional gas supplies would be a likely result, this advantage must be weighed against the higher prices paid by consumers. (OSP-76-11, Jan. 14, 1976.) See also page 77.

Economic Impact Analysis

Assessment of Economic Studies

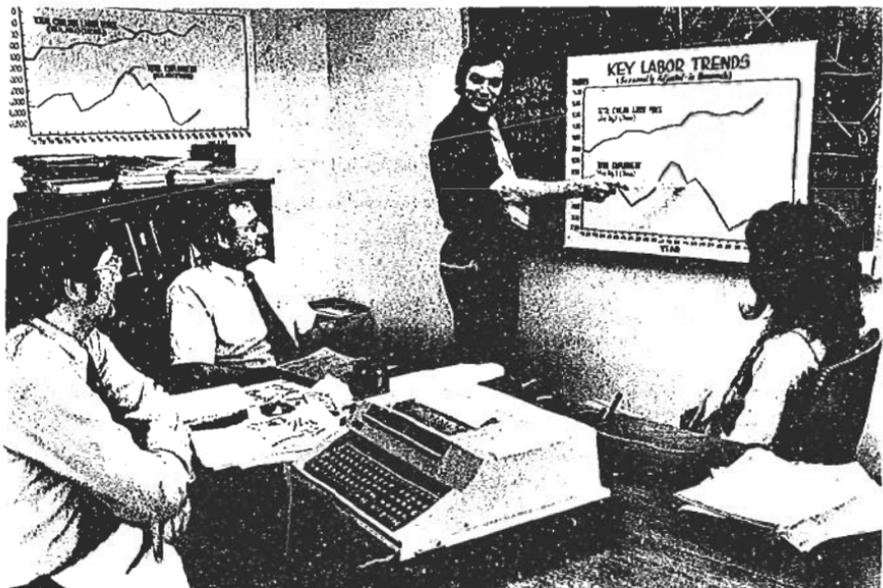
The Congress is frequently presented with economic studies, done by Government agencies or private concerns supporting or opposing various legislative alternatives. The economic impact analysis staff assesses such studies when requested.

The Toxic Substances Control Act, for example, was designed to increase protection against potentially dangerous chemicals by requiring certain testing and notification procedures by chemical manufacturers. Several widely different estimates of the cost of these requirements were presented to the Congress. A staff study (OPA-76-6, Oct. 21, 1975) and two letter reports (OPA-76-12, Dec. 4, 1975, and PAD-76-66, July 29, 1976) assessed these studies and narrowed the range of likely costs.

Another report of this type, written in cooperation with another GAO division, evaluated a study of the economic impact of the National Forest Management Act of 1976 (CED-76-123). Assessments in progress



Testimony before the Senate Banking, Housing and Urban Affairs Committee on New York City and other urban financial problems on April 2, 1976. Left to right: Edward F. Heffron, New York City regional office, Elmer B. Staats, Comptroller General, Albert M. Hair, General Government Division, and Harry S. Haines, Director, Program Analysis Division.



Program Analysis Division's Economic Analysis Group studying economic trends as generated by national econometric models and used in analyzing various economic problems. Left to right: Kenneth Brown, John Keith, Dennis Dagan, and Marsha Hood.

include studies of the economic effects of spending by the National Aeronautics and Space Administration for research and development.

Economics of National Defense

For many years, the Defense budget has been large enough to have influenced the U.S. economy. In fact, some individual weapons systems are so expensive that their economic impacts must be considered by the Congress.

One example is the new F-16 fighter, the analysis of which is further complicated because four European allies are participating in the production. In cooperation with the International Division, a staff study was prepared on the multinational F-16 agreement (11-76-12, Sept. 2, 1975). Another study is underway to assess the economic impact of procurement and standardization of a new main battle tank.

Manpower costs now comprise more than half of the Defense budget. Our "Staff Paper on Defense Manpower Costs" (OPA-76-17, Dec. 18, 1975) discusses ways of controlling these costs and provides information to help the Congress make difficult choices in this area. We followed this up with our report, "Alternatives in Controlling Department of Defense Manpower Costs." (PAD-77-B, Nov. 12, 1976.)

The Federal Government's Impact on Financial Markets

Much of our work has been devoted to analyzing how the Federal Government, through its regulations and financial activities, affects the economy through the financial markets. We reported that the Congress should consider repealing the 4½ percent interest rate limitation on long term public debt. (OPA-76-26, Apr. 16, 1976.) A report to Representative Ichord (OPA-66-18, Apr. 30, 1976) discussed ways for the Congress to increase its control over Federal loan guarantee programs. We are continuing our analysis of guaranteed loans.

General Government

Our general government staff identifies and analyzes issues in programs involving intergovernmental relations, revenue sharing and Federal aid to State and local governments.

"Effects of Proposed Rules and Legislative Actions in Competition Can Be Analyzed" (OPA-75-6,

May 17, 1976) dealt with (1) Budget Circular A-107, which requires executive agencies to estimate the inflation to be caused by major proposed legislation, rules, and regulations, and (2) the feasibility of requiring agencies to systematically assess the effect of proposed rules and legislation on competition. The report concluded that the latter requirement would assist congressional supervision of Federal Government activities.

A study is underway to describe the pattern of Federal aid to State and local governments during 1969-75. The study focuses on the major regional shifts in per capita Federal aid to States and local governments and relates that change to several socioeconomic indicators, such as unemployment, per capita income, and population, and to major federally aided programs such as public assistance, revenue sharing, and the highway trust fund. The distribution of Federal aid in recent years will be better understood in relation to formulas and other allocation criteria contained in Federal statutes.

Government Regulation

Our studies of Government regulation have directly assisted the Congress and have been useful internally as well, in expanding GAO evaluations of regulations.

Our staff paper, "An Economic Evaluation of the OMB Paper on 'The Cost of Regulation and Restrictive Practices'" (OPA-76-14, Sept. 5, 1975), was reprinted by the Subcommittee on Oversight and Investigations, House Committee on Interstate and Foreign Commerce. That paper critically reviewed and evaluated an Office of Management and Budget assessment of the costs of regulation. The weaknesses of the OMB paper and the problems inherent in estimating the costs of regulation led to the conclusion that no final estimate is possible.

"Government Regulation of Economic Activity: A Framework for Studying the Problem" (OPA-76-24, Mar. 23, 1976), was prepared for internal use. It is the basis of PAD's development of methodology for reviews of Government regulation.

An overview of regulation is being prepared at the request of the Senate Government Operations Committee. It is part of our contribution to the Senate's review of regulatory reform. The paper will discuss the economic, social, and political reasons for regulation; the costs and benefits of regulation; and alternatives for regulatory reform.

Transportation Analysis

Our transportation analysis staff focuses on fiscal, budgetary, and program-related information; program evaluation; and program analysis as they relate to transportation. This year saw background studies of Federal highway programs, the financing of ConRail, and programs affecting other modes of transportation. A staff paper was prepared for the Subcommittee on Oversight and Investigation, House Committee on Interstate and Foreign Commerce, on regulatory reform in the transportation industry. (OPA-76-13, Jan. 21, 1976.) The paper compared the views of individuals in different sectors of the transportation industry—with each other, with the historical reasons for regulation, and with the general arguments for deregulation. Specific projects underway include studies of the interrelationship of Federal highway, energy, and economic policies; analysis of capital problems in the airlines industry; and evaluation of cost-benefit or other techniques for determining

the usefulness of proposed Federal investments in transportation facilities.

Program Information Responsibilities

We carry out a number of the Comptroller General's responsibilities for improving fiscal, budgetary, and program-related information for the Congress. This work is based on requirements set forth in the Legislative Reorganization Act of 1970 as amended by the Congressional Budget and Impoundment Control Act of 1974.

Each year the Comptroller General is required to report to the Congress on our progress in this work. His report discusses the Congress' informational needs; their relationship to the reporting requirements; the extent to which executive branch reporting presently meets them; changes needed in standard classifications to meet them; the Office's activities, progress,



Information Requirements staff of the Program Analysis Division meet with staff members of the Senate Labor and Public Welfare Committee to discuss the development of information systems to support Committee budgetary, legislative, and oversight functions. Pictured left to right are: Ellen Roche (GAO), Michael Broehl (GAO), Donna M. Howden (GAO), Dr. Franklin Szwed, center, professional staff member, Senate Committee on Labor and Public Welfare, Stan Jackson, professional staff of the Committee, James K. Kardokus (GAO), and Susan Duncan, professional staff member of the Committee.

and results in helping the committees develop them and in monitoring, and recommending improvements in, congressional requirements for recurring reports; and the executive branch's progress in fulfilling congressional information requirements. Our third annual report to fulfill this requirement was entitled "Progress in Improving Fiscal, Budgetary, and Program-related Information for the Congress." (PAD-76-64, Aug. 30, 1976.)

Standard Terminology, Definitions, Classifications, and Codes

One of GAO's responsibilities under the Legislative Reorganization Act of 1970, as amended, is to develop, establish, maintain, and publish standard terminology, definitions, classifications, and codes for Federal fiscal, budgetary, and program-related data and information.

We published a glossary of about 90 terms and definitions, entitled "Budgetary Definitions." (OPA-76-8, November 1975.) We have distributed over 6,000 copies of the glossary, with circulation to all Federal agencies, congressional committees, Members of Congress, and many other interested organizations and individuals. We are revising the glossary to include additional terms, primarily those related to the budget execution process and economic terms commonly used to discuss the budget.

Underlying the definitions are concepts and precedents in budgeting, authorizing, and appropriating. Therefore, we are examining past and present funding methods in relation to congressional control. This work is being closely coordinated with other legislative branch studies of control. We are studying revolving funds and Federal credit programs.

We also address the usage of terms and funding methods in commenting on bills and in response to committees' requests.

We have continued to develop standard classifications. A working group was formed in the summer of 1975 to seek a consensus within the legislative branch on changes required in the classification structure. The working group, comprising staff members from the Senate and House Committees on the Budget and on Appropriations, the Congressional Budget Office, and GAO, met periodically on this subject over a 6-month period. Although a consensus was not reached on specific changes, these discussions helped us gain insight into an overall approach. Based on these dis-

cussions we published a staff study, "Proposed Budget Classifications, Functions, and Subfunctions." (OPA-76-32, February 1976.) We received comments from congressional committees and other interested groups.

Recently we have proposed changing the structure of budget functions and subfunctions toward a classification structure which will ease congressional decisions. Our report to the Congress, "Standard Budget Classifications—Proposed Functions and Subfunctions" (PAD-76-49, August 1976), proposes an increase in the number of functions and subfunctions to permit greater flexibility in collecting data to meet participants' needs under the new budget process. The report recommends that OMB supplement the budget documents for fiscal year 1978 by including a presentation of the budget using this structure.

Underlying this overall classification structure, we have developed individual program-oriented classification structures for several subcommittees of the House and Senate Committees on Appropriations. This work includes supplying information about appropriation and fund accounts or account groups. Information requirements documents, prepared from our analysis of existing information and discussions with appropriations committee staff members and agency representatives, propose reporting formats and cycles, information elements and their definitions, and classification structures. Our recommendations for improvements to information provided by executive branch agencies are also included in these documents.

As an outgrowth of our work to assess information requirements of appropriations subcommittees, we have developed a unified, objective-oriented classification structure for use in presenting Federal research and development budgetary data. This structure will allow all Federal research and development funding to be presented in a manner which will indicate the amount of Federal funds each agency commits to solving specific national problems and to achieving specific objectives.

The executive branch does not provide the Congress a picture of Federal research and development that is clear, comprehensive, and prompt enough to allow meaningful comparisons. Our proposed structure should help the Congress evaluate resource allocation in relation to priorities, oversee Federal research and development activities, and compare these activities among various agencies. We are preparing a report to the Congress on the unified classification

PROGRAM ANALYSIS

structure and will continue to work toward its implementation.

Federal Program Information

We have aided authorizing committees in specifying and obtaining the information needed for their March 15, 1976, views and estimates reports. In the new budget process, these reports must be submitted by each standing committee to its budget committee for use in preparing the first concurrent resolution on the budget.

The presentations developed for these committees identified each Federal program and activity authorized by legislation under the committees' jurisdiction. For each program we identified the budget function and subfunction; the names, titles, and sections of the authorizing public laws; the appropriation account number; the administering agency; the amounts authorized; the expiration dates of the legislation or program; and related budget authority and outlays for the past, current, and budget year.

Several committees asked to receive this information each year. In view of the continuing need for the information, we are automating the data base already assembled.

Committee Oversight Information Needs

We have received a number of requests from authorizing committees, for example the Senate Labor and Public Welfare Committee, for assistance in identifying overall information needs; this Senate Committee's needs are shared by most authorizing committees. The experience gained in answering its request will help us advise and assist the Congress on oversight processes and information needs generally.

We provided the Committee with an initial document discussing its information needs (OPA-75-57, Dec. 18, 1975), which identified critical points in the budget process, the type of information needed by the Committee for the budget and legislative process, and the type of program execution information needed to assist the oversight function. With the initial assessment of Committee needs as a basis, we are working closely with Committee staff to develop two information system models which could satisfy some of the Committee's more critical information requirements, using data gathered from agencies and by the budgetary process.

Monitoring Recurring Reports to the Congress

One of our responsibilities under the Legislative Reorganization Act of 1970, as amended, is to monitor the various recurring reporting requirements of the Congress and committees and recommend changing or eliminating them. To carry out this responsibility, we have published a computer-based file of these requirements as one of three periodic information directories. (OPA 76-21, June 1976.)

Our evaluation of recurring reports has led to legislation eliminating or modifying requirements. In the near future we plan to provide each congressional committee with a list of required reports which they receive. Each committee will be asked to evaluate the usefulness of the reports received and recommend improvements. These evaluations will be coordinated with the appropriate agency and the requirement will be improved or eliminated.

Information Directories

An inventory of program-related information is being published periodically in a series of directories. There are three indexed directories and guides:

- "Federal Program Evaluation" describes program evaluation reports produced by or for the Government.
- "Federal Information Sources and Systems" identifies Federal sources and information systems which contain budgetary, fiscal, and program-related data.
- "Recurring Reports to the Congress" lists executive branch reports required by the Congress on a recurring basis.

Program Evaluation Responsibilities

In response to the 1974 Budget Act, information was collected from 18 departments and agencies on such aspects of evaluation as legislative authority for evaluation; staffing and funding; the evaluation process; planned and ongoing studies and program evaluation reports issued in fiscal years 1973, 1974, and 1975. This survey will be conducted again during fiscal year 1977. We also issued a report, "Long-Range Analysis Activities in Several Federal Agencies." (PAD -77-18, Dec. 3, 1976.)

To meet our responsibilities under the Congressional Budget Act of 1974, we have provided evaluative studies on programs and issues of concern and have assisted committees in developing procedures for better integrating program evaluation information into the oversight process.

We have also done some work to improve and develop methods for program evaluation with emphasis on evaluating large-scale computer models and improving training in evaluation techniques. This has resulted in:

- An analysis of the Federal Energy Administration's computer model portraying the U.S. energy system, "A Review of the 1974 Project Independence Evaluation System." (OPA -76-20, Apr. 21, 1976.)
- A current review of the transfer income model, a large computer system widely used to portray effects of various income maintenance programs.
- A study underway to predict how and when changes are likely to occur if a national health insurance bill is passed.
- Assistance to the Civil Service Commission to improve its course on designing and executing program evaluation.

For the past several years, congressional interest in information on program results has increased substantially. We have developed a tool for providing such information using existing research. By collecting program results data and integrating it with the results of our own analysis, we are providing the Congress with evaluative studies on a broad range of topics.

School Lunch Program

Aspects of the national school lunch program, ranging from nutrition to commodity distribution, are being examined for their impact on program effectiveness.

Gun Control

Our analysis includes the review of studies evaluating the effectiveness of various gun control measures. We have also analyzed handgun traffic and its impact on gun-related crime and surveyed selected

State and local systems to see how their design affects their cost.

Housing

We are evaluating the impact of various factors (such as management, subsidy cost, and defaults) on the section 236 multifamily housing program.

Water and Soil Conservation Oversight

We are assisting the Senate Committee on Agriculture and Forestry in overseeing water and soil conservation programs. We are working on identifying the influences of the many programs in this area and pointing out issues to be considered in oversight hearings.

Retirement Programs

We are participating in a GAO task force reviewing the possible consolidation of Federal retirement funds. Our efforts are aimed at analyzing the impact of integrating Social Security into the Federal retirement system.

We are also assessing the impact of early retirement on the retirement funds and on the retirees.

The Implications for Rural Development of the President's 1977 Budget Request

In February 1976, the Senate and House Agriculture Committees jointly held oversight hearings on the Farmers Home Administration (FmHA), Department of Agriculture. During these hearings, Members of Congress expressed concern about how the President's proposed budget for fiscal year 1977 would affect the goals and intent of the Rural Development Act of 1972. We were asked to analyze this issue.

In deciding which budget functions affect rural development, we focused on the funding authorized by the Rural Development Act and all funding for FmHA. In addition we analyzed the funding for agencies and programs which Agriculture officials at the hearings said contribute to the development of rural communities—such as the Department of Housing and Urban Development's community development block grants, the Appalachian Regional Commission's area development funds, the Environmental Protection Agency's water and sewer con-

struction grants, and the Economic Development Administration's funds for public works and business development. (OPA-76-42, May 5, 1976.)

How Rural People View the Programs and Services of Farmers Home Administration

To support its oversight function, the Senate Committee on Agriculture and Forestry wanted information on how FmHA clients view its programs and services. We developed a questionnaire asking for opinions, experiences, and perceptions on the following six FmHA programs: water, sewage, and solid waste; rural housing; essential community facilities; commercial, industrial, and job development; site preparation for business and industry; and farm owning and operating.

Multifamily Housing Subsidy Costs

The costs of various housing subsidy programs have been estimated and reestimated for several years. We prepared a report for the Senate Appropriations Committee, "A Comparative Analysis of Housing Costs," to put in perspective much of the cost information available to the Congress on the major multifamily housing programs—the low-rent public-housing program, the section 236 rental assistance program, and the new section 8 leasing program. All three programs help low-income households, and the section 8 and 236 programs, which rely primarily on private financing and development, also aid moderate-income families. We developed a cost structure and estimating methodology to compare the long-term costs of these programs. Most of this information was available from our broad synthesis of housing program results data and evaluations. We considered both the direct subsidies, such as annual payments to local housing authorities or private developers, and indirect subsidies, such as tax benefits to developers and investors or tax relief granted public housing projects by local governments.

Our comparisons had many results contrary to conventional views:

- It is less expensive in the long run to provide low-income tenants with public housing than to subsidize private housing.
- Nonprofit sponsorship of section 8 and section 236 housing is costlier to subsidize than units

developed under limited-dividend, private sponsorship.

Rehabilitated housing generally has lower development and direct subsidy costs than newly constructed housing; however, when private developers restore buildings under section 236 or section 8, the subsidy will probably be greater than for new construction because lucrative tax incentives for rehabilitation result in large tax expenditures which more than compensate for direct subsidy savings. Rehabilitation expenses qualify for a 5-year rapid writeoff.

Finally, we compared the total cost of leasing existing housing under section 8 to the cost of constructing conventional public housing. Where the rents for new and existing housing differed little, the long-term public-housing subsidy appeared to be less than that for leasing existing housing—although in the short run, leasing was less expensive. This anomaly arises because public housing rents are fixed to the construction costs and operating expenses, while rents under section 8 leasing will follow the general inflation in the economy. (PAD-76-44, July 28, 1976.)

Evaluation Planning Assistance to Committees

A growing part of our work is devoted to improving the Congress' access to program evaluation information. We are analyzing new approaches for integrating evaluative information into the oversight process.

Evaluation Language

We suggested legislative language providing for evaluations of programs to be authorized by

- the Energy Conservation in Buildings Act of 1975,
- the Public Land Policy and Management Act, and
- the Toxic Substances Control Act.

We assisted the staff of the Subcommittee on Intergovernmental Relations, Senate Committee on Government Operations, in developing evaluation provisions for the Government Economy and Spending Reform Act.

Evaluability Assessment

We conducted a review of the evaluability assessment process proposed by Senator Leahy in Senate

Resolution 307. This resolution would require GAO to report on the evaluability of bills to be reported by authorizing committees.

We tested the conceptual and technical feasibility of appraising the potential evaluability of programs proposed in legislation. Although we encountered problems, we are examining alternate methods of providing evaluation planning assistance to committees considering legislation.

Sunset and Zero-base Legislation

We reviewed legislative proposals which required the periodic reauthorization of legislation after review and zero-base evaluation of programs. The concepts of zero-base evaluation and zero-base budgeting have been analyzed, and by working with committee staff and giving testimony we have presented our views on the topic in general.

The Congressional Budget and Impoundment Control Act of 1974: Its Impact on the Authorizing Committees and GAO

The Congressional Budget and Impoundment Control Act of 1974 establishes a new congressional budget process, a Committee on the Budget in each House, and a Congressional Budget Office. The act includes a procedure for congressional control over the impoundment of funds by the executive branch, provides the Congress with improved fiscal procedures, and focuses on a new congressional budget timetable planned around a fiscal year starting on October 1.

The new budget timetable requires that the committees submit:

- A report to the budget committees by March 15 of each year.
- Authorizing legislation by May 15 of each year. This process should be facilitated in the future, since the executive branch is required to request authorizing legislation a year in advance.

The act emphasized the committees' need for review and evaluation in support of their oversight function. It not only changed congressional organization and procedures for considering the Federal budget but also assigned the Comptroller General numerous additional responsibilities and revised others.

Titles VII, VIII, and X and the act's objective to assure effective congressional control over the budgetary process have increased our efforts to help the Congress

- review and evaluate Government programs,
 - specify and fulfill its information needs, and
 - control Presidential impoundments.
- (OPA-76-29, Apr. 21, 1976.)

Evaluating Federal Programs

The 1974 act requires, among other things, that "the Comptroller General shall develop and recommend to the Congress methods for review and evaluation of government programs carried on under existing law." "Evaluation and Analysis to Support Decisionmaking" (PAD-76-9, Sept. 1, 1976) is a first step in collecting and disseminating general ideas about these activities and relating them to other decisionmaking activities.

To assist Congressmen and congressional staff in obtaining program evaluations, we issued "Evaluating Federal Programs, an Overview for the Congressional User." The uses of evaluation in congressional oversight and budgeting are outlined. Factors in deciding what to evaluate are offered. Some evaluative studies requested by the Congress are cited.

The pamphlet recommends that congressional committees clearly specify the issues to be addressed and questions to be answered in evaluative studies. Committee agreements with evaluators on study objectives, legislative program intent, study design, resources, timing, quality control, and reporting requirements are also endorsed. Managerial and methodological difficulties in carrying out evaluations are outlined. (PAD-76-30, Sept. 1, 1976.)

CHAPTER EIGHT

LOGISTICS AND COMMUNICATIONS

Responsibilities

The Logistics and Communications Division audits logistics and communications activities in the Department of Defense and the General Services Administration and related policies and practices throughout the Federal Government. We are also responsible for auditing the Office of Telecommunications Policy and all Government functions related to printing and publications, including those of the Government Printing Office.

We have audit authority over (1) cataloging and standardizing activities, (2) supply management effectiveness, through reviews of the requirements for, and the receipt, storage, distribution, and disposal of, materials and equipment, (3) repair, maintenance, and overhaul of equipment and components, (4) acquisition and management of facilities, (5) readiness of Active and Reserve Forces, (6) management of Government industrial facilities, (7) acquisition and operation of communications and automatic data processing (ADP) systems, (8) transportation and traffic management activities, and (9) supporting activities, such as military food service, records management, and printing and publishing operations.

The range of our responsibilities, as shown by the most recent available data, is illustrated by table 1.

Table 1

<i>Investments</i>	<i>Billions</i>
DOD weapons systems	\$125
DOD real property	53
ADP equipment (owned Government-wide)	3
GSA stockpile	7
<i>Expenditures</i>	
Maintenance of weapon systems	11
Purchase and distribution of supplies	10
Transportation of supplies	4
Utilities and building maintenance (DOD, GSA)	4

The Director of this Division is Fred J. Shafer, and Robert G. Rothwell is the Deputy Director.

Reports

During fiscal year 1976 and the transitional quarter, we submitted 130 reports to the Congress. Of this total, 97 were addressed to committees or Members of Congress in response to specific requests. In addition, 144 congressional requests for information were satisfied without written reports—by conversing on the telephone, by furnishing copies of documents and other information, and by briefing Members and their staffs. We also sent 95 reports to department and agency officials. Our reports are listed in appendix 2.

We made a number of important reviews and studies in the energy area, and details of these appear in chapter 6—Energy and Materials.

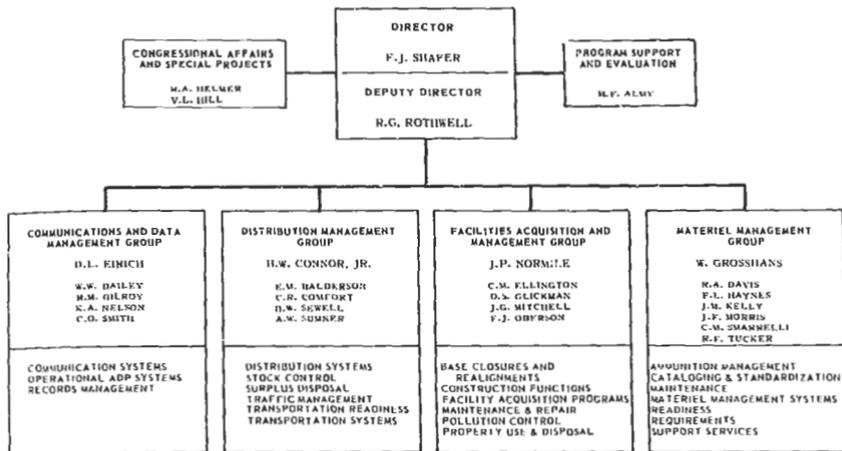
Manufacturing Technology

Encouraging Industrial Productivity Growth

The Federal Government spends billions of dollars each year for U.S.-manufactured products. Inflation is constantly raising the unit costs of these products at a time when pressures are mounting to limit Government spending. It therefore becomes increasingly important that manufacturers supplying the U.S. Government use the most efficient manufacturing methods in producing products. Moreover, improved productivity in both public and private sectors has been generally recognized as one of the most effective means to stimulate economic growth.

Consequently, we began comparing programs in the United States and other countries concerned with advancing manufacturing technology—particularly

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for parts and components produced in medium and small lots—with special attention to the potential for new applications of computers to designing and manufacturing.

More advanced manufacturing technology is used in the United States than in other countries, but it is not well diffused among small and medium-sized companies. Foreign competitors are capturing increasing shares of foreign markets and are increasingly penetrating U.S. markets in competition with U.S. high-technology manufacturers. Unlike the United States, its principal foreign competitors have well-developed, government-directed programs and special institutional structures for overcoming barriers to diffusion of manufacturing technology and for advancing the state of the art through coordinated research and development.

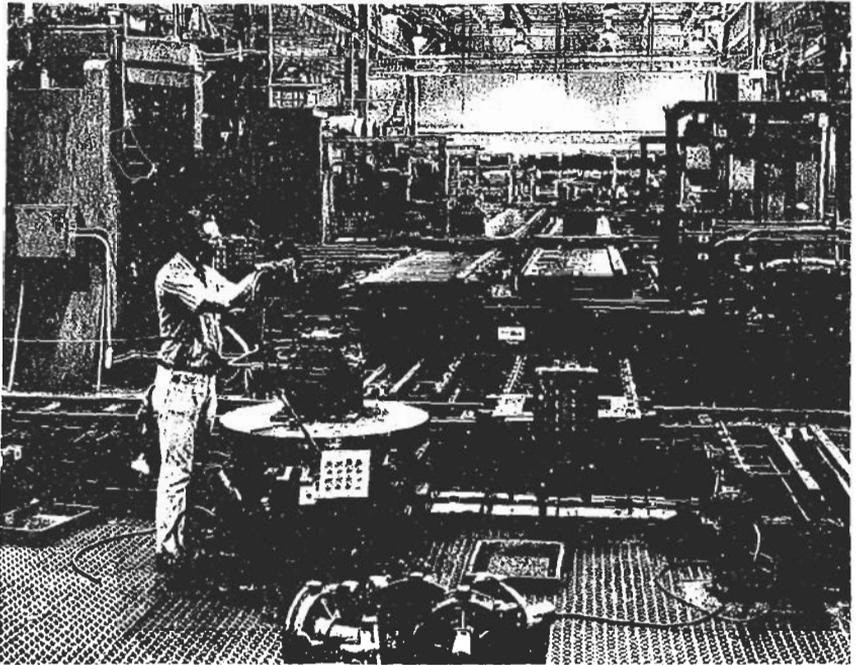
The United States is the only major industrial nation without well-established formal or informal productivity centers. Foreign productivity centers carry out a broad range of activities embracing science, engineering, and management. Moreover, their efforts clearly increase productivity. Consequently, when the Congress held hearings on a productivity center for the United States, we testified in support of both

the continuation of the National Commission on Productivity and in November 1975 its successor—the National Center for Productivity and Quality of Working Life.

In a report to the Congress, we recommended that the Center for Productivity and the Department of Commerce lead the development of national policy and of an appropriate means for achieving balanced productivity growth in industry. In so doing, they should strengthen their own efforts to support, develop, and disseminate productivity-enhancing technology and to encourage others in both the public and private sectors to actively support these objectives.

Our preliminary report was reviewed by a panel of manufacturing experts from Government, industry, labor, and academia. While many individual viewpoints were expressed, the panel supported the need for national policy and action in this area.

The Department of Commerce agreed that its manufacturing technology efforts should be strengthened and said it will be guided by our recommendations. The Department will continue to cooperate with the Center and will help it establish working relationships with other Federal and private organizations. (LCD-75-436, June 3, 1976.)



*Workman prepares a part which will (a) be placed on material's handling line (center) and (b) be moved to various work centers to be machined. This system randomly accepts a variety of parts, and all its operations are under the control of a computer.
(Courtesy of Ingersoll-Rand Company)*

Material Management

National Supply System

The concept of a national supply system has been underway in the Federal Government for more than a decade. This system would employ one manager for each supply item throughout the Government, thereby eliminating overlap and duplication in supply functions.

Inventory could be reduced and about \$20.8 million could be saved if supply functions performed by the Department of Defense and the General Services Administration on dual-managed items were consolidated under a single manager. Other increases

in efficiency and economy not readily measurable would also result from eliminating dual management of supply items.

If potential savings are to be realized through a national supply system, direction should be provided by some authority not subject to the parochial interests of the agencies involved. The recently established Office of Federal Procurement Policy would be appropriate.

We therefore recommended that the Office of Federal Procurement Policy confer with the House and Senate Committees on Government Operations to formally define the Congress' concept of a national supply system. This definition should delineate item

management duties and establish short- and long-range objectives, as well as assign responsibility for accomplishing them.

The agencies involved generally agreed with our findings, but not with some of our recommendations. (LCD-76-232, Feb. 18, 1976.)

Consolidation of Support Functions

The Department of Defense has established the Defense retail interservice support program to promote effective use of interservice support, thus eliminating unnecessary duplication. Although we reported in 1972 that improvements were needed, 3 years later the program was still ineffective in the Pacific.

Overseas coordinating groups responsible for proposing worthwhile opportunities for consolidation were mostly ineffective; local commands had prevented consolidations with parochial objections; and the Secretary of Defense had not given the Pacific Commander clear-cut authority to direct consolidations of support functions over these narrow objections.

In the Pacific large savings and increased productivity could be realized, without impairing military missions, through consolidating support activities at just a few locations.

We did not attempt to put a total dollar figure on savings from these consolidations. However, potential savings are estimated to be at least \$9.1 million annually, and equipment and vehicles valued at \$6.4 million would be made available for redistribution.

We recommended that these activities be consolidated and that the Secretary of Defense (1) delegate clear-cut authority for the unified Pacific Command to direct interservice support consolidations and (2) simplify procedures to transfer resources for consolidations. Since the functions involved are relatively standard throughout the military, we also recommended that DOD explore opportunities for savings from similar consolidations in the continental United States and in Europe.

DOD said some of the consolidations we proposed had been made and others were being studied. It disagreed that the Pacific Commander needed directive authority and said there were specific procedures to resolve any disagreements on consolidations the Commander recommended. (LCD-75-217, Aug. 26, 1975.)

Material Distribution Systems

Work in process as of September 30, 1976, included a review of the Army's capability to support its European troops logistically in the event of an attack on members of the North Atlantic Treaty Organization. We are examining the Army's plans and preparations for resupplying combat units during the early stages of hostilities. One segment of the fieldwork involved observing the annual REFORGER exercise. REFORGER tests the ability to quickly move U.S.-based divisions into Europe in an emergency. The 1976 REFORGER tested, for the first time, the movement of combat equipment by ocean transport.

Ammunition

In April 1976 we pointed out to the Department that the Army could reduce its need for funds to buy ammunition by improving its systems for managing ammunition component inventories.

The Army had about \$550 million worth of ammunition components at plants on September 30, 1975. However, because it had no reliable system for identifying, reporting, and managing these inventories, the Army could not consider them for filling needs when it prepared budgets, bought new components, and set up production schedules. In following our suggestion the Army thoroughly reviewed ammunition component inventories on



Associate Director H. W. Connor and Assistant Director C. R. Confort observe material movement phase of REFORGER 76 exercise at Oberdachstetten, Germany. The Army MILVAN container is being unloaded by German host nation personnel and equipment.

hand and reduced its fiscal year 1976 and 1977 programs for buying new components by \$35 million. (LCD-76-431, Apr. 16, 1976.)

For the past 5 years, in response to requests from the Chairman, House Committee on Appropriations, we have reviewed Army budget requests for long-range ammunition-plant modernization and expansion projects that are estimated to cost \$6.5 billion (in 1975 dollars) during 1976-80. For fiscal year 1977, the Army has done a good job in planning the production base for five new "improved conventional munitions." However, the Army should emphasize phasing the projects for expanding the production base so that the projects for loading, assembling, and packing the ammunition end rounds will be completed at the same time as the projects for the facilities to produce the shells, cargoes, and other components of the end rounds. Earlier production capability for improved conventional munitions can be obtained by phasing future expansion projects in this manner. (LCD-76-449, July 30, 1976.)

Military Readiness

During the past 15 months, we continued our emphasis on reviews of the readiness of U.S. forces. Two reports addressed subjects that affect the ability of the United States to meet its commitments in Europe—the readiness of (1) U.S. military equipment pre-positioned in Europe for Army troops that would deploy there in an emergency and (2) U.S. armored units already stationed there. A third report addressed Army contingency planning for the Pacific theater. We also reported on the servicewide need for effectively managing military flying by relating it to training and readiness needs. These reports are briefly summarized below.

U.S. Military Equipment Pre-positioned in Europe

We initially reviewed this program in 1971-72. (B-146896, Mar. 9, 1973.) Our followup review was requested by the Chairman of the Joint Economic Committee. In December 1975, the value of equipment authorized for this program was \$778.4 million.

Since our 1973 report, the types and seriousness of the program's problems changed; however, their overall effects are much the same. Our earlier con-

clusion—that the Army may not be fully effective in the missions assigned troops with pre-positioned equipment—has not changed because (1) equipment, repair parts, and certain types of ammunition essential for combat are in short supply, and many will continue to be for several years, (2) some vehicles had deteriorated, (3) there were not enough personnel to maintain the equipment, and (4) shortages would require U.S. units to bring equipment with them, thus increasing deployment time. Moreover, the equipment in the hands of U.S. units was not as combat ready as reported and thus would likely need maintenance before deploying.

We recommended to the Secretary of Defense and the Secretary of the Army that the pre-positioned equipment program be reevaluated and various alternatives considered. We also made several recommendations for actions to improve the program while these alternatives are being considered. The Army generally agreed with our recommendations and said the critical problems of pre-positioning equipment have been recognized and are receiving top management attention. (LCD-76-441, July 12, 1976.)

Readiness of Armored Units in Europe

Our report to the Secretary of Defense concluded that two key armored units were not as combat ready as reported. Units reported as "substantially ready with minor deficiencies" lacked personnel to fully staff all of their tracked vehicles and some personnel lacked skills necessary for combat. Units also had problems with the readiness of their tracked vehicles and the availability of their ammunition.

In response to our recommendations, the Army has begun to correct many of the problems identified and to improve its readiness reporting system. (LCD-76-412, June 30, 1976.)

Army Contingency Planning for the Pacific Theater

Reporting to the Congress, we concluded that the Army's plan for supporting allies could be difficult to implement because (1) only part of the war reserve materiel needed for those allies is stored in the area, (2) war reserves stored there for U.S. forces would not be sufficient to alleviate an ally's shortage, (3) transport problems would affect resupply, (4) storing and maintaining reserves would be difficult,

and (5) the current plan to provide logistic support to an ally needs revision.

We recommended that the Congress and the executive branch reexamine and coordinate the national policy, announced by the President in July 1969, on military support of U.S. allies (commonly referred to as the Nixon doctrine), Army plans to defend Pacific area allies, and the capability to implement those plans.

We also recommended that the Secretary of Defense, during this reexamination, evaluate the usefulness of storing war reserves at Pacific locations and reconsider his proposal to spend \$89 million for additional Pacific ammunition storage facilities.

We issued this report after waiting 6 months without receiving formal Department of Defense comments. (LCD-76-430, Oct. 6, 1976.)

Managing Military Flying Programs

Military flying cost about \$2.7 billion in fiscal year 1975. Most of this flying was for developing and maintaining pilots' proficiency as an element of military readiness. Effective management of such flying requires a system that can relate it to training and readiness needs and results.

We reported to the Congress that flying-hour management varied among the military services. The Air Force system seems to be the most developed; the Army's, the least developed. Many examples of ineffective management were found.

We made several recommendations to the Secretary of Defense for improving the management and control of military flying. The Department of Defense generally agreed with the report data and our conclusions, but gave no assurance that action would be taken. (LCD-76-451, June 18, 1976.)

Requirements

Medical Items for War Reserve Stocks

The Defense Supply Agency is responsible for insuring that medical supplies and equipment will be available to the military services during war. This responsibility entails determining wartime needs and arranging to supply them by establishing reserve stocks and making emergency production agreements with private firms.

We reported to the Congress that the Agency had not emphasized managing wartime needs for medical supplies and equipment. A management plan, sufficient resources to solicit producers, and adequate technical assistance had not been provided to carry out the program, so:

- Medical items readily available from commercial sources had not been identified.
- Planning agreements for most medical items classified as requiring emergency production by private firms had either not been implemented or had provided insufficient quantities to meet wartime needs.
- Reserve stocks for medical items requiring emergency production agreements were overstated.
- The method of determining needs made an exaggerated allowance for possible problems with the supply system.

In response to our recommendations, the Agency assigned additional personnel, implemented a plan to improve management, and began reviewing alternate methods of determining wartime needs. In a special report on war reserve items to the Senate Armed Services and Appropriations Committees, the Department of Defense said it did not contemplate any further investment in medical war reserve stocks until the problems we reported are solved to some extent. (LCD-76-405, Mar. 5, 1976.)

Equipment for Army Missions

The Army develops prototypes, or ideal models, of combat units that prescribe the units' missions, organization, and personnel and equipment requirements. From the prototypes, the Army establishes actual combat units. We reviewed the systems which develop the prototypes, because they translate the Army's concepts and doctrine into planned and actual combat units to carry out the Army's responsibility.

Our report to the Congress pointed out that studies which precede the development of prototype units could be improved by more consideration of the type of equipment needed for the units' missions, and how and by whom the equipment is to be used. Also, equipment requirements for prototype units needed to be documented and regularly reviewed. Our findings were supported by two special Army studies which found that, because of doctrinal weakness and

lack of documentation and review of prototype units, Army-wide requirements for wheeled vehicles and radios were overstated by about \$727 million.

The Army also needed to (1) improve its efforts to pattern actual combat units after newer, more austere prototypes, and (2) tailor combat units' equipment requirements to their particular needs.

In reviewing the way the Army develops equipment requirements for noncombat units, whose missions and workloads, rather than prototypes, govern their equipment requirements, we found that more equipment use standards were needed and existing standards needed to be realistic and enforced. Of the requirements for about \$4.9 million of noncombat units' equipment, the need for about \$2.1 million was questionable.

In response to our recommendations to the Secretary of Defense, the Army agreed to (1) change its procedures and otherwise improve the development process for prototype combat units, (2) assure that actual combat units conform to newer prototypes, and (3) establish and enforce use standards for equipment in noncombat units. (LCD-75-442, May 10, 1976.)

Maintenance, Repair, and Overhaul

Navy's Fleet Modernization Program

During fiscal years 1974-77 the Navy budgeted about \$2.2 billion for improved equipment for its fleet. Two separate appropriations are used to fund these modernizations. Other-Procurement funds are used to buy the necessary equipment, and Operations and Maintenance funds are used to install it.

We reported to the Congress that the Navy has no configuration management system to show complete and incomplete modernization work for each ship. Thus it cannot readily determine the amount of unfinished work, and equipment is frequently purchased without considering whether installation funds are available. Consequently, when equipment becomes available, it frequently is not installed because operation and maintenance funds are insufficient.

Also, the Navy could not determine from inventory records on hand which items were purchased for fleet modernization. It also did not know whether

equipment on hand could be used for planned future procurements or whether it should be scheduled for installation or applied to other programs.

We recommended that the Navy:

- Develop and submit backup data which would relate annual procurement requests to planned installation costs.
- Establish controls over the inventory on hand and relate it to equipment to be installed, thereby forming a basis for balancing further installations with additional procurements.

The Navy concurred with our recommendations and stated that actions were being taken or planned. (LCD-76-406, Mar. 15, 1976.)

Navy Aircraft Overhaul Depots

The Department of the Navy operates six Naval Air Rework Facilities at an annual cost of \$693 million. We reported to the Congress that two work shifts, 10 hours per day, 6 days per week, would make the mobilization potential of these six facilities more than double that required. Moreover, for peacetime workloads, only about 68 percent of the available single-shift capacity was being used. The ample mobilization capacity and the low peacetime utilization indicated opportunities for consolidating peacetime workloads.

Decreases in production output and increases in unit costs at these facilities were due to weak work measurement and management information systems.

The Navy intends to modernize the six Naval Air Rework Facilities to be self-sufficient, rather than execute an overall modernization plan to meet specific mobilization needs. We recommended that the Secretary of Defense (1) consider operating these facilities more than one 40-hour shift a week, (2) establish accurate mobilization needs, (3) consolidate excess capacity, and (4) concentrate on modernizing only those facilities with long-term value.

The Department of Defense generally agreed that much money could be saved by improving the management and operations of these facilities. The Department did not consider adding shifts appropriate at this time. However, it concurred in our recommendation to routinely examine projected depot maintenance workloads under mobilization conditions, and the resulting facility requirements, and cited various actions underway or planned to accomplish this. (LCD-75-432, Dec. 23, 1975.)

Weapon System Support

F-15 Aircraft

Large portions of major weapon system acquisition costs are for support equipment, such as testers. We reported to the Congress that, by better controlling factors affecting support equipment requirements, DOD could greatly reduce the investment in such equipment. More specifically, support equipment requirements for the F-15 were overstated because the Air Force's new emergency deployment concept was not considered. The Air Force later reduced its requirement for avionics test equipment by about \$77 million.

Further savings of about \$33 million are possible if the Air Force uses avionics test equipment more fully, rather than providing separate test shops at other locations scheduled to receive the F-15. In determining support equipment requirements for the F-15, the Air Force is not fully considering equipment already available.

We also reported that the F-15 training aircraft requirement can be reduced by 17 planes, valued at about \$170 million (not including spare parts and support equipment). In determining the number of training aircraft, the Air Force did not consider such factors as the number of pilots to be trained and the number of flying hours needed to train them. Instead, it applied arbitrary percentages to the number of mission aircraft planned.

The Department of Defense generally concurred in our recommendations to reexamine support requirements for major weapon systems and stated a number of actions that the Air Force would take to improve weapon system support. It did not specifically comment on the 17 unnecessary aircraft. However, it agreed to ask the Air Force to reevaluate the number of training aircraft required for F-15 training, using the F-15 training syllabus. (LCD-76-403, Jan. 22, 1976.)

Stock Fund Management

Both the Department of Defense and the General Services Administration operate revolving funds, known as stock funds, to finance the purchase and storage of material for sale—generally low-value,

consumable items. DOD's stock fund customers are mainly military units. GSA's stock fund customers are military and civil agencies. Proceeds from sales are used to purchase additional inventory.

During fiscal year 1976, both agencies asked the Congress for additional stock fund capital to make up for inflation. We were asked by the Appropriations Committees to examine these requests.

In addition, the House Committee on Armed Services asked us to review DOD's generation of funds by selling equipment for which replacement is not required. Receipts from these sales are termed "free assets." DOD gives the Congress estimates of these funds, which are used in the budget process to partially fund defense programs.

Department of Defense Stock Funds

In fiscal year 1974, the cash and working capital of DOD stock funds began to deteriorate. This deterioration was caused by rapidly rising costs, pricing policies, delays in updating published prices, and price freezes. Defense chose to resolve the cash shortage with a 15-percent surcharge on sales.

In our report to the Senate Appropriations Committee, we recommended that DOD resolve any future major cash shortages by seeking direct appropriations for the stock fund. We also recommended that the Secretary of Defense improve procedures for determining cash requirements and tailor cash balances to the requirements of individual stock funds. (LCD-76-433, June 16, 1976.)

General Services Administration's General Supply Fund

Although inflation reduced the purchasing power of the General Supply Fund, the fund's capital was also reduced because it was used to buy vehicles for GSA's motor pool and because excess supplies were purchased.

The supply fund obtained some capital through long-term loans from customers (a practice not intended by the Congress), and by unauthorized transfers from other GSA revolving funds.

In our report to the House and Senate Appropriations Committees, we recommended that the Administrator of GSA (1) repay supply fund borrowing, (2) prevent future supply fund transfers, (3) improve controls over advances, (4) require better cash fore-

casting, and (5) explore alternatives to depot stocking of items which could reduce the amount of additional funding required.

The Administrator of GSA agreed and said that GSA would take corrective action. (LCD-76-421, Mar. 19, 1976.)

Free Asset Management

Over \$1 billion in free assets were generated in DOD's procurement accounts during fiscal years 1972-75. During fiscal years 1974-75, DOD generated an additional \$66 million in research and development appropriations by including nonrecurring research, development, test, and evaluation costs in the price of items sold.

Historically, estimates of free assets for the Congress have been low. If original estimates were closer to actual amounts, funds initially appropriated for Defense programs would be reduced. Because the Department of Defense has not provided the military services with a standard definition of free assets, they have developed their own definitions, which vary among the military departments and among the Army's Commodity Commands.

We reported to the House Committee on Armed Services that the Army has limited control over its free-asset generations because of various problems in managing its customer-order program in general. These problems have impaired congressional oversight of how free assets are applied.

Our recommendations to the Secretary of Defense were generally accepted and corrective actions were begun. The House Committee on Appropriations reduced the Defense budget by \$200 million, based on its judgment of the underestimation of free assets. (LCD-76-114, Mar. 3, 1976.)

Acquiring and Managing Facilities

Over the past several years, our work in this area has been heavily influenced by requests from Members of Congress. For example, over the past 15 months, we completed 28 assignments involving base closings and/or the relocation of military activities. As of September 30, 1976, we had 11 such assignments in process.

Presented below are brief summaries of some other reviews.

Trident Submarine

At the request of the Chairman, House Committee on Appropriations, we reviewed the Navy's economic analysis of ways to construct a drydock and its request for fiscal year 1977 funds for building facilities to support the *Trident* submarine.

The Navy had prepared an economic analysis to evaluate the advantages of using phased or unphased construction for a drydock. This analysis showed that construction costs, unadjusted for inflation, would be the same for both alternatives. But when inflation was considered, phased construction would cost about \$10 million less.

The construction industry recognizes some problems with phased construction. Further, the Navy had omitted, from its analysis of both alternatives, costs for contingencies and contract award and administration. These costs are generally higher under phased construction, because construction is started before design is completed, thereby increasing the risks of additional costs. We concluded that the Committee should require the Navy to provide more realistic budget estimates. (LCD-76-341, July 14, 1976.)

For fiscal year 1977, the Navy requested \$129 million for *Trident*-related construction projects. The Navy also requested \$11 million to help local governments pay for increased municipal services and facilities resulting directly from construction and operation of the *Trident* support site.

Amounts requested for several projects were overstated by a total of \$3.1 million; because of slippage in the schedule over \$27 million requested for some other projects could be deferred for a year without hampering the program. (LCD-76-346, Sept. 20, 1976.)

Reserve Forces Facilities

The Congress appropriated over \$727 million in fiscal years 1972 through 1976 as part of a 10-year program to reduce the Reserve Forces' backlog of construction projects.

We reported to the Congress unnecessary construction projects started, completed, or planned. Reserve Forces needs could be met faster and cheaper by making greater use of existing facilities and by constructing more joint-use facilities. The Defense Department's process for reviewing and approving construction projects needed strengthening.

The Department generally disagreed with our conclusions and recommendations. While acknowledging that certain weaknesses existed in its construction project review and approval process, the Department stated that no unwarranted projects had been approved or constructed. However, we identified 15 completed or ongoing construction projects for which cheaper alternatives were available. These projects had an estimated construction cost of over \$10 million. (LCD-75-309, June 11, 1976.)

Waste Water Treatment Plants

We reported that, although the Congress had appropriated over \$263 million to DOD for improving waste water treatment plants and connecting them to public sewage systems, many plants did not meet water quality standards. In addition, the Department had not taken measures to insure compliance with these standards by July 1, 1977.

Because the DOD waste treatment program was seriously impaired by problems of design, operation, and maintenance of plants, we recommended that controls be established to insure that plants comply with effluent limitations and water quality standards. The military services should determine the improvements needed to meet these requirements, implement them, and monitor their progress. DOD generally agreed with our recommendations. (LCD-76-312, June 18, 1976.)

Architects and Engineers

To increase competition among architects and engineers for design contracts, we recommended that GSA and DOD revise certain practices and procedures relating to public announcements and discussions. These agencies should coordinate efforts to refine life-cycle cost analyses and their application to preaward evaluations. We also recommended that the Director, Office of Management and Budget, require the Administrator, Office of Federal Procurement Policy, to revise procurement regulations to require that agencies consider the bidder's ability to estimate and analyze life-cycle costs.

Legislation proposed by the Office of Federal Procurement Policy embodied needed modifications in contracting for these services. (LCD-75-313, July 21, 1976.)

Communications

Military Telecommunications Centers

The Defense Department's automatic digital network is a computer-controlled communications system with about 900 telecommunications centers. These centers process three basic types of messages—data card, magnetic tape, and narrative. Most messages are sent and received by data card or magnetic tape without processing. However, narrative messages require extensive manual processing, such as (1) retyping the message, (2) proofreading the message, and (3) inserting the message into the terminal for transmission.

Some narrative messages could have been mailed instead of electronically transmitted—for example, about 19 percent of the outgoing narrative messages at some telecommunication centers. We estimated that reductions ranging from 5 percent to 40 percent in the number of narrative messages electronically transmitted by 835 military telecommunication centers could annually save \$1.8 million to \$15.7 million in personnel costs.

We recommended that DOD require (1) message releasers to become familiar with their responsibilities and (2) military departments to review regulations, directives, and policies to find unnecessary requirements to electronically transmit messages. The Secretary of Defense stated that military departments were directed to implement our recommendations. (LCD-76-107, Dec. 4, 1975.)

National Warning Systems

Five general-purpose natural disaster and attack warning systems exist or are being planned; however, the Nation's needs could be met by improving and connecting two systems: DOD's National Warning System and the National Oceanic and Atmospheric Administration's Weather Radio System (already selected as the Federal home-warning system). The three warning systems—a satellite warning system, a high-speed radio warning system for nuclear attacks, and a teletype system are expected to cost \$140 million through fiscal year 1980 and do not appear to be operationally or economically justified.

We recommended that the President designate the Office of Telecommunications Policy to

—define and consolidate all Federal warning requirements,

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- develop an integrated national program to meet these requirements in the most efficient manner, and
- prevent continued operation of unneeded warning systems.

Several Federal agencies will be involved in carrying out these recommendations. Most have agreed on the need for an integrated national program. (LCD-76-105, Apr. 9, 1976.)

Radio Spectrum Management in the Federal Sector

The radio frequency spectrum is a natural resource that extends beyond national boundaries to accommodate radio users throughout the world. It cannot be depleted through use, but it can be polluted or misused, thereby limiting or denying its use to other potential users. Demands for spectrum use are increasing more rapidly than technology and management techniques can find ways to supply it, resulting in congestion in some parts of the spectrum.

Government departments and agencies have over 120,000 radio frequency assignments and have invested about \$30 billion in radio equipment. However, the Federal sector lacks enough competent personnel to manage and use these resources.

We recommended that the Office of Management and Budget and the Office of Telecommunications Policy consult with agency officials to determine and support the level of personnel and funding necessary to improve the Government's management of the radio spectrum. Federal departments and agencies generally agreed with our findings and conclusions. As a result, OTP, in cooperation with the Civil Service Commission and the Office of Management and Budget, established a Government spectrum-management career development program in 1976. (LCD-74-122, Oct. 21, 1975.)

Data Processing

Automated Information Systems

Automated information systems (1) support management in increasing the effectiveness and efficiency of operations and (2) provide timely information which permits management to make prompt decisions.

Concerning Government automated information systems, we described in four reports (1) some planning and reviewing problems encountered during the development of certain systems and (2) estimated savings from modifying or terminating a system.

The Air Force's Advanced Logistics System was in development for 9 years at a cost of about \$250 million. The Air Force continued the program despite evidence that technical problems would preclude its successful completion. Although the House and Senate Committees on Appropriations terminated this program, we issued the report to illustrate the risks involved in pursuing large, highly technical automated data processing programs. (LCD-75-101, June 17, 1976.)

The Federal Aviation Administration, since 1965, has spent \$7.7 million developing and implementing several management information systems. The Administration approved the development of these systems without clearly defining objectives, adequately estimating potential benefits, or determining cost alternatives and equipment requirements. During the development of these systems, the agency prolonged development cycles, exceeded cost projections, and prematurely acquired equipment. We recommended that the agency establish procedures and improve techniques for approving and developing these types of systems. (LCD-74-118, Aug. 18, 1975.)

The Department of Defense is developing an information system known as the World Wide Military Command and Control System, which is to inform Command Authorities so that prompt, appropriate decisions can be made. Computer security and interconnecting (high-speed data links) between computers in this system need improvement. Since various alternatives are available for improving computer systems, we suggested that management evaluate each and select those which would be the most economical and effective. (LCD-75-116, July 21, 1975.)

The Defense Supply Agency designed and developed three automated logistical information systems to support its supply management responsibilities. We pointed out that some depot activities could be accomplished more economically and effectively if these systems were improved. For example, greater consolidation of parcel post shipments with freight shipments could save an estimated \$1 million a year. We recommended that information systems be revised so the agency could (1) ship

material more economically, (2) insure the accurate preparation, recording, and reporting of materiel shipments, and (3) improve control over the processing of customer requisitions. (LCD-76-108, Feb. 20, 1976.)

Data Processing Equipment Utilization

The U.S. Army Materiel Development and Readiness Command and the Defense Supply Agency's supply centers underutilized some ADP equipment. The central processing unit of the Army's computer, costing \$2.6 million, was used less than 30 percent of its available hours. The three supply centers reviewed had about 30-percent unused space on their disk drives (devices for storing information). This unused space was equal to 83 disk drives, which would represent an investment of about \$800,000.

We recommended that these organizations study ADP equipment utilization to identify the (1) shareable capacity that should be offered to other users and (2) excess equipment. Both organizations said studies had been started in this area. (LCD-76-125, June 30, 1976, and LCD-76-121, July 7, 1976.)

Other Data Processing Programs

Because of the continuing interest of committees and Members of Congress, we are continuing and expanding our reviews of automated information systems, including the World Wide Military Command and Control System, TRI-Service Medical Information Systems and logistical systems, and the Internal Revenue Service's Tax Administration System. Additionally, we are reviewing the management of computer operations and the Department of Agriculture's plans to acquire data processing equipment. Reports on our findings, conclusions, and recommendations in several of these areas will be issued to the Congress during fiscal year 1977.

Records Management

Office Copiers

Agencies in multiagency Federal buildings generally obtain office copiers independently of each other. As a result, copier costs are increased and copiers are not efficiently used. General Services Administration figures show that costs for acquiring office copiers and

related supplies increased from \$38 million in 1964 to \$139 million in 1974. Centralized management of office copiers in multiagency buildings, large agency headquarters buildings, and large military buildings could reduce costs by identifying copier needs for an entire building and meeting them efficiently.

We recommended that GSA initiate a test program for centralized management of copiers in one or more multiagency Federal buildings and include copiers in its program for providing common services in such buildings. GSA agreed with our recommendations and began studies in October 1976 to determine the most efficient method of meeting copying needs in Federal buildings. (LCD-76-109, Mar. 9, 1976.)

Transportation

Military Airlift of Passengers

We reported on several aspects of the airlift service provided by the Military Airlift Command. In one report (LCD-75-231, Jan. 20, 1976), we cited the savings and benefits available from diverting passengers from charter flights to regularly scheduled flights. The charter passengers would occupy otherwise unused seats on scheduled flights and the charter would be canceled. This diversion of passengers would (1) save as much as 48 million gallons of jet fuel annually, (2) reduce annual Defense costs by as much as \$3.5 million, and (3) allow the financially ailing U.S. international carriers to reduce annual expenses by as much as \$48 million.

In another report we evaluated—at the request of the Senate Appropriations Committee—an Air Force study dealing with the staffing of military airports. (LCD-76-219, Feb. 2, 1976.) The study was referred to in DOD's response to an earlier GAO report which pointed out that airports were overstaffed. The study called for 1,727 more positions than needed. On the basis of our work, the Congress eliminated 1,700 positions, which reduced the Air Force budget by \$15.4 million.

We are also reviewing the use of military airlift by active or retired military members and their dependents traveling worldwide for personal reasons. (LCD-76-230.) About 2.8 million such passengers traveled free in available space on DOD-controlled aircraft from fiscal year 1968 through the first quarter of fiscal year 1976. To process such passengers at military

air terminals cost about \$17 each, or about \$7.8 million in fiscal year 1975. DOD should recover this processing cost from the traveler. We expect to report on this matter in fiscal year 1977.

Transportation of Household Goods

DOD spends about \$200 million a year to move household effects of military personnel between the United States and points overseas. Basically, there are two methods for making such moves—the direct procurement method, under which the Government arranges with individual firms for all required services, and the “international-through-Government-bill-of-lading” method, under which the Government pays a household goods forwarder (an agent who performs shipping services) to make the arrangements. The House Committee on Appropriations asked us to see if both systems were needed.

Administering two systems is uneconomical, but eliminating one system is undesirable under present circumstances. The cost for the direct procurement method was usually lower than for the other method. However, for a number of reasons, this system could not be used exclusively.

Bill-of-lading rates are high in relation to our estimate of the reasonable cost of providing the service. We recommended that DOD introduce more competition into its rate-setting procedures. The Department agreed and has taken action. It estimates that the change will save about \$25 million annually.

Our report was used by various committees in considering the need for legislation to regulate the forwarder industry and to protect small business. (LCD-75-225, May 6, 1976.)

National Defense Reserve Fleet

The National Defense Reserve Fleet is the only source of reserve dry-cargo shipping that the United States can turn to for supplemental transportation during a military or commercial shipping crisis. Because of the declining number of break-bulk type ships—in contrast to newer, containerized-cargo ships—and the decrease in the size of the Military Sealift Command's controlled fleet, the Department of Defense has recognized that the reserve fleet must be relied on more to respond to future emergencies. However, the reserve fleet, which is aging and steadily

losing ships, cannot meet the demands of a national emergency effectively.

Some of the problem areas identified were slow reactivation, unavailability of some basic spare parts, an inadequate onboard inventory system, and the inability to accurately and quickly determine the condition and status of the fleet. After our fieldwork had been completed, the Departments of Defense and Commerce jointly sponsored a program to upgrade 30 reserve fleet Victory ships so that reactivation could be reduced to 5–10 days. Immediate needs for emergency supplemental shipping will be satisfied by this program; however, attention should also be directed to the remainder of the fleet. We recommended that the Secretaries of Defense and Commerce continually review the entire reserve fleet to insure that enough merchant ships can be activated and deployed within the time required. We also made several recommendations to the Secretary of Commerce for Maritime Administration programs to improve the condition and status of the fleet.

DOD concurred in principle with our conclusions and recommendations and considered the report valuable and constructive. The Department of Commerce agreed in general with the report's findings and the intent of the recommendations. (LCD-76-226, Oct. 6, 1976.)

Transportation of Foreign Military Sales Materiel

We reviewed transportation payments for shipments of foreign military sales materiel and found that millions of dollars have not been recovered from recipient countries for accessorial services provided by the military and charged to the operating and maintenance funds of the military services, because (1) DOD service components are not applying correct charges, (2) incorrect transportation tariffs are being used, (3) percentage factors applied against the cost of goods for accessorial services have not been adjusted to meet increased transportation costs, and (4) the number of transactions being processed far exceeds the system design—officials at the Army Materiel Command stated that their foreign military sales control system was designed for 5600 million per year although the volume is more than \$4 billion.

Our work thus far has resulted in collections of over \$16 million. We expect to report our findings to the Congress in the next fiscal period.

Richard W. Gutmann is Director of the division, and John F. Flynn, Morton A. Myers, and Jerome H. Stolarow are Deputy Directors.

CHAPTER NINE

PROCUREMENT AND SYSTEMS ACQUISITION

Responsibilities

The Procurement and Systems Acquisition Division's responsibilities include procurement and science and technology programs and activities of the Department of Defense, the National Aeronautics and Space Administration (NASA), the Energy Research and Development Administration, the General Services Administration, and the Renegotiation Board. These responsibilities encompass a major portion of the Federal Government's annual expenditure for those areas.

This division is concerned with (1) establishing needs and operational requirements, (2) identifying technology gaps, (3) supporting research and development, and (4) acquiring goods, services, and facilities promptly and economically through the use of contracts, leases, and grants.

This division is the focal point for general understanding, coordination, assessment, guidance, and communication on what has been done, what is being done, and what should be done relative to the procurement of goods and services and the Federal Government's science and technology policies and programs.

Magnitude of Systems Acquisition

The Department of Defense defines a major acquisition as one with an estimated research, development, test, and evaluation cost exceeding \$50 million or an estimated production cost exceeding \$200 million. The estimated cost of 118 major systems being acquired by Defense at the beginning of fiscal year 1976 was more than \$220 billion.

Generally civil agencies have not established criteria for defining major acquisitions; however, we have established a threshold of \$25 million to define major acquisitions of civil agencies. Identified by this criterion, 467 major systems were being acquired by civil agencies at the beginning of fiscal year 1976 for almost \$185 billion.

Importance of Science and Technology

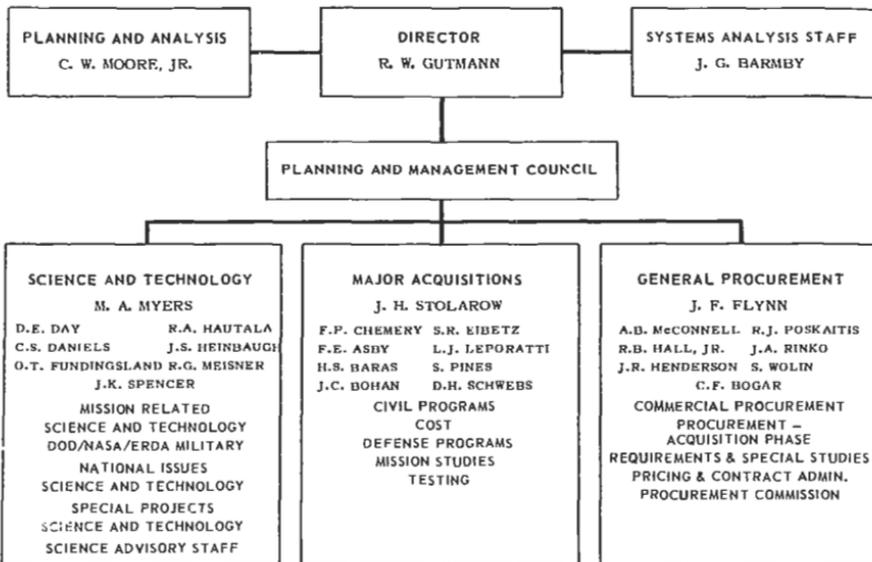
Federal expenditures for research and development in fiscal year 1976 and the transitional quarter totaled almost \$28 billion. Defense spent about half this amount; the rest was for civilian and space activities. Most major Federal programs have an important research and development component upon which the programs' success depends.

Science and technology greatly affect national productivity and economy as well as the quality of life. More and more, the Nation's foreign relations and its position in world affairs also depend upon the strength and viability of science and technology and the management and use of these resources.

Volume of Federal Procurement

Federal agencies awarded contracts and placed orders with commercial firms for over \$50 billion worth of supplies and materials, other services, and capital equipment—excluding research and development—during fiscal year 1975. The major portion of this amount was spent by the Department of Defense and the military services.

PROCUREMENT AND SYSTEMS ACQUISITION DIVISION



SEPTEMBER 30, 1976

Audit Reports

We provided the Congress and its committees with 102 reports on science and technology programs, the acquisition of major systems, and Federal procurement practices. In addition, we submitted 49 reports to Members of Congress and 58 reports to department or agency officials. We also responded orally to 57 congressional requests for information. Our major reviews are summarized in this chapter.

Major Acquisitions

We submitted 63 reports to the Congress and congressional committees, 17 to Members of Congress, and 5 to departmental officials during fiscal year 1976 and the transitional quarter on various phases of major civil and defense system acquisitions.

Examples of work in process include reviews of (1)

the detailed status (cost, schedule, and performance) and financial status of major civil and defense systems, (2) the effectiveness of various systems, (3) the mission capability and existence of technical problems with the F-15 aircraft, (4) overall airlift requirements, (5) strategic nuclear policies and capabilities, (6) problems in achieving major weapon system standardization in the North Atlantic Treaty Organization (NATO), and (7) recent Defense acquisitions compared with the acquisition framework recommended by the Commission on Government Procurement.

Some of the more notable reports on major acquisitions are summarized in this section.

Information on the Requirement for Strategic Airlift

The Department of Defense has not provided enough data to enable the Congress to properly consider the needs for new or alternate airlift programs. The Department's planned increases in airlift capa-

bility and its other proposed airlift programs will cost about \$13 billion.

The airlift program may not be attainable because:

- It is questionable whether the aircraft can operate the number of hours per day projected.
- The estimate of available aircraft may be greatly overstated.
- The availability of enough airfields to accommodate a massive airlift during a war is open to question.
- It is not certain that enough fuel would be available to return the aircraft to the United States.

The airlift programs have not been evaluated to find the most cost-effective combination of airlift forces to meet the requirement. The requirement, the limitations on meeting the requirement, and all combinations of existing, planned, or modified aircraft have not been assessed in relation to other deployment alternatives.

Reporting to the Congress, we recommended that the Department comprehensively study the alternatives of airlift, sealift, and pre-positioning of supplies and equipment. The Department should identify (1) the airlift requirement in specific terms, (2) the costs, advantages, and disadvantages of alternatives such as increased pre-positioning, and (3) the rapidity and availability of sealift. (PSAD-76-148, June 8, 1976.)

The Senate and House Committees on Appropriations' Conference Committee, in its report on the Defense Department's 1977 appropriations, directed:

"that the Defense Department furnish GAO all basic information that GAO requires in order to complete examination of the justification and requirements for the increased airlift capacity being requested by the Defense Department."

We are pursuing this matter with the Department.

New Main Battle Tank

Improvements in antitank weapons have made tanks more vulnerable than in the past. The numbers, capabilities, and costs of tanks to be procured in the future and their proper mix with other weapons in the combined arms team are unresolved questions. The Army is in the midst of its third attempt in a decade to develop a new main battle tank, the XM-1, and West Germany is also ready to produce a new tank, the Leopard 2 Austere version.

In a classified report to the Congress, we pointed out that the impending decision on the XM-1's

continued development might have to be based on incomplete information about (1) the relative effectiveness of various force mixes, (2) the most effective main gun, and (3) the performance and cost of the German tank, which was to be considered for possible U.S. Army use.

The latter two issues are directly related to standardizing weapon systems in NATO. The Army apparently is not seriously considering adopting the German tank.

We recommended that the Secretary of Defense accelerate ongoing studies of the cost-effectiveness of an armored force not wholly dependent on using costly heavy tanks and inform the Congress of the results of these comparisons and analyses.

After the report was issued, the Department of Defense announced that the selection of one of the two U.S. prototypes was being delayed to study the possible incorporation of a common main gun, engine transmission, drive train, and track into the tanks of both countries. (PSAD-76-113, June 24, 1976, and PSAD-76-113A, July 22, 1976.)

Standard Avionics Equipment Will Be Installed in F-15 Aircraft

The Air Force developed a standard air navigation instrument and a standard ultra high frequency radio. This standard equipment became available in December 1975 and August 1975, respectively.

In a report to the Secretary of Defense, we recommended that he direct the Air Force to begin installing the new standard avionics equipment in F-15 production aircraft as soon as possible. If the Air Force minimized the number of aircraft delivered with the now-nonstandard, more expensive equipment, money would be saved by

- not buying this equipment,
- not needing to remove this equipment to install standard equipment, and
- making operation and support more efficient with the more reliable, standard equipment.

F-15 program officials maintained they had no authority to make the recommended changes. However, they issued a revised cost estimate showing one-time savings of \$1.7 million and operation and support savings of \$12.1 million during a 20-year life cycle.

Defense officials concurred with our recommendation to install standard radios and navigation equip-



Hugh Strain of the Procurement and Systems Acquisition Division examines the German contender for NATO's new main battle tank—the Leopard 2A1—at Aberdeen Proving Ground.

ment in the F-15 aircraft. The Air Force, on August 30, 1976, issued a program management directive to install the standard avionics in F-15 production aircraft as soon as possible and no later than the fiscal year 1977 aircraft purchase. Aircraft delivered before the production line changeover date are to be refitted with the standard avionics equipment. (PSAD-76-159, July 20, 1976.)

Need for Improved Reporting and Cost Estimating on Major Unmanned Satellite Projects

Previous reviews of National Aeronautics and Space Administration acquisitions showed that cost and schedule estimates frequently have been optimistic. In a report to the Congress we reviewed cost growth and schedule delays, on the basis of NASA's status data on 25 major unmanned satellite projects.

NASA stated that cost growth was due to revised estimates, schedule delays, contract overruns, cost

reallocations between projects, and further definition of requirements. The reasons given for schedule delays were funding constraints, reconsideration of project objectives, and late subcontractor deliveries of components to the prime contractor. These problems have been encountered by other Government agencies.

We found several opportunities for NASA to improve its reporting of cost and schedule information to the Congress and its cost estimating practices. We recommended that NASA (1) summarize and report to the Congress the cost of the project and all additional costs directly identified with the project, (2) maintain stable cost and schedule baselines from which actual changes in project status could be determined, and (3) maintain adequate documentation to support its cost estimates.

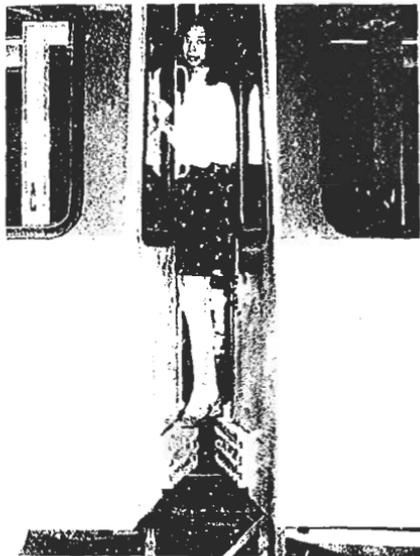
NASA did not concur with all of our recommendations for corrective action and stated that (1) development estimates, instead of planning or other preliminary estimates, would be used as the baseline for measuring cost growth and actual performance, (2)

its identification of costs is based on its appropriation structure and budget presentations to the Congress, and (3) baselines should be changed, with proper approval, when programs are changed.

Our recommendations are considered especially important at this time because of recent congressional action to require a reporting system for NASA's major projects similar to the selected acquisition reporting system used by the Department of Defense. We stated that the Congress may wish to discuss with NASA the agency's plan for implementing, in the reporting system developed, our recommendations for improvements. (PSAD-75-90, July 25, 1975.)

Audits of the METRO Rapid Rail System

Congressional interest in the Washington Metropolitan Area Transit Authority's "METRO" subway system has been very high. METRO cost estimates have more than doubled since February 1969 and



Peggy Frank, a GAO auditor, demonstrating the potential hazard when passing between subway cars operated by the Washington Metropolitan Area Transit Authority.

completion data has been delayed. The Congress has asked about cost and financing, estimating procedures, external reporting, effectiveness of the cost control program, quality of the investment program, equipment testing and performance, construction and operational safety, and labor relations.

We reported to several subcommittees of the House Committee on the District of Columbia that cost estimates were generally unreliable because the Transit Authority had not released the most reliable and current data. We devised a format for improved external financial reporting and assessed data provided in the Authority's first report based on this format.

We also reported that improvements were needed in both construction and operational safety. The House Committee on the District of Columbia was given information on the Authority's investment program, cost control program, and costs related to labor strikes and funding. (PSAD-76-36, Nov. 4, 1975; PSAD-76-143, May 28, 1976; PSAD-76-147, June 25, 1976; and PSAD-76-163, Aug. 27, 1976.)

Impact of Shortages of Processed Materials on Programs of Vital National Interest

Past shortages of processed materials, such as steel, aluminum, castings, forgings, and electronic components, increased costs and delayed production schedules on some Federal programs. Obtaining a priority rating minimized the effect on defense programs, but some civil programs could not obtain such a rating. In a report to the Congress we recommended that consideration be given to including nondefense programs of vital national interest under the priority and allocation authority of the Defense Production Act, and that administration of the priority programs be within a single agency.

The agencies involved generally were concerned that adding nondefense programs would dilute the purpose of the Defense Production Act, but agreed that administration of such priorities should rest in a single agency. (PSAD-76-14, Feb. 27, 1976.)

Difficulties in Acquiring a Long-Range Radar System

The Federal Aviation Administration is buying 26 new long-range radar systems to help control air traffic en route. Our report to the Congress noted that

the Administration did not follow recognized procurement practices in contracting for a prototype radar system. In particular, it entered into a cost-type contract for a prototype system on the basis of a proposal that projected costs below the contractor's estimate. Also, the agency did not prepare its own detailed cost estimate and, after considering the contract, did not require the contractor to periodically estimate the cost to complete the prototype. Eight months after the contract award, the contractor projected a 100-percent cost increase, and the Administration had to drastically curtail its prototype program.

We recommended that the Secretary of Transportation require the Administration to (1) develop detailed independent cost estimates for systems it plans to purchase and (2) completely review proposals to see if contractors can produce at proposed prices. We also recommended that the Administration require contractors to periodically estimate the cost of completion, especially when cost-reimbursable contracts are used. (PSAD-76-169, Aug. 25, 1976.)

F-14A/Phoenix Weapon System

The F-14A, Phoenix is an all-weather, carrier-based weapon system, consisting of a fighter aircraft and an airborne missile, designed to engage a broad array of enemy weapons, including (1) air-to-surface missiles launched from masses of enemy bombers and (2) enemy fighters in escort and force protection roles.

We thoroughly reviewed this system, including its effectiveness, its operational readiness, its technical problems, the question of whether a new engine should be developed for the aircraft, cost and schedule matters, and efficiency of production. Supply problems have limited the system's operations, and the improvements offered by a new engine may not be needed.

In a report to the Congress, we recommended that the Secretary of Defense find the reasons for the supply shortage and act in conjunction with the Navy to improve the situation. We also recommended that the Secretary thoroughly examine the plans for using a new engine for the aircraft, in view of (1) the high cost of developing, producing, and installing the engine and (2) the benefits to be derived. (PSAD-76-149, Aug. 3, 1976.)

Condor Missile Program

Acquisition of the Condor, a Navy air-to-ground missile system, was halted by congressional action

on the fiscal year 1977 Department of Defense Appropriations Bill, saving approximately \$458 million.

We had provided several committees with information pertinent to the decision to terminate the program. These included a staff study (PSAD-76-82, Feb. 12, 1976), several letter reports, and testimony before the Defense Subcommittee of the Senate Committee on Appropriations on June 24, 1976. Our testimony covered the test and evaluation of the Condor, its cost effectiveness, and our preliminary review of a contractor's study of the system's vulnerability. The testing left in doubt the missile's ability to function in battle. Furthermore, other systems existed that could perform the same function more effectively and at a lesser cost.

The vulnerability study contained shortcomings which raised questions as to its usefulness. For example, several critical factors that should have been taken into account were attrition rates, possibility of the system's being jammed, and warhead lethality.

We supplemented our testimony with a letter report containing additional data on the testing of the Condor. (PSAD-76-163, July 19, 1976.)

On September 3, 1976, the conference report of the House and Senate Committees on Appropriations (Rept. 94-1475) specified that the conferees agreed to terminate the Condor missile program.

The estimated savings due to program cancellation were:

	<i>Millions</i>
Acquisition cost for balance of program	\$290
Pod and aircraft modification costs	173
	<hr/> 463
Less Navy's termination costs	5
	<hr/> \$458
	<hr/> <hr/>

Field Army Air Defense

Field Army air defense systems protect high-value targets and ground combat forces from enemy air attacks. U.S. air defense capabilities seem inadequate when compared to the threat posed by current and projected Warsaw Pact aircraft. Numerous Army studies of its air defense assets and needs have not brought forth any decisive actions to improve the Army's air defense capability.

We concluded in our report to the Congress that the Army should establish its needs for new air defense systems on the basis of the total mission requirements, considering the resources that could reasonably be

expected to be available for the mission. We recommended that the Army, rather than justifying each system independently, prepare a mission-oriented budget describing the weapon systems needed, and indicate the priority for funding each requirement. (PSAD-76-129, June 22, 1976.)

Financial Status of Major Acquisitions

In 1969 several congressional committees asked us to report periodically on the status of various major weapon system acquisitions. Recently, we also began to report on the status of major civil acquisitions.

In our first report to the Congress on the status of both major civil and defense acquisitions, we included financial data on 585 systems estimated to cost \$104 billion on completion an increase of \$148 billion over initial cost estimates. The principal factor in cost growth was inflation, which accounted for 46 percent of the total. (PSAD 76 72, Feb. 27, 1976.)



GAO staff members Curt Evans, Ralph D'Agostino, Joe Evans, and Marvin Casterline observing the progress being made on construction of the lead ship of the Navy's FFG-7 Class of Guided Missile Frigates at Bath Iron Works, Bath, Maine.

Evaluation of the Department of Defense Report on Guided Weapons Programs

The Senate Committee on Appropriations asked us to analyze the Department of Defense's report to the Committee on guided weapons programs. The request was prompted by difficulties in understanding the need for the numerous types of missiles developed and procured by the military services for apparently similar mission requirements.

The Defense report was, for the most part, responsive to the Committee's request; however, action was necessary to reduce (1) deviations from lead/executive service designations and joint agreements, (2) the overlap in service responsibilities, (3) the pursuit of developments with performance limitations, and (4) the use of different combat tactics against a common threat to justify the need for different types of missiles.

We suggested that the Committees require the Secretary of Defense to emphasize (1) mission area requirements and selection of a single service for acquiring the capabilities needed and (2) compliance by the military services with management actions designed to minimize missile proliferation. If duplicative developments are warranted, they should be pursued deliberately and formally. (PSAD-76-57, Dec. 19, 1975.)

The Department of Defense informed the Senate Committee on Appropriations in January 1976 that the services were striving for common solutions for guided weapons to combat aerial threats to the Army and Navy. The Department stated that efforts to reduce the proliferation of air-to-surface and surface-to-air missiles would continue.

Deficiencies in SH-3H Helicopter Conversion Program

In classified letter reports to the House and Senate Committees on Armed Services and Appropriations, we reported that the Navy's SH-3H conversion program had several deficiencies. The major problems noted were:

- The modification program was producing an overloaded helicopter with insufficient power and endurance.
- The Navy planned to eliminate essential equipment, which would impair antisubmarine capability.

PROCUREMENT AND SYSTEMS ACQUISITION

- The Navy's Operational Test and Evaluation Force found the helicopter unsatisfactory.
- Users complained of low reliability and availability.
- The helicopter lacks an adequate system for communicating tactical information.
- The S-3H's ability to fulfill its interim mission requirements is questionable.

On March 8, 1976, during the House Appropriations Subcommittee hearings on the Department of Defense fiscal year 1977 budget request, the Navy was questioned on its actions to correct problems mentioned in our report. (PSAD-75-101, July 1, 1975.)

The Navy reported that (1) it was budgeting \$29.5 million for the SH-3H conversion of 12 helicopters for fiscal year 1977, (2) funds were being realigned to allow rapid development of improved avionics, (3) weight had been reduced by removing some avionics and heavy cargo decking, (4) endurance had been improved by introducing a fuel cell, (5) new tactical navigation equipment had been installed, and (6) onboard acoustic processing had been improved. (PSAD-75-98, -100, -101, and -102, July 1, 1975.)

Does the Department of Defense Have More Test Capacity Than It Needs?

A report to the Senate Committee on Appropriations evaluated the extent of duplication among Defense test ranges and test facilities in the areas of ordnance, propulsion, and underwater sound equipment. The test capacity was considerably greater than the projected workload.

We recommended that the Secretary of Defense examine test facility workload and capacity to determine whether the workload should be consolidated at fewer facilities.

The July 22, 1976, Senate Committee on Appropriations report covering the fiscal year 1977 Defense Appropriations Bill stated that Defense agreed with our report and would

- review workload and capacity data at the 11 designated facilities that support ordnance testing and prepare consolidation plans if appropriate,
- develop plans for possible consolidation of engine propulsion testing currently done at the Naval Air Propulsion Test Center and the Arnold Engineering Development Center, and

—conduct appropriate economic and environmental analyses as an integral part of this planning.

The resulting plans are to be reviewed for their potential to increase testing capability and save money. (PSAD-76-75, Mar. 1, 1976.)

Science and Technology

During the 15-month period, we prepared 21 reports on science and technology. Several congressional inquiries were resolved either through formal testimony or oral reports.

We testified four times at hearings of the House Committee on Science and Technology. On March 18 and July 1, 1976, we appeared before the Subcommittee on Space Science and Applications to discuss the National Aeronautics and Space Administration's resource data base and program planning and control system; on May 5, 1976, our views on research and development and the economy were presented to the Subcommittee on Domestic and International Scientific Planning and Analysis; and on July 20, 1976, we appeared before this Subcommittee to discuss coordination of government research and development. On September 17, 1975, we testified on contractors' independent research and development at a combined meeting of the Subcommittee on Research and Development, Senate Committee on Armed Services, and the Subcommittee on Priorities and Economy in Government, Joint Economic Committee.

At September 30, 1976, 47 audits involving both civil and defense activities were in process, including studies of:

- Major space programs, such as the space transportation system, the space telescope, the land and sea satellites, the Mariner Jupiter/Saturn project, and the Pioneer Venus project.
- Other NASA activities, including its acquisition of space science data; the planning and control system used to deploy its resources; its project status reporting system; and space shuttle program facilities, operational costs, and user charge policy.
- Research and development activities of the Department of Defense involving chemical, electronic, and undersea warfare programs.
- Ocean-related science and technology activities, including the status of deep ocean mining tech-

nology and the use of underwater vehicles in research and development.

- Transportation issues, such as lighter-than-air technology and the Federal Aviation Administration's management of its research and development programs.
- Military weapons activities of the Energy Research and Development Administration, such as its flight test program in conjunction with the Department of Defense and its nuclear warhead development program.

Science Advisory Staff

The Science Advisory Staff assists the Comptroller General in carrying out his duties as a member of the Technology Assessment Advisory Council of the Office of Technology Assessment and provides liaison between GAO and that Office. The staff carries out lead division responsibilities for science and technology assignments and is also a liaison with the scientific and engineering community.

Summaries of some of our more noteworthy reports follow.

Technology Transfer and Innovation Can Help Cities Identify Problems and Solutions

The California four cities program—cosponsored by the National Science Foundation and the National Aeronautics and Space Administration—was an experiment in public sector technology innovation and transfer in which four aerospace industry professionals were placed in key advisory positions in Anaheim, Fresno, Pasadena, and San Jose. The program's purpose was to evaluate the potential for applying aerospace technology to urban problems.

Following are some of the conclusions in our report to the Congress.

- Aerospace professionals working closely with city officials can help the cities identify problems and develop technological solutions.
- The cities benefited in many ways, but mainly through changes in management attitudes and styles and by gaining problem-solving expertise. Benefits, however, were not always measurable.
- The participating industries gained insight into municipal government operations but did not immediately expand their business.

- Bringing technology to cities is a complex, long-term process because social, political, and economic factors often hamper technological solutions to public problems.
- Industry is reluctant to invest considerable time and money in researching and solving city problems when potential commercial markets are unknown. Cities regard research as risky and are hesitant to invest their funds.
- Although transferring any technology from industry to cities is difficult, this program indicates that hardware or equipment is usually more difficult to transfer to cities than such software as a management improvement system.
- The Federal cosponsors did not always agree on how the program was to be managed, especially regarding the extent to which results were to be publicized for use by other cities.

We recommended that the Director of the National Science Foundation, in future programs to apply science and technology to urban problems.

- measure participants' attitudinal changes, such as increased receptivity to technology,
- require that, as much as possible, projects be selected whose costs and benefits can be measured,
- require that the planning phase of multiagency programs define, in the documents governing operation, the specific responsibilities of each participant.

The National Science Foundation agreed with our recommendations. (PSAD-75-110, Aug. 6, 1975.)

Need to Complete Deep Ocean Mining Environmental Study

Completion of the two-phase Deep Ocean Mining Environmental Study by the National Oceanic and Atmospheric Administration is needed to resolve environmental impact questions which may arise when mining of manganese nodules starts on the deep seabed. Recovery of minerals contained in these nodules—especially copper, nickel, cobalt, and manganese—could provide important resources for the United States.

Phase I, begun in 1975, will describe premining environmental conditions and predict probable effects. Phase II, intended to start in fiscal year 1977, will provide an opportunity to observe and measure actual

changes in the marine environment caused by mining tests.

The Department of Commerce budget request for fiscal year 1977 does not include funds for phase II. The Chairman, Subcommittee on Minerals, Materials, and Fuels, Senate Committee on Interior and Insular Affairs, therefore asked us to evaluate the potential effects of not funding phase II.

If this phase is not funded and does not begin in fiscal year 1977 when U.S. firms begin prototype mining, a unique opportunity to assess the environmental impact of deep ocean mining—before full-scale mining begins in the early 1980s—will be lost. The Department agreed that phase II is necessary but said the exact plan and funding requirements are still being considered. (PSAD-76-135, Sept. 21, 1976.)

Acquisition and Utilization of Wind Tunnels by the National Aeronautics and Space Administration

The Chairman, House Committee on Science and Technology, asked us to assist the Subcommittee on Aviation and Transportation Research and Development in a review of the Nation's civil aviation research and development programs and facilities.

We examined NASA's 74 wind tunnels and related special-purpose test facilities, which cost about \$309 million. Average utilization of these facilities ranged from 59 percent for hypersonic wind tunnels to 76 percent for subsonic wind tunnels. To operate the tunnels in fiscal year 1975 cost about \$18 million—almost half going for personnel costs. Electric power and maintenance each cost over \$4 million.

Several conditions limit the use of certain wind tunnels. These tunnels must be operated during "off-peak" hours, because rates are higher or adequate power is unavailable during regular working hours. Also, equipment used to measure and process test data for some facilities is inadequate. The best instrumentation and data processing equipment currently available could reduce the test time to as little as 25 percent of the time now required.

Our report to the Committee recommended that the feasibility and cost of upgrading present tunnel instrumentation be explored in greater depth. NASA stated it was planning to study ways to reduce test time and energy use and would consider how to improve tunnel instrumentation and data acquisition systems.

NASA is eliminating facilities which are no longer needed because their capabilities are duplicated or obsolete. In addition, NASA is centralizing its aeronautical research efforts, primarily at Langley and Ames Research Centers. This effort to phase out unneeded facilities and centralize operations should further improve utilization of available facilities.

At the Langley Research Center, NASA plans to construct, at a cost of \$65 million, a wind tunnel capable of predicting full-scale aircraft performance and flow conditions at transonic speeds. The facility, which will be known as the National Transonic Facility, will be designed to achieve a capability about 10 times that of present transonic tunnels.

We did not determine the optimum capability for the proposed National Transonic Facility. However, based on the preponderance of evidence, we concluded that increased capability in this area would enhance the technology base and help develop more efficient civil and military aircraft. (PSAD-76-133, June 23, 1976.)

More Improvement Needed in Equipment Management Practices in Government Laboratories

Federal property management regulations issued by the General Services Administration (GSA) require agencies to make walk-throughs (periodic inspection tours) at laboratories to identify idle and unneeded research equipment and to establish equipment pools where appropriate. Visits to 10 research laboratories of 4 Government agencies showed that walk-throughs and equipment pools were not used or were ineffectively used to improve equipment utilization.

GSA did not have any procedures for verifying agencies' compliance with walk-through and equipment pool requirements prescribed in the regulations. Instead, it relied on the agencies to insure that its policy was effectively carried out.

In prior reports we cited elapsed-time meters as possible aids for determining whether research use warrants retention of equipment. The House Committee on Government Operations recommended in 1967 that GSA require Government laboratories to test the meters on suitable types of equipment. The Administration did not comply with the Committee's recommendation and has not issued guidance for using such meters in equipment management.

We recommended that the Administrator of General Services supply guidance to agencies to insure better equipment use. This guidance should require that each agency:

- Establish teams of top managers and scientists to make laboratory walk-throughs and report their findings to the head of the agency.
- Establish laboratory equipment pools or give the head of the agency written reasons why such pools are not needed.
- Prepare an annual report for the agency head on the use and effectiveness of equipment pools.
- Independently review walk-through practices and equipment pool operations from time to time to determine their effectiveness.

The Administrator should also institute procedures to insure that agencies are complying with the Administration's guidance and that the desired results are achieved.

Finally, the Administrator should select a representative number of laboratories in which to formally test elapsed-time meters and obtain enough data to guide Federal laboratories on their use in equipment management.

The Administrator agreed to issue guidance requiring agency action on walk-throughs and equipment pools. The Administrator agreed also to establish a project to determine the effectiveness of elapsed-time meters in identifying little-used equipment and to use the results as a basis for possible guidance to agencies. (PSAD-76-37, Dec. 3, 1975.)

Geographical Distribution of Federal Science Funds to Colleges and Universities

Senator James B. Pearson requested that we (1) analyze the geographical distribution patterns of Federal support for research and development at colleges and universities, (2) examine data and information on some of the Federal programs established in the 1960s to strengthen academic science, and (3) identify the factors that bring some universities success in competing for Federal research and development funds.

The geographical distribution of Federal funds to colleges and universities has broadened in the last decade. The top 100 institutions in 1964 received 85 percent of total Federal funds, whereas the top

100 institutions in 1974 received only 66 percent of \$4.5 billion. This funding shift is mainly attributable to the large increase in Federal funding of nonscience activities—\$1.8 billion in 1974.

Institutions in geographical regions receiving smaller shares of Federal science funds tend to receive larger shares of nonscience funds. Thus, total Federal funds are more evenly distributed than are Federal science funds. However, the concentration of Federal science funds at the colleges and universities has also lessened. The top 20 institutions in 1964 received 47 percent of scientific research and development funds, whereas the top 20 in 1974 received 40 percent.

The National Science Foundation's science development program was initiated in 1965 to increase the number of excellent universities in science research and education and to build up promising science institutions in regions and States that have no excellent universities. This program provided \$227 million to colleges and universities and ended in 1972. A National Board on Graduate Education study concluded that the program was successful in geographically dispersing funds, resulting in a wider distribution of science personnel and resources in the United States. The study also pointed out that the goals of dispersing funds geographically and developing promising institutions into outstanding ones are not exactly compatible. Many of the institutions funded under the science development program were in geographical areas having universities already considered outstanding in science.

Various factors aided four universities we visited in obtaining Federal science funds: (1) recruitment of outstanding researchers able to attract funds, (2) administrators' commitment to a strong research program, (3) an academic environment that encouraged faculty research, (4) establishment of endowed chairs, (5) concentration on national priority research areas, (6) local community support, and (7) Federal science development programs. (PSAD-76-94, Apr. 16, 1976.)

Space Activities

During the 15-month period we issued reports on NASA's Space Transportation System, land satellite project, "SEASAT" project, and space telescope project.

Space Transportation System

The Space Transportation System is expected to provide a new capability that will reduce the cost of space operations and support a wide range of scientific, defense, and commercial users. The system will include a space shuttle, a spacelab, a space tug, and an interim upper stage. The space shuttle will consist of a manned reusable orbiter looking like a delta-winged airplane, an expendable propellant tank, and two reusable rocket boosters.

NASA is to manage the program, integrate the space shuttle and space tug, and fund their development. The Air Force will assure that military interests are considered and will provide the Department of Defense's portion of the system. Since Defense missions require an upper stage before NASA's space tug will be available, that Department has agreed to develop the interim upper stage by June 1980.

The spacelab is being developed, in cooperation with the European Space Agency, as a laboratory and observatory for space research in orbit.

The system began development in 1971. NASA estimated in 1976 that total acquisition costs will exceed \$12 billion, and that operating costs through 1990 will exceed \$18 billion.

Our report to the Congress noted that the development program will experience an estimated \$1 billion cost growth (half of which is uncontrollable inflation) and that NASA's revised development plan is introducing risks that could further increase costs, set back schedules, and lower performance. The development plan embodies such factors as reduced testing, compressed schedules, and concurrent development and production.

We recommended that the NASA Administrator more completely and realistically estimate the cost of developing the system, including those costs funded by NASA budgets other than its research and development appropriations. Also, NASA should present estimates to the Congress in real-year dollars to allow a more meaningful analysis of the program's status and identify reasons for cost changes. NASA, while not disagreeing on the facts, did differ on specific issues and interpretations of data. (PSAD 76 73, Apr. 21, 1976.)

Land Satellite (LANDSAT) Project

"LANDSAT" is an experimental program to determine how data acquired by satellite can use Earth's resources can be used in managing the environment

and natural resources. The instruments aboard LANDSAT acquire data for investigations in agriculture, forestry, geology, land use, cartography, hydrology, ecology, and oceanography. The Departments of Interior, Agriculture, Defense, State, and Commerce are involved to varying degrees in this project, and international interest is high.

In a study requested by the Chairman of the Subcommittee on HUD-Independent Agencies, Senate Committee on Appropriations, we reported that there is no long range plan for deciding whether LANDSAT should become an operational system. Consequently, it is not clear what must be achieved before such a decision can be made. Related to the establishment of a long-range plan is the question of the Federal Government's role in supporting satellite-based, remote-sensing technology.

We recommended that NASA lead the other participating agencies in developing a plan which includes requirements, milestones, and dates for evaluating progress and the need for satellite monitoring of the Earth's resources. NASA has taken the lead in an interagency exploration of the issues involved in establishing an operational system. (PSAD-76-74, Jan. 30, 1976.)

SEASAT Project

"SEASAT-A" is an ocean dynamics monitoring satellite, scheduled for launch in 1978, that will measure winds, waves, currents, sea temperatures, ice coverage, atmospheric water vapor, and the shape of the Earth. Its objectives are

- demonstrating techniques for global monitoring of oceanographic phenomena and features,
- providing oceanographic data for both practical and scientific use, and
- demonstrating key features of an operational ocean dynamics monitoring system.

Because NASA views the SEASAT project as being dedicated to users of oceanographic data, it sought their early involvement to assure that the data and information to come from the satellite would be designed for them. NASA justified the project to the Congress on the basis that user organizations would provide the staff and money to make use of the satellite data.

After a preliminary economic assessment which did not consider costs, NASA also told the Congress

that an operational SEASAT system could provide annual benefits amounting to \$350 million.

In a study done for the Chairman of the Subcommittee on HUD-Independent Agencies, Senate Committee on Appropriations, we suggested that the Congress require NASA to

- provide specific information on how capabilities envisioned in an operational SEASAT will bring potential annual benefits of \$350 million,
- explore means to accelerate the obtaining of SEASAT-A participating agreements with firm commitments of resources from the National Oceanic and Atmospheric Administration and the Department of Defense, and
- take the lead in delineating agency responsibilities in possible future operational SEASAT-type systems.

(PSAD-76-76, Feb. 25, 1976.)

Space Telescope Project

The space telescope is to be the largest, most complex space observatory ever developed by NASA. NASA's main objective is to develop and operate a high-resolution telescope system which will be useful to the international scientific community and greatly extend man's knowledge of the universe. NASA's planning estimate for the project shows a cost range of \$370 million to \$453 million. Postlaunch tracking and data acquisition and operation costs would amount to about \$318 million throughout the expected 15-year life of the project.

NASA's present plans are to establish a Space Telescope Science Institute, under a contract with an incorporated consortium of universities, to manage certain operational aspects of the space telescope.

In a study conducted for the Chairman of the Subcommittee on HUD — Independent Agencies, Senate Committee on Appropriations, we suggested that the Congress, in evaluating NASA requests to fund the project, consider

- the possibility of NASA's losing the scientific community's support if the space telescope's cost precludes a balanced astronomy program,
- the need for a firm life-cycle cost estimate which includes all development and operational costs associated with the project, and
- management and funding responsibilities for the proposed Space Telescope Science Institute.

(PSAD-76-66, Jan. 1976.)

General Procurement

General procurement audits resulted in reports on (1) reduced procurement costs from extending the Government's policy of self-insurance to certain inventories used by Government contractors, (2) causes of excessive profits on Government contracts, (3) the status of Lockheed Aircraft Corporation's guaranteed loan under the Emergency Loan Guarantee Act, (4) major Navy and contractor inefficiencies disclosed as the result of shipbuilders' claims for price increases, (5) the need for the General Services Administration and the Department of Defense to further expand procurements of recycled products, (6) the need for the Congress to consider revising laws on overtime work by Government contractors to allow mutually beneficial changes in employee work schedules, (7) improvements needed in procuring beef for military personnel, (8) improvements needed in the Defense Contract Audit Agency's operations audits, (9) pricing procedures for procuring petroleum products in bulk, (10) the need to prevent unauthorized financing of contractors, and (11) ways to increase U.S. shipbuilding productivity.

On May 13, 1976, we testified before the Subcommittee on Federal Spending Practices, Efficiency, and Open Government of the Senate Committee on Government Operations and discussed various problems in Defense Department beef procurement, such as complex specifications, inadequate inspections, and questionable contracting practices.

We also testified on January 15, 1976, before the Subcommittee on Priorities and Economy in Government, Joint Economic Committee, on our report, "Subcontracting by Department of Defense Prime Contractors: Integrity, Pricing, and Surveillance." (PSAD-76-23, Nov. 19, 1975.) Discussion involved kickbacks on subcontracts, surveillance of contractor purchasing systems, and the status of our reviews of Lockheed's payments to foreign officials.

Our report recommended using a contract clause to prohibit subcontractor-to-contractor gratuities. Following up on our suggestion, the Office of Federal Procurement Policy has proposed contract clauses setting standards of ethical conduct for contractors and prohibiting them from soliciting or accepting gratuities from subcontractors. The proposed clause has been issued to interested parties for comment.

On August 24, 1976, the Deputy Comptroller General testified at overview hearings on the Office of Federal Procurement Policy held by the Subcommittee on Federal Spending Practices, Efficiency, and Open Government, Senate Committee on Government Operations. His testimony focused on

- a new Procurement Office system for following up on the recommendations of the Commission on Government Procurement,
- the current status of these recommendations and an overview of the Office's progress, and
- the more important procurement reform areas receiving the Office's priority attention.

He also summarized the results of three GAO case studies of major system acquisitions by the Department of Defense—the Army's PERSHING II program, the NAVSTAR Global Positioning System, and the Navy's Shipboard Intermediate Range Contact System. The Subcommittee wanted to find out whether these Defense programs were following the early steps of the acquisition process recommended by the Procurement Commission.

Two of the Commission's recommendations for major systems acquisition (recommendations C-2 and C-5) are for legislation and addressed mainly to the Congress. These recommendations propose a mission-oriented approach for presenting, reviewing, and funding research and development budget requests. The proposals are intended to strengthen congressional control over research and development expenditures by relieving the Congress from reviewing highly detailed and technical budget presentations and by giving the Congress better information on the basic purposes of the proposed expenditures, including the key decisions that start new programs. A report is to be issued to the Congress describing and illustrating how the research and development budget requests would be presented and funded and suggesting ways for the Congress to further explore the proposed approach.

Four European NATO countries are to produce about 1,500 F-16 airplanes at a cost of several billion dollars. Considering the program's size, we plan to devote much effort to appraising its efficiency and effectiveness. First we will evaluate the reasonableness of prices negotiated for the two prime contracts and the coproduction and supply subcontracts with the four participating countries. General Dynamics

Corporation is the prime contractor for the body of the plane and Pratt and Whitney Aircraft Division of United Technologies is the prime contractor for the engine.

We are working on pension costs at contractors' installations as well as at Government-owned, contractor-operated plants. Estimates of pension costs charged to Government contracts range from \$900 million to \$1.2 billion annually. We will determine whether Government controls and surveillance over contractors' pension plan costs assured the reasonableness and allocability of such costs.

We have begun a series of evaluations of State and local governments' procurement activities. One such job was a cooperative effort with the State of Oregon, demonstrating the opportunities for savings when procuring goods and services.

We recently began work on using procurement as a way to accomplish socioeconomic goals. Government and industry procurement specialists have complained that social and economic restrictions are foisted upon the procurement process to pursue extraneous objectives, increasing costs and administrative burdens. We intend to determine if these restrictions are reasonable ways to accomplish the goals or whether better alternatives exist. The Chairman of the Joint Economic Committee is interested in one of these assignments—the implementation of the labor surplus policy in Government contracts.

Several assignments are underway to test GSA's effectiveness in supplying goods and services to Federal agencies. We will

- evaluate GSA's self-service store program,
- determine if GSA's priority system for filling customer orders from depots is working properly, and
- determine if GSA is considering all relevant costs in deciding whether new items should be centrally stocked or ordered commercially by each agency.

Extending the Government's Policy of Self-Insurance

The Government could have saved \$27 million over the 5-year period ended June 30, 1973, by extending its policy of self-insurance to (1) contractor inventories under negotiated, fixed-price contracts and

related subcontracts, (2) Government-owned ship repair property in the hands of commercial ship yards, and (3) Government facilities leased to contractors and users.

In a report to the Congress, we recommended that the Department of Defense, the National Aeronautics and Space Administration, and the Energy Research and Development Administration extend the self-insurance policy in selected areas. We also recommended that Defense and the Energy Research and Development Administration jointly study extending self-insurance to special nuclear material held by contractors under fixed-price contracts.

The Office of Management and Budget considers our recommendations feasible if certain questions are resolved, but does not believe the savings would justify the costs involved. The Office also contends that, in some cases, the current procurement regulations may already accomplish some of our recommendations. (PSAD-75-105, Aug. 26, 1975.)

Causes of Excessive Profits on Government Contracts

In reviewing the renegotiation of excessive profits by the Renegotiation Board from 1970 through 1973, we found that excessive profits were earned by small producers of items involving little technology who did most of their business with the Government and had benefited from a seller's market.

Our report to the Congress pointed out that, since good procurement procedures will not necessarily prevent excessive profits arising from a seller's market, renegotiation is needed if the Congress intends to recover these profits. (PSAD-76-56, Dec. 31, 1975.)

Status of Lockheed's Guaranteed Loan

Our fourth report to the Congress on the status of the Lockheed Aircraft Corporation's guaranteed loan under the Emergency Loan Guarantee Act (15 U.S.C. 1841, Supp. 1, 1971) concluded that:

- Unresolved problems arising from Lockheed's payments to foreign offices, plus general economic conditions, may undermine fulfillment of its L-1011 aircraft sales forecast.
- Lockheed does not anticipate complete repayment of its guaranteed loans within the extended period provided by law.

—The collateral is adequately safeguarding the loan. (PSAD-76-63, Jan. 30, 1976.)

Shipbuilders' Claims for Price Increases

Alleging that the Government caused them to do more or different work than was specified in contracts, shipbuilders filed with the Navy 106 claims totaling over \$1.6 billion between January 1, 1967, and June 30, 1975.

The Navy's reviews of these claims have uncovered major Navy and contractor inefficiencies. In our report to the Congress, we made general recommendations to the Secretary of the Navy to improve the Navy's procedures for preventing such claims. (PSAD-76-24, Nov. 5, 1975.)

Need to Expand Procurements of Recycled Products

In response to the conservation opportunities of using recycled materials, the General Services Administration revised specifications for 86 paper-based products, the Environmental Protection Agency issued voluntary guidelines and procedures in January 1976 for procuring products made with recyclables, and the Congress enacted the Energy Policy and Conservation Act of 1975 to encourage Federal procurement of recycled oil.

In a report to the Congress, we found there was a need for more management emphasis by GSA and the Department of Defense to procure more recyclables. GSA should establish a formal program and extend its efforts to other commodities. We also recommended that Defense aggressively promote procurement of recyclables by developing a coordinated program.

GSA stated it would develop policies, objectives, and guidelines for a permanent program to procure recycled materials. Also, GSA will continuously review specifications to identify new areas where recycled materials can be required.

Defense stated it would review its policies for preparing procurement specifications to determine what changes can be made to encourage other uses of recycled materials. It intends to implement the Environmental Protection Agency's guidelines wherever possible. (PSAD-76-139, May 18, 1976.)

Contractors' Use of Altered Work Schedules

Altered weekly work schedules, such as flexible and 4-day schedules, can reduce production costs in certain organizations and afford better service, more efficient use of transportation and recreation facilities, and additional job opportunities.

Using altered work schedules is difficult for Government contractors, because the Contract Work Hour and Safety Standards Act and the Walsh-Healy Act require overtime premium for more than an 8-hour day. Also, all contractors must consider the Fair Labor Standards Act requirement to pay overtime premiums for working over 40 hours a week.

We recommended that the Congress consider, as a long-range objective, establishing more uniform policies on overtime requirements. (PSAD-76-124, Apr. 7, 1976.)

Improvements Needed in Operations Audits

Operations audits by the Defense Contract Audit Agency, designed to evaluate the efficiency of contractors' operations, are one of the principal bases on which the Department of Defense accepts claimed contract costs for reimbursement under cost-type and flexibly priced contracts. We evaluated the Agency's effectiveness in these audits.

The Agency has made considerable progress in planning and making the audits; however, in some areas its concept of the operations audit could be improved. In a report to the Congress, we recommended that the Agency

- minimize delays and disruptions in performance caused by demands of higher priority work,
- improve planning in selecting areas for review,
- increase the scope and depth of audits, and
- emphasize coordination with contract administration offices on reviews of related functional areas.

Agency officials generally agreed with our evaluation of operations audits and recommendations. The Agency acted to improve performance before and during our review. Some of the report recommendations have been partly carried out; others are being considered.

We also recommended that the Secretary of Defense monitor the Agency's progress in carrying out these

recommendations and continue to support its effort to stimulate more efficient contractor operations. (PSAD-76-35, Dec. 18, 1975.)

Pricing Procedures for Procuring Bulk Petroleum Products

During the fuel shortage in 1973, the Defense Fuel Supply Center was forced to negotiate contracts with suppliers. These contracts formerly had been awarded by formal advertising. To evaluate the reasonableness of prices offered during 1973 and 1974, the Center used price data reported in trade publications; however, this data was inadequate for evaluation purposes.

For early-1975 procurements, oil companies submitted market data which showed that prices offered the Government were based on substantial sales to the general public; however, this data did not demonstrate that offered prices were based on quantities comparable to Defense buys.

Separate reports were prepared for the Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee, and the Chairman of the Permanent Subcommittee on Investigations, Senate Committee on Government Operations.

We recommended that, in granting exemptions to the cost and pricing data requirements of Public Law 82-653, the Secretary of Defense have oil companies show that prices offered are based on prices paid recently by commercial customers for comparable quantities. Specifically, each supplier should be required to provide price and quantity information for every bulk sale during the most recent 3-month period. If the data obtained is inadequate for judging the reasonableness of prices offered, the exemption would not apply and the required cost or pricing data would have to be obtained and used.

In addition, the Center did not ask the Defense Contract Audit Agency to verify the market price data submitted by the oil companies. We believe such audits should be performed, at least on a sample basis.

The Assistant Secretary of Defense, Installations and Logistics, stated that extensive efforts have been made to obtain the most complete and meaningful data available. The Secretary said that during the past three procurement cycles the quality and quantity of such data has progressively improved. He acknowledged the need to assure the validity of sales data submitted by contractors and stated that audits

will be requested, at least on a sampling basis. (PSAD-76-51 and -52, Dec. 29, 1975.)

Need to Prevent Unauthorized Financing of Contractors

While reviewing contract progress payments to the General Dynamics Corporation and Pratt and Whitney Aircraft Division of United Technologies for developing the Air Force's F-16 fighter, we found that (1) General Dynamics received payments that did not exceed incurred costs but did exceed the 80 percent of incurred costs normally provided in fixed-price contracts, and (2) Pratt and Whitney received payments exceeding incurred costs which were, in effect, advance payments.

General Dynamics had received payments of up to 97 percent of periodically reported incurred costs. As of December 31, 1975, General Dynamics had been paid almost \$48 million, or 90 percent of eligible incurred costs. Had payment been restricted to 80 percent of these costs, General Dynamics would have received over \$5 million less.

Although Pratt and Whitney's eligible incurred costs were only \$1.3 million as of December 31, 1975, the Air Force had paid it over \$2.5 million, under billing provisions similar to those contained in the General Dynamics contract.

We believe the Air Force and the contractors circumvented the established control procedures for contract payments.

In our report to the Chairman of the Joint Committee on Defense Production, we recommended that the Secretary of Defense direct the Secretary of the Air Force to (1) negotiate with General Dynamics and Pratt and Whitney to restructure the contract payment provisions, (2) attempt to reach agreement with the contractors for the payment of only the usual 80-percent progress payments, and (3) attempt to negotiate a refund of the payments already made above this 80 percent.

We also recommended that the Secretary (1) consider seeking recovery from Pratt and Whitney of the interest that would have been payable to the Govern-

ment on the advance payments to the contractor if they had been made in accordance with Defense regulations and (2) determine what actions are needed to prevent unauthorized financing of contractors' performance under future contracts. Among these may be a revision of Defense regulations to clearly define the term "partial payments" and to provide guidelines for both their use and the determination of their amount. (PSAD-76-152, June 25, 1976.)

Ways To Increase U.S. Shipbuilding Productivity

We reviewed the operations of four private U.S. shipyards to identify opportunities for reducing costs and increasing efficiency and productivity. Our interest in shipbuilding stems from the Government's financial involvement—the Navy's direct procurement of ships and the Maritime Administration's awarding of construction differential funds to build commercial ships.

We suggested that specific improvements in shipyard operations could be made in facilities acquisition and management; production planning and control; employee morale, absenteeism, turnover, efficiency, and productivity; preventive maintenance; quality assurance; industrial engineering; and procurement of materials and supplies.

Followup reviews were made at each shipyard to see which suggestions had been adopted. Of our 70 suggestions, shipyard managers had accepted 36. Some of our suggestions had not been implemented because the funds to invest in capital equipment and facilities were lacking. Our report to the Congress identifies the 70 suggestions, along with the description of the shipyards' implementing actions and their comments on why our suggestions were not adopted.

Our report also offers two ideas for making shipbuilding operations more efficient: (1) Navy and Maritime Administration audits of shipyard operations and (2) interaction between designers and production engineers as the ship's design is evolving. (PSAD-76-168, Sept. 23, 1976.)

CHAPTER TEN

FEDERAL PERSONNEL AND COMPENSATION

Responsibilities

The Federal Personnel and Compensation Division carries out GAO's audits of Government programs and activities for managing and compensating Federal workers. These programs and activities include:

- Manpower requirements and filling those requirements.
- Employee development through training, education, and career management programs.
- Use and retention of employees.
- Federal pay, fringe benefits, and retirement.
- Employee relations, including equal employment opportunity programs; labor-management relationships; social responsibility programs; and morale, welfare, and recreation activities.
- Employee ethics and military justice.

H. L. Krieger is the Division Director and C. I. Gould is the Deputy Director.

Size and Cost of the Federal Work Force

In June 1976, the executive branch employed over 2.8 million civilian employees and more than 2.1 million

active duty military personnel. The Government paid over \$74 billion in direct compensation and personnel benefits for this work force during the fiscal year. An additional \$1.6 billion was paid for the more than 900,000 members of the Reserve Forces and the National Guard.

Payments totaling about \$15 billion were made to Federal retirees and their survivors. Annuities of more than \$8 billion were paid from the Civil Service Retirement Fund, and about \$7 billion was paid from appropriated funds to retired military personnel and their survivors.

Assistance to the Congress

During fiscal year 1976, more than 40 percent of the audit work of this division was in response to congressional requests. We received 127 requests during the 15 months ended September 30, 1976, and at that date, we had 43 requests on which we were working.

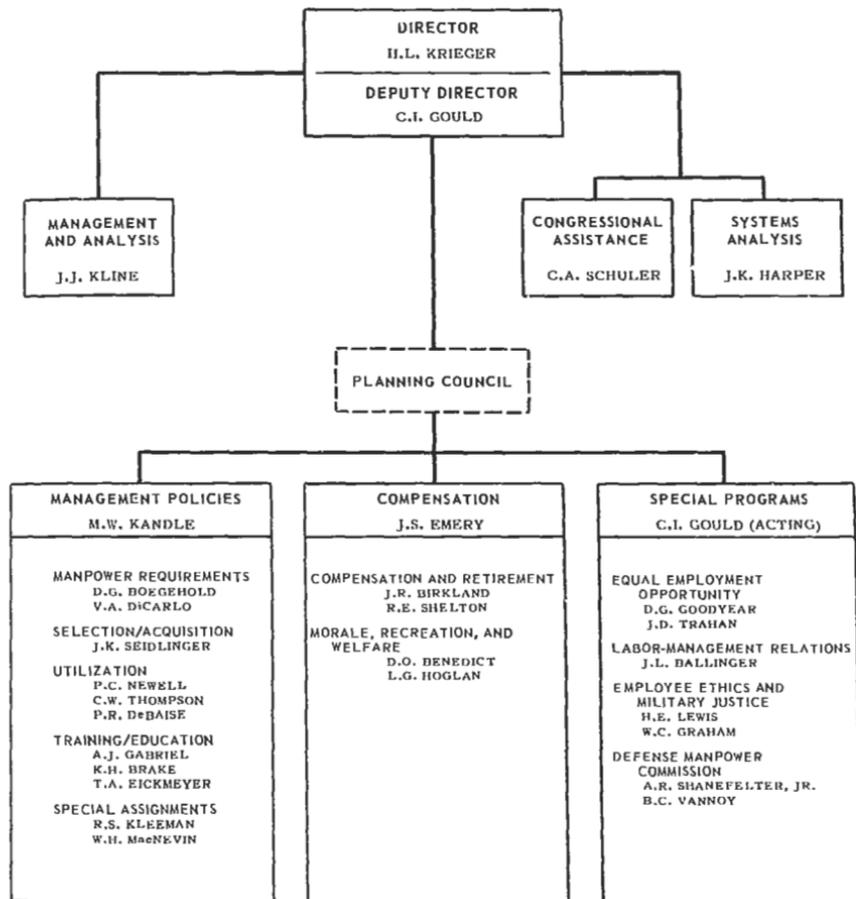
In addition to sending reports to committees and Members of Congress in response to their requests, we informally provided information they requested through briefings, staff papers, and descriptive data. We also commented on 40 legislative proposals.

In several cases, the Congress used the information to greatly reduce Federal expenditures. For example, in a report dealing with Federal annuity cost-of-living adjustment processes, we recommended that the Congress enact legislation making the adjustment formula and related provisions in major Federal retirement systems more equitable and more consistent with those of non-Federal and other Federal pension programs. The Congress enacted legislation changing the adjustment processes, and the Congressional Budget Office and the Office of Management and Budget estimated that the changes would save \$3 billion over the next 5 years.

Audit Reports

During the 15 months ended September 30, 1976, we prepared 90 reports on Federal personnel and compensation matters. Twenty-four were submitted to the Congress and 41 were submitted to specific committees or Members of Congress on reviews made at their request. Of the remaining reports, 24 were

FEDERAL PERSONNEL AND COMPENSATION DIVISION



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sent to heads of departments and agencies and 1 was sent to a military field office.

Most of our reports contained recommendations to promote greater effectiveness, efficiency, and

economy through improved personnel management and controls. Agency officials were generally responsive to our reports, indicating agreement with our findings and intention to take corrective action.

Compensation and Retirement

Structure of Federal White-collar Pay Systems

We reported to the Congress that legislation was needed to change Federal white-collar pay systems. Existing white-collar pay schedules failed to recognize that the labor market consists of distinctive major groupings which have different pay treatments. Consequently, the Government was paying, in varying degrees, more or less than labor market rates for some employees.

Systems should be designed around more logical groupings and the pay rates based on the geographic pay patterns of the labor market in which each group competes. Also, differences in employee proficiency and performance should be properly recognized in the method of progressing through the pay range of a grade.

We recommended that the Chairman, Civil Service Commission, in coordination with the Director, Office of Management and Budget, take certain actions to improve compensation policies and practices. They and the Civil Service Commission was studying the types of problems identified in our report, and, when completed, the studies would be

made available to the President's top-level review panel.

Also, we recommended to the Congress that hearings be held to develop the legislative changes necessary to establish more rational pay systems. (FPCD 76 9, Oct. 30, 1975.)

Total Compensation Comparability For Federal Civilian Employees

We reported to the Congress on the need for legislation requiring that both the pay and benefits of Federal employees be assessed and adjusted on the basis of comparability with pay and benefits received by non-Federal employees.

No policy existed to guide the development of both pay and benefits in a coordinated and consistent movement towards a common goal. Federal benefits were established on a piecemeal basis by law, without policy objectives and principles to guide benefit development and improvement. In contrast, various laws established the principle that pay rates for Federal employees should be comparable with the pay rates of their counterparts in the private sector. These laws prescribe processes for annual review and adjustment by administrative action.

We recommended that the Chairman, Civil Service Commission, develop and propose legislation to achieve total compensation comparability for deter-



Staff meeting in district ongoing review work. Lower left to right, clockwise, Peter R. Lynn, Director II, L. Kirger, Linda S. Dolson, James R. Beckwith, Roger L. Lively. Below: E. Stolton, Milton C. Santee, and Robert D. Outerbridge.

mining Federal employers' pay and benefits. The Commission generally agreed with our conclusions and recommendations.

Also, we recommended that the appropriate congressional committees hold hearings concerning the issues discussed, for the purpose of developing the legislative changes necessary to establish a policy of total compensation comparability for Federal employees. (FPCD 75-62, July 1, 1975.)

Classification of Federal White-collar Jobs

In 1974 the Government paid \$48 billion in salaries to 1.3 million employees holding positions which came under the General Schedule, its chief category of white-collar workers. Federal departments and agencies have the authority to organize and classify their own General Schedule positions, grades 1 through 15. The Civil Service Commission is responsible for reviewing the classification practices of the departments and agencies.

A report to the Congress identified weaknesses in the controls and pressures on job classification, which resulted in overgrading some of the positions. We believe this not only increased costs but also lowered employee morale and production.

Before the situation can improve, top Federal management must make a commitment to improve job classification and to organize the work of Federal departments and agencies economically. This attitude must permeate all Government echelons.

The Commission and the Office of Management and Budget generally agreed with our recommendations for strengthening classification practices. Further, on May 27, 1976, the President issued a memorandum asking heads of agencies and departments to reexamine their position management and classification systems. The Commission, in conjunction with the new Factor Evaluation System, is implementing the plan to update classification standards. It also appears the Commission is more vigorously auditing agency classifications. (FPCD-75-173, Dec. 4, 1975.)

Military Members' Perceptions of Their Compensation

We informed the Secretary of Defense that there was a need to improve military members' perceptions of their compensation. Lack of visibility of compensation among military members was widespread, and

large numbers of military members indicated dissatisfaction with military compensation as they perceived it.

Total compensation (base pay, allowances, and fringe benefits) was perceived to be lower than our estimate of total compensation by 65 percent of enlisted personnel and 61 percent of officers. Regular military compensation, the military equivalent of a civilian salary, was underestimated by 40 percent of enlisted personnel and 20 percent of officers.

Lack of visibility of compensation and unfavorable attitudes toward pay were both negatively associated with career and reenlistment intent. That is, service members with low recognition and unfavorable assessments of compensation were more likely to indicate they will leave the service.

Our report contained suggestions to the Secretary of Defense for improving the visibility of compensation. (FPCD-75-472, Oct. 10, 1975.)

Cost-of-Living Adjustment Processes For Federal Annuities

We reported on needed changes in the Federal annuity cost-of-living adjustment processes. The report was sent to the Congress for its consideration in evaluating proposed legislation to modify the processes.

The cost-of-living adjustment processes caused annuities to increase faster than the cost of living or than Federal white-collar pay rates. This was caused by the extra 1-percent increases which were granted to annuitants, by law, each time their annuities were adjusted for increases in the cost of living. The Federal annuity adjustment processes were more liberal than those of non-Federal pension systems. The law also permitted new retirees to benefit from cost-of-living increases which occurred before they retired.

We recommended the Congress enact legislation making the annuity cost-of-living adjustment formula and related provisions in major Federal retirement systems more equitable and more consistent with those of non-Federal and other Federal pension programs. Subsequently, the Congress enacted Public Law 94-340, approved October 1, 1976, which, among other things, eliminated the extra 1-percent annuity increases and provided for semiannual adjustments equal to the actual percentage rise in the cost of living. The Congressional Budget Office and the Office of Management and Budget estimated that this change will save \$3 billion over the next 5 years. (FPCD 76-80, July 27, 1976.)

Unclaimed Civil Service Retirement Benefits

In a 1972 report to the Congress (B-130150, Dec. 20, 1972), we recommended the Civil Service Commission locate and pay former Federal employees their unclaimed benefits in the Civil Service Retirement Fund. A followup review was made of the Commission's actions on this recommendation and the results of the review were reported to the Commission's Executive Director.

The Commission identified about 101,000 former Federal employees with unclaimed benefits, corresponded with nearly 46,000 of these people with known addresses, and received about 11,000 replies. This resulted in 10,595 former employees or their heirs being paid \$13.7 million in benefits from July 1, 1973, to December 31, 1975. Commission actuaries estimated that over the next decade these beneficiaries could receive an additional \$20 million. The merit of this effort was reflected in so many people being located and paid earned benefits.

Since only 10 percent of the eligibles had been paid, additional publicity about this effort was desirable, and Commission representatives indicated that such action would be undertaken. (FPCD-76-41, Jan. 21, 1976.)

A Contributory Military Personnel Retirement System

At the request of the Task Force on National Defense of the Senate Budget Committee, we reviewed the issue of a contributory military retirement system.

Military retired pay costs were increasing sharply. In fiscal year 1963, 462,000 military retirees received \$1.4 billion. For fiscal year 1976, the military retired population had more than doubled to about 1.1 million members receiving about \$6.9 billion. Proposed legislative reform of the military retirement system did not include a contributory feature.

We reviewed and summarized the material available on the issue of a contributory military retirement system. The report identified the advantages and disadvantages, the cost implications, and the issues to be resolved. (FPCD-76-43, Mar. 4, 1976.)

Cost-of-Living Allowances to Federal Employees in Nonforeign Areas

A report to the Congress dealt with cost-of-living allowances provided to Federal employees in non-

foreign areas. The allowance paid to 30,000 Federal employees in Alaska, Hawaii, and U.S. territories was no longer an appropriate means of compensation since it conflicted with the Government's pay policies. Special pay rates should be used, instead of the allowance, to overcome any recruitment or retention problems caused by higher private sector pay levels.

We recommended that the Congress repeal the authority for paying a cost-of-living allowance to Federal employees in nonforeign areas, placing them on the same footing as similar employees in the continental United States.

As long as the allowance continues to be paid, certain administrative changes are needed to better achieve the intent of the legislation, compensating for interarea cost-of-living differences. The Chairman, Civil Service Commission, agreed to consider these changes. (FPCD-75-161, Feb. 12, 1976.)

Military Recruiting

Advertising For Military Recruiting

Advertising expenditures for military recruiting efforts for the all-volunteer force increased from \$6.7 million in fiscal year 1970 to \$96.1 million in fiscal year 1974. The purposes of military advertising, in addition to obtaining recruits, are to improve the public's attitudes toward the military and to improve the images of the services.

Our report to the Congress showed that few recruits can be traced to advertising and attitudes toward the military have not changed greatly. The report highlighted certain problems associated with the military services' advertising recruiting efforts, and we made various recommendations for improving them.

Among the problems reported was the lack of central direction and control over recruiting research. Much research was duplicated, while needed research was not being done. Also, advertising costs relating to the overall recruiting campaign were not fully disclosed and reported by the services consistently. The Department of Defense agreed with most of our recommendations. (FPCD-76-168, Mar. 19, 1976.)

Need to Improve Military Recruiting

Military recruiting costs increased from \$430 million in the last year of the draft to over \$508 million

during the first year of the all-volunteer force. A report to the Congress discussed the lack of central control for monitoring quality, recruiter malpractice, and fraudulent enlistment. As a result, unqualified recruits were slipping through the enlistment process, failing during training, and receiving early discharges, unnecessarily increasing recruiting costs. In fiscal year 1974, 41,000 such discharges—for conditions which were identifiable before enlistment—cost the services about \$70 million.

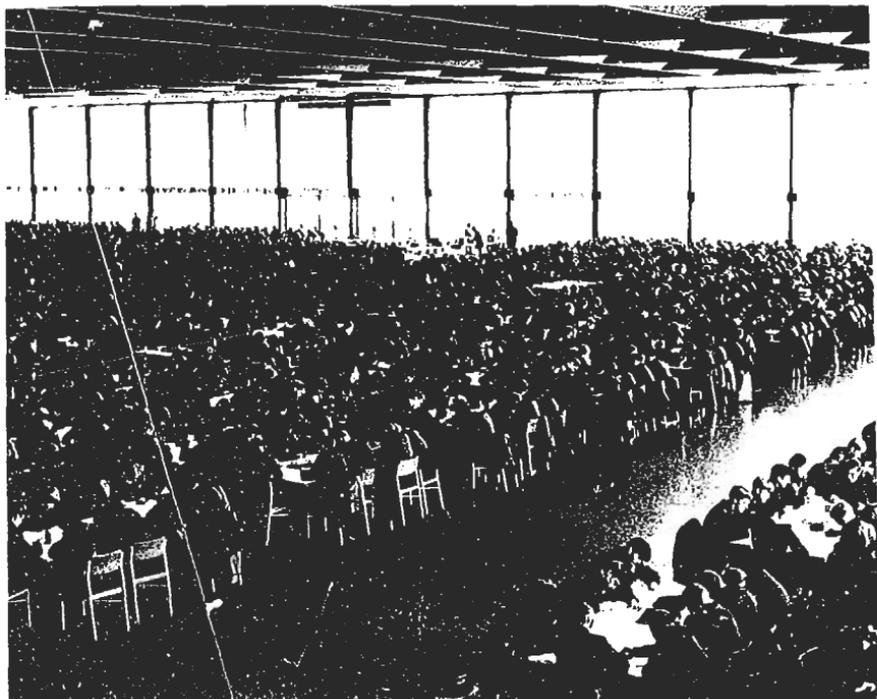
The Armed Forces Examining and Entrance Stations are best suited to control the quality of mental and medical examinations, moral fitness, and enlistment paperwork. They had been precluded from independently monitoring these functions because of subordination to recruiting services, fragmented and

incomplete procedural controls, noncompatible recruiting boundaries, and service-administered mental examinations. The Department of Defense has taken and will continue to take action to correct these problems. (FPCD-75-169, Mar. 5, 1976.)

Training

Student Attrition at the Federal Service Academies

The Federal service academies provide career officers for the military and maritime services. In fiscal year 1974, graduates of the three military academies accounted for about 10 percent of the total starting-



Cadets at the U.S. Air Force Academy completing a GAO-administered questionnaire on causes of student attrition.
(Courtesy of U.S. Air Force)

rank officers acquired by the military services. In a report to the Congress, we discussed the principal factors in student attrition at the five service academies, and identified alternatives for reducing the attrition.

Although some attrition—*i.e.*, students leaving before graduation—was normal, attrition was high in recent years. At four of the five academies, attrition rates for graduating classes reached near-record levels. High attrition results in inefficient use of existing facilities and increases the cost of educating an academy graduate. The cost of training each student ranged from \$37,000 at the Merchant Marine Academy to \$97,000 at the Air Force Academy. The portion of this cost attributable to the students who dropped out ranged from 13 percent for the Naval Academy to over 18 percent for the Coast Guard Academy.

Our report contained recommendations to the Departments of Commerce, Defense, and Transportation, and to the services, for reducing student attrition, and they were in basic agreement with these recommendations. (FPCD-76-12, Mar. 5, 1976.)

Academic and Military Programs of the Service Academies

We reviewed the academic and military programs of the five service academies. Our findings were reported to the Congress to enable it to assess how well the academies were conducting these programs to produce the types of graduates the services needed.

All five academies were generally producing qualified officers, but several aspects of the academies' programs could be improved. For instance, only the Naval and Merchant Marine Academies required a comprehensive examination to evaluate students' professional competence before graduation and commissioning. These examinations should not serve as rigid formats, but as guides to help other academies develop systems to meet their specific needs and to identify military training shortcomings.

The Naval and Coast Guard Academies had recently established formal programs to assess individual and group performance after graduation; the Air Force and Military Academies lacked such programs and relied principally on informal, fragmentary feedback. A formal program gives the academies better information on the competence of their graduates.

Our report included recommendations to the Secretaries of Commerce, Defense, and Transportation,

and they generally agreed with them. (FPCD-76-8, Oct. 31, 1975.)

Consolidating Military Chaplain Schools

Responding to a request from the Chairman, House Committee on Appropriations, we reviewed the feasibility of consolidating the military services' chaplain schools. A consolidated school should provide opportunities for cost savings or an educational environment leading to greater professional growth and development, if it is to be preferred over separate schools. Selecting a specific site for consolidation is a prerequisite to a cost analysis which demonstrates whether savings could be realized.

We reported available alternatives which should be examined in the light of philosophical issues raised by the services, a study done for the Interservice Training Review Board, the site to be selected, and a cost analysis by the Department of Defense.

The services had mixed opinions about the desirability of consolidating the military chaplain schools. Although requested, the Department of Defense did not comment on the report. However, after receiving our report, the House Appropriations Committee directed that the separate chaplain schools be consolidated. (FPCD-75-123, July 1, 1975.)

Better Evaluation Needed for Federal Civilian Employee Training

Under the Government Employees Training Act, the head of each Federal department and agency has the responsibility for training its civilian employees. Each agency head is required to plan, program, budget, operate, and evaluate training programs. In fiscal year 1973 about 960,000 U.S. civilian employees received about 45 million hours of training at the cost of approximately \$216 million. If estimated salaries were included, total training cost would be about \$500 million.

We reported to the Congress that the requirements to evaluate training were not being met adequately and sufficient cost data were not accumulated to maintain effective control over training costs.

Our report contained recommendations to the Civil Service Commission for actions needed to provide training leadership and guidance and to promote successful evaluation methods. The Com-

mission agreed with our recommendations. (FPCD-75-120, Aug. 12, 1975.)

Planning and Controlling Training of Federal Employees

We reported to Congresswoman Patricia Schroeder on the implementation of employee training provided under title 3, chapter 41, United States Code (formerly the Government Employees Training Act), by the Department of Health, Education, and Welfare, region VIII, Denver, Colorado.

Some required training plans were not prepared, and those prepared did not follow Civil Service Commission and departmental instructions. The regional training officer exercised some control over training; however, required review and evaluation procedures were not always followed.

Also, the criteria applied by the department in authorizing upward mobility and, to a limited extent, other training were of questionable usefulness in assuring that the training was beneficial to the Government. The criteria generally emphasized only what training could not be approved or allowed wide discretion, so officials authorized training on the basis that it was not specifically prohibited rather than on the basis that it would enable employees to better perform official duties.

We made recommendations to the Secretary of Health, Education, and Welfare directed toward assuring that training meets agency needs and employee objectives. The agency generally agreed with our recommendations and indicated that corrective action would be taken. (FPCD-76-31, Mar. 4, 1976.)

Staffing of Organizations

Staffing and Organizations of Top Management Headquarters in Defense

At the request of the Chairman, Senate Committee on Appropriations, and the Chairman, Subcommittee on Investigations of the House Committee on Armed Services, we reviewed the staffing and organization of Department of Defense top management headquarters. Their major interest was in the size and the decisionmaking processes of the Offices of the Secretaries of Defense, Army, Navy, and Air Force; Headquarters, U.S. Marine Corps; and the Office of the Chief of Naval Operations.

Staffing and organization of these offices needed improvement. Although the staffs recently had been reduced, they still consisted of 16,500 civilian and military personnel. Our report discussed (1) further possibilities for consolidation and/or cutbacks, (2) problems in accounting for headquarters personnel, (3) differences in management styles and organizational structures of the military departments, (4) roles of the service secretaries, and (5) impact of external demands and changing workload.

The report included recommendations to the Secretary of Defense for improving the staffing of these offices, and although Defense agreed in general with them, several matters remained unresolved. The Office of the Secretary of Defense did not agree with our recommendation for functional accounting of headquarters personnel, believing that the current organizational approach was adequate. (FPCD 76-35, Apr. 20, 1976.)

A Military Presence in an Industrial Environment

The Department of Defense operates about 90 commercial and industrial military support activities, excluding shipyards. Although the work forces are predominantly civilian, over 10,000 military personnel are assigned. To determine the need for and cost of this military presence, we made a case study at the Naval Weapons Support Center, Crane, Indiana, and reported our findings to the Congress.

At the end of 1974, the center had a work force of about 4,500 civilians and a military complement of 68. The cost of maintaining the military presence was about \$1.2 million annually. Only 23 of the military personnel were doing center-related work. The remaining 45, plus 10 civilians, were providing support services for the military complement, such as food and housekeeping, recreation, and health care. We developed an alternate staffing pattern that would have dropped 65 military positions, added 25 civilian positions, and temporarily retained 3 military positions—all of which would have resulted in annual savings of about \$848,000.

As a result of our study, the Department of Defense agreed to review all commercial and industrial activities to determine if military staffing can be reduced or if the total cost of the military presence can be minimized by reducing the support-of-military overhead. (FPCD-76-7, Apr. 12, 1976.)

Assignment and Utilization

Rotation Policies and Practices

We reported to the Congress that the Department of Defense and the services could reduce the amount and cost of personnel movement overseas by better managing policies and practices for rotating enlisted personnel.

A test we made showed that the prescribed tours of 24 percent of enlisted personnel returning from overseas had been shortened by an average of 7.7 months. For fiscal year 1974, we estimated that this increased costs of permanent changes of station by \$28.9 million and increased travel time by about 360 staff-years at a cost of about \$1.9 million. Rotation costs could also be reduced by extending overseas tours of first-term enlisted personnel with 2 to 6 months service remaining, rather than returning them to the continental United States at the end of their prescribed tours.

The Department of Defense had recently approved changes to policies and practices which had contributed to personnel movements and costs. When our report was issued, it was too early to assess the full economic impact of these changes, but some cost reductions could be anticipated. Accordingly, we recommended that the Congress require the Department to identify in future appropriation requests the extent of cost and movement reductions resulting from longer term implementation of the changed policies and practices. (FPCD-76-45, Apr. 22, 1976.)

Increased Productivity in the Federal Government

In April 1976, we reported to the Director, Office of Management and Budget, and the Chairman, Civil Service Commission, the findings of our review of management's treatment of working hours and lunch periods for Federal civilian employees.

Although Civil Service Commission regulations did not address the structure of the lunch period, they did allow agency heads to schedule breaks in the workday of up to 1 hour. Most of the 38 military and civilian installations we contacted scheduled only a one-half-hour break for lunch. Most agency officials agreed that employees generally took 45 minutes to 1 hour for lunch. Some officials attributed this to inadequate dining facilities.

Nonproductive time of 15 minutes a day equates to 3.1 percent of the statutorily required 40-hour week. Straight application of the 3.1 percent to the total Federal civilian payroll would equal \$1.2 billion in lost productive time a year. We acknowledged that extended lunch periods were not practiced by 100 percent of the workforce; however, to the extent it was practiced, considerable productive time was lost.

We recommended that the Commission and the Office of Management and Budget jointly consider the matters discussed in our report to insure that lunch period arrangements in Federal agencies comply with statutory requirements for a 40-hour week. The Chairman, Civil Service Commission, stated that the Commission planned to implement our recommendation. (FPCD-75-147, Apr. 9, 1976.)

Job Opportunities for Women in the Military

In a report to the Congress we stated that although the services had essentially opened all noncombat jobs, women were not being assigned to all of them, primarily because (1) recruiters failed to tell women about occupational options, (2) many women preferred administrative or medical jobs, and (3) combat assignments were prohibited to women.

Some women were assigned to jobs with requirements that kept them from working effectively. No standards had been established to measure women's strength, stamina, and other abilities.

The services had a unique opportunity to evaluate the extent to which women are interested in, and can perform, jobs traditionally restricted to men, and we made recommendations to the Secretary of Defense on how this might be done. The Department of Defense agreed with our recommendations and indicated that opportunities for women in the military would be reevaluated. (FPCD-76-26, May 11, 1976.)

Part-time Employment in Federal Agencies

During fiscal year 1974, Federal executive agencies employed an average of 222,800 part-time employees a month, about 8 percent of total Federal civilian employment. In a report to the Congress we discussed the ways part-time employees were used in Federal agencies, the advantages and disadvantages of using them, and constraints on their increased use.

Legislation which would have provided increased opportunities for part-time employment was proposed in the 94th Congress but was not enacted.

We reported that in providing part-time employment, the Government could use a great pool of talent which was not needed or available on a full-time basis. Agency officials cited instances in which additional part-time employees could have been effectively used but were not hired, mainly because of funding limitations and personnel ceilings.

We recommended to the Director, Office of Management and Budget, that ceilings for part-time employees be eliminated or relaxed on a test basis. OMB agreed on the desirability of part-time employment and the need to find appropriate ways to make hiring easier, but it does not believe relaxing personnel ceilings is necessary. (FPCD-75-156, Jan. 2, 1976.)

Financial Disclosure

Standards of ethical conduct for Government officials are prescribed by an Executive order of the President. A basic concept of the standards is that

Federal employees should not be in positions of acting for the Government when their private financial interests are involved. To this end, Federal departments and agencies require employees to regularly submit financial disclosure statements listing their financial interests. These statements are to be reviewed and analyzed by designated departmental and agency officials to identify instances of actual or potential conflict of interest.

Because of widespread congressional concern in this area, we reported to the Congress the results of reviews of the financial disclosure systems of six departments and agencies:

- The Civil Aeronautics Board (FPCD-76-6, Sept. 16, 1975).
- The Federal Maritime Commission (FPCD-76-16, Oct. 22, 1975).
- The Department of the Interior (FPCD-75-167, Dec. 2, 1975).
- The Food and Drug Administration (FPCD-76-21, Jan. 19, 1976).
- The Federal Aviation Administration (FPCD-76-50, Aug. 3, 1976).



GAO officials testifying on financial disclosure before the Subcommittee on Administrative Law and Governmental Relations, House Judiciary Committee, July 29, 1976. Left to right, Assistant Comptroller General Phillip S. Hughes, Comptroller General Elmer B. Staats, Federal Personnel and Compensation Division Deputy Director Clifford I. Gould, and Deputy General Counsel Milton J. Sacular.

(Courtesy of Creative Photographic Communications)

—The Department of Commerce (FPCD-76-55, Aug. 10, 1976).

In all cases, we found and reported that the financial disclosure systems needed improvement, principally in:

- Procedures for collecting, processing, and controlling financial disclosure statements.
- Criteria and systematic procedures for reviewing statements.
- Procedures for, and promptness of, followup on financial interests.
- Enforcement and scope of criteria for identifying persons who should file financial disclosure statements.

Agency officials generally agreed with our findings and said appropriate remedial action had been initiated.

Also, at the request of Congressman John E. Moss, we made a review to determine whether 49 employees and consultants of the Department of the Interior's U.S. Geological Survey had divested themselves of financial interests that appeared to be or were potential conflicts of interest. (This matter was discussed in our report FPCD-75-131, Mar. 3, 1975.) As of November 5, 1975, 37 of the 49 employees and consultants had divested themselves of their conflicting interests, 1 employee and 1 consultant had terminated their employment, and 10 employees had been allowed by the Department to retain the interests that had been questioned. (FPCD-76-37, Feb. 2, 1976.)

Social Responsibility

Accessibility of Public Buildings to the Physically Handicapped

The Architectural Barriers Act of 1968 was enacted to insure that federally financed public buildings are designed and constructed to be accessible to the physically handicapped. Our report to the Congress discussed the need for certain legislative and administrative actions if the act's purpose was to be fulfilled. We recommended that the Congress amend existing legislation and suggested specific language for clarifying the Federal laws.

Public Law 94-541, signed by the President on October 18, 1976, was completely responsive to our recommendations for strengthening the Architectural Barriers Act. The legislation required that Federal agencies named in the Architectural Barriers Act

insure that public buildings are made accessible to the physically handicapped. The legislation included within the coverage of the act all Government-leased buildings and facilities intended for public use or in which the physically handicapped might be employed, all privately owned buildings leased to the Government for public housing, and the Postal Service. In addition, agencies named in the act are required to establish a system of continuing surveys and investigations to insure compliance with prescribed standards. Lastly, an annual report to the Congress is required on the General Services Administration's activities and those of other departments, agencies, and instrumentalities of the Federal Government on standards issued, revised, awarded, or repealed under this act and on all waivers granted.

Our report also contained recommendations to the Architectural and Transportation Barriers Compliance Board; the Secretaries of the Department of Defense; Health, Education, and Welfare; and Housing and Urban Development, and the Administrator of the General Services Administration. Each of them agreed with the recommendations and took positive action to improve the conditions described. (FPCD-75-166, July 15, 1975.)

Grievance Arbitration Awards

In response to a request from the Chairman, Subcommittee on Manpower and Civil Service, House Committee on Post Office and Civil Service, we reviewed arbitration awards made under the Federal Labor Relations Program, as embodied in Executive Order 11491, as amended.

Our analysis of 509 grievance arbitration cases confirmed that most grievances could be remedied within existing law: 248 awards sustained the agency's position, 216 sustained the union, and 45 benefited both parties. Of the 261 awards benefiting the union, 192 were monetary. The remainder were not monetary, such as removing a letter of reprimand from a personnel file.

We did not feel any of the arbitrated award deficiencies were serious enough to warrant legislative action. However, we concluded the deficiencies justified the existing procedures that allowed Federal agencies and labor organizations to seek third-party review, such as by the Comptroller General, of the legality of particular awards. (FPCD-76-14, Oct. 17, 1975.)

Military Justice

Pretrial Confinement of Military Personnel

The Uniform Code of Military Justice provides that pretrial confinement be used "as circumstances may require." The "Manual for Courts-Martial" and Department of Defense and service regulations provide that confinement may be imposed, pending trial, when necessary to insure the presence of the accused at the trial or because of the seriousness of the alleged offense.

We informed the Secretary of Defense that more effective criteria and procedures were needed for imposing pretrial confinement. The services did not adopt uniform guidelines and some service activities provided more stringent safeguards than others against unnecessary pretrial confinement. Service representatives disagreed on how much discretion should be left to commanding officers.

We recommended that the Secretary of Defense (1) require that an independent, neutral party, with authority to release the confinee, review each case of pretrial confinement and (2) issue definitive criteria and procedures for pretrial confinement. (FPCD-76-3, July 30, 1975.)

Administrative Discharges of Military Personnel

The practices followed by the military services in permitting bargaining when people may be administratively discharged for unfitness and misconduct were the subject of a report to the Secretary of Defense. Guidance from the Office of the Secretary of Defense was lacking, and there were differences among and within the services in permitting individuals to bargain for more favorable discharges. This resulted in individuals receiving different types of discharges for comparable types of offenses.

Department of Defense Directive 1332.14 prescribes the policies, standards, and procedures for separating personnel from the Armed Forces under the administrative discharge program. The bargaining process involves the individual's agreement to waive his right to a hearing by an administrative discharge board, in return for discharge under honorable

conditions. The services said they adopted the conditional waiver to save time and expense when they felt the evidence would not support the judicial proceeding required for an undesirable discharge.

To assure that individuals discharged for unfitness and misconduct receive consistent treatment from the services, we recommended that the Secretary of Defense (1) issue clear policy guidance on whether conditional waivers should be used and, under what circumstances, and (2) monitor implementation of the policy. (FPCD-76-46, Apr. 1, 1976.)

Other

Operating Military Resorts

Responding to a request from Senator William Proxmire, we reviewed the justification, financing, and operation of various military recreational facilities. In April 1976, we reported to the Senator that certain changes were needed in operating these resorts, mainly in the use of appropriated funds.

To boost troop morale, the military services operate resort centers at various places around the world. They are financed by customers and by funds appropriated by the Congress. Our report covered resorts costing \$12.6 million in appropriated funds yearly in Germany, Hawaii, and the Philippines. The largest resort is the Army's Armed Forces Recreation Center in Garmisch, Germany, which cost \$19 million to operate in fiscal year 1975. Half the cost came from appropriated funds and the other half was paid by the center's users.

Our report discussed the questionable use of appropriated funds in operating some of these resorts. We recommended to the Secretary of Defense certain changes which would affect the operation of these resorts and the amount of appropriated funds they receive. The Department of Defense and the Office of Management and Budget have undertaken a joint study to identify and evaluate appropriated fund support of morale and recreation programs.

We also suggested that the Congress consider imposing specific guidelines on using appropriated funds, in view of the Defense Department's delay in updating its funding policy. (FPCD-76-20, Apr. 6, 1976.)



General Von Struben Hotel at the Armed Forces Recreation Center, Garmisch, Germany.
(Courtesy of Armed Forces Recreation Center, Garmisch, Germany)

Personnel Management in the Small Business Administration

Section 13 of Public Law 93-386, dated August 23, 1974, directed GAO to comprehensively audit the Small Business Administration. In November 1975, we issued a report to the Congress which discussed problems identified in the agency's personnel management practices. This report was one of a series prepared in response to the legislative mandate.

Our examination showed that a majority of the agency's employees believed its personnel programs and practices were "good" or "fair" but 37 percent believed that political influence had been used in filling certain jobs. Correspondence files disclosed numerous political referrals. Management agreed to review the problem areas discussed in the report and to take appropriate actions.

During its routine evaluations at the agency, the Civil Service Commission also found weaknesses in personnel management. The agency had taken corrective action on Commission recommendations.

Because of ongoing personnel management evaluation at the Small Business Administration, corrective action initiated or taken by the agency, cases under

litigation, congressional hearings, and proposed legislation on the merit system, we did not consider it appropriate to make specific recommendations. (FPCD-76-10, Nov. 28, 1975.)

Audits in Process

Eighty-eight audits were in process at September 30, 1976. They involved a wide range of activities for managing and compensating the Federal work force. For example:

- Performance evaluation—an assessment of departments' and agencies' systems for evaluating Federal employees' work performance.
- Human resources research and development—a review, undertaken as a result of a congressional request, of the effectiveness of, and the level of funding requested for, the Defense Department's human resources research and development program.
- Personnel requirements—a study to develop a method for evaluating the systems and techniques used by Federal agencies to determine their personnel requirements.



GAO officials receiving a congressional request to review Federal retirement systems. Left to right: Chairman Melvin Price, House Armed Services Committee; Comptroller General Elmer B. Staats; Chairman Richard C. White, Subcommittee on Retirement and Employee Benefits, House Post Office and Civil Service Committee; Chairman Henry S. Reuss, House Committee on Banking, Currency, and Housing, and H. L. Krivits and Supervisory Auditor Peter R. Lynn of GAO's Federal Personnel and Compensation Division.

(Courtesy of House Majority Photographers)

- Administrative law judges—a review of the personnel management system for administrative law judges, their productivity, and related matters.
- Retirement systems—an examination, undertaken at the request of three congressional committees, into the desirability of having consistency in benefits and funding of Federal retirement systems.
- Military compensation—a review to determine whether military personnel should be paid under a salary system.
- Executive pay—a study of the effect of Federal executive pay rates on employees and on agency operations.
- Equal Employment Opportunity—an examination of the effectiveness, costs, operations, and staffing of Equal Employment Opportunity discrimination complaint systems for Federal employees.
- Unionizing military personnel—a case study of the unionized armed forces of foreign countries, addressing, among other things, the implications unionization would have for U.S. Armed Forces, particularly from the standpoint of military efficiency, discipline, and morale.
- Military absences—a review to determine if the Department of Defense and the services are appropriately dealing with the problem of military personnel who are absent without official leave or who have deserted.
- Defense Manpower Commission recommendations—an examination of the progress achieved or the disposition made of each of the Commission's recommendations.

CHAPTER ELEVEN

HUMAN RESOURCES

Responsibilities

The Human Resources Division (designated the Manpower and Welfare Division before May 1976), audits the Department of Health, Education, and Welfare; the Department of Labor; the National Science Foundation; the Community Services Administration; the Consumer Product Safety Commission; the Federal Trade Commission; the Equal Employment Opportunity Commission; the Legal Services Corporation; ACTION; the Corporation for Public Broadcasting; health programs of the Department of Defense and the Civil Service Commission; the Railroad Retirement Board; the Veterans Administration; and various other commissions and councils.

In addition, the division is the lead division within GAO for all Federal programs on health, manpower, education, income security, consumer and worker protection, and nondiscrimination and equal opportunity. In fulfilling these responsibilities, it prepares Office-wide program plans, maintains a data base of audits, develops resource material to identify areas

and assignments of interest to the Congress, monitors and coordinates all related audit work, and serves as a focal point for contacts with outside organizations and agencies.

Gregory J. Ahart is the Division Director and Morton E. Henig and James D. Martin are the Deputy Directors.

Audit Reports

During fiscal year 1976 and the transitional quarter ended September 30, 1976, 39 reports in this area of responsibility were submitted to the Congress and 92 were submitted to specific committees or Members of Congress at their request. In addition, 54 reports were sent to department or agency officials. Appendix 2 lists these completed reports; table 1 shows the number and types of completed reports.

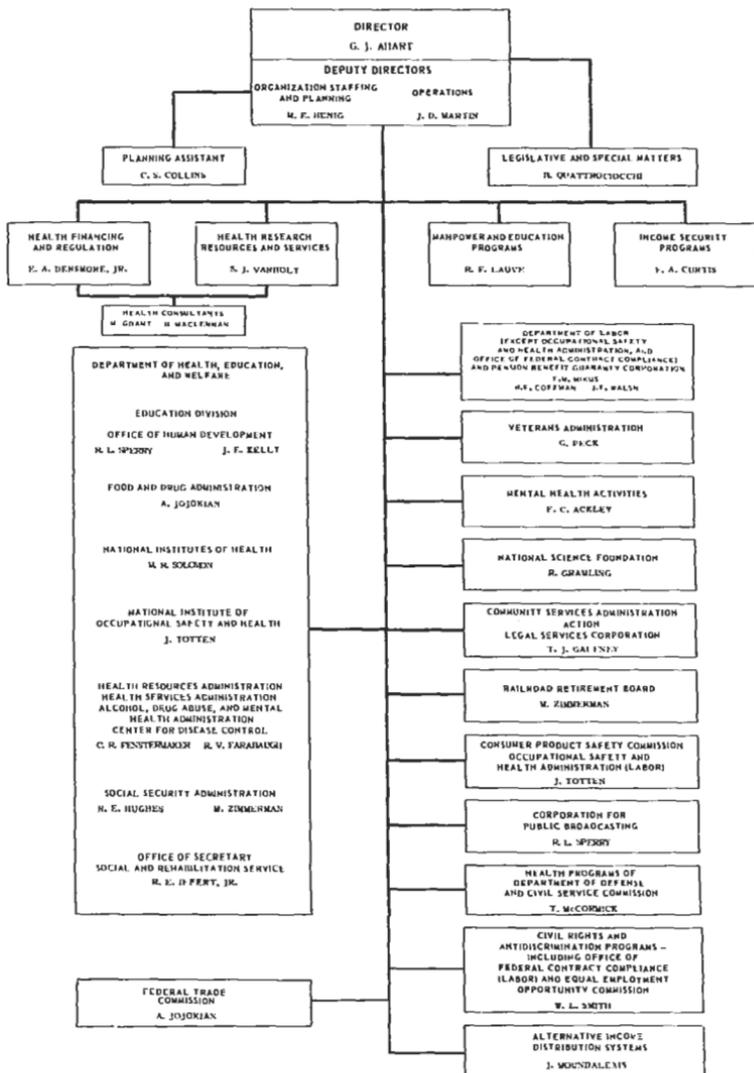
Assistance to the Congress

About 392.4 staff years (44.9 percent) of the professional Washington and field staff resources spent on division assignments were for directly assisting the Congress. This assistance included (1) investigations and reviews directed by statute or undertaken at the request of congressional committees and Members, (2) staff assistance to committees (see app. 4), (3) comments on pending legislation (see ch. 4), (4) testimony at committee hearings, and (5) discussions of work plans and audit findings with the staffs of congressional committees.

The division received 328 congressional requests, 123 of which had not been fulfilled as of September 30, 1976.

Many requests for assistance were satisfied informally by phone calls, meetings, or correspondence not classified as reports, or by furnishing copies of reports. In addition, 30 statements were presented in testimony before congressional committees or subcommittees.

HUMAN RESOURCES DIVISION



SEPTEMBER 30, 1978

Table 1

	Reports submitted to				Total
	Congress	Congressional committees	Members of Congress	Agency officials	
Departments:					
Health, Education, and Welfare	24	21	27	31	103
Labor	5	1	10	5	21
Defense (medical programs)	3	5	1	2	11
Multiagency	1	-	2	-	3
Others	-	-	2	-	2
Independent agencies:					
Civil Service Commission	-	1	1	1	3
Community Services Administration and ACTION	1	1	1	1	4
Consumer Product Safety Commission	1	-	-	-	1
Equal Employment Opportunity Commission	-	1	1	-	2
National Science Foundation	-	3	-	1	4
Veterans Administration	4	7	7	13	31
Total	39	40	52	54	105

Department of Health, Education, and Welfare

Overview of Programs Being Audited

In fiscal year 1976 and the transitional quarter ended September 30, 1976, the Department of Health, Education, and Welfare (HEW) had an authorized budget of \$159.8 billion and an estimated outlay of \$161.4 billion for health, education, and income security programs for the general population.

Health Programs

Federal outlays for health were \$53 billion, or about 11.3 percent of the budget. These funds were for (1) increasing health resources, such as research, training and education, and health care facilities, (2) providing health service programs, such as Medicare and Medicaid, and (3) providing programs to prevent and control health problems, such as consumer and occupational safety and disease control. Special programs, such as drug abuse prevention, family planning, venereal disease control, and nursing home improvement, were also provided.

Education Programs

Expenditures for public education from kindergarten through graduate school were estimated at

\$98 billion for school year 1975-76. Total Federal outlays for education-related programs were estimated at \$21.2 billion in fiscal year 1976 and at \$4.5 billion for the transitional quarter ended September 30, 1976.

HEW's Education Division—comprising the Office of Education, the National Institute of Education, and the Office of the Assistant Secretary for Education—accounted for about \$8.1 billion, or 32 percent of the estimated Federal outlays for education for the 15-month period.

The Education Division administers about 130 Federal programs to promote equal educational opportunity for all children, encourage improvements in the education system, and support research and development in education.

Income Security Programs

Total Federal spending for income security benefits was estimated to exceed \$207.2 billion. These benefits were (1) cash benefits, such as social security, veterans benefits, and public assistance, and (2) in-kind benefits, such as food stamps, health care, and housing.

HEW's share of these expenditures was about \$131.1 billion, or 63.3 percent, for programs such as social security, supplemental security income, public assistance, special benefits for coal miners, and refugee assistance.

Health Resources, Services, and Mental Health

Assistance to the Congress

As a prelude to fulfilling our responsibilities under section 1314 of the Health Maintenance Organization Act of 1973, we provided testimony, reports, letters, and staff papers to House and Senate committees considering amendments to the act. Our assistance resulted in the drafting of additional amendments for congressional consideration and in organizational and administrative program changes by HEW.

We also testified on other matters and briefed congressional staffs on drug treatment and rehabilitation efforts of the National Institute on Drug Abuse.

Effectiveness of Grant Programs Aimed at Developing Health Maintenance Organizations and Community Health Networks

The Health Maintenance Organization Act of 1973 authorized \$325 million for fiscal years 1974-77 to help develop health maintenance organizations. These organizations provide specific services to their members—either directly or through others—on the basis of prepaid rates. The act provides a financial incentive for an organization to emphasize preventive medicine, thus reducing the overall cost of health care.

We reported to the Congress on how effectively such organizations had spent grants under Federal programs begun in 1974 and suggested ways to improve such activities. HEW agreed with our suggestions and emphasized that many had already been adopted. (MWD 75 90, Nov. 21, 1975.)

Inequalities in the Preventive Health Services Offered to Federal Employees

Under Public Law 79-658, Federal agencies offer preventive health services to their employees. We reported to the Congress that these services are provided unequally and that agencywide preventive health programs are inconsistent.

We recommended that the Office of Management and Budget and the Civil Service Commission eliminate inequalities within agencies. We also suggested that the Congress consider either (1) requiring a study of the costs and benefits of preventive health services, to determine whether they should be equally available to all employees and

what range of services should be provided or (2) amending the authorizing legislation to require a minimum preventive health program for all agencies' employees.

On August 3, 1976, we testified on this report before the Subcommittee on Retirement and Employee Benefits, House Committee on Post Office and Civil Service. (MWD 76 62, June 14, 1976.)

Progress, But Problems, in Developing Emergency Medical Services Systems

Development of self-sustaining regional medical systems depends on the willingness of local governments and providers, such as hospitals, to accept the regional concept. We reported to the Congress that regional systems so far do not have the control and coordination necessary to deliver effective emergency medical services efficiently. Service delivery has been improved by system developments encouraged and financed under the Emergency Medical Services Systems Act of 1973.

We recommended that the Congress extend the act to (1) require local commitment to regional system development, (2) reduce the scope of some mandatory system components, (3) improve HEW program administration, and (4) improve coordination among Federal programs related to emergency medical services. (HRD 76 150, July 13, 1976.)

Other Reports

Other reports covered such matters as (1) grant review by the Alcohol, Drug Abuse, and Mental Health Administration, (2) grant and contract activities of the National Center for Health Services Research, (3) obstacles to implementing the Health Maintenance Organization Act of 1973, (4) weaknesses in the administration of Federal assistance programs, (5) the urban rat control program, and (6) the approval of mortgage insurance for Cedars of Lebanon Hospital.

Other Testimony

On November 3, 1975, we testified before the Subcommittee on Health and the Environment, House Committee on Interstate and Foreign Commerce, on our review of the urban rat control program. (MWD-75 90, Sept. 29, 1975.)

Our testimony on the Emergency Medical Services Systems Act of 1973, before the Subcommittee on Health, Senate Committee on Labor and Public

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Welfare, in January 1976 provided the basis for many of the amendments considered to revise and extend the act.

In June 1976, we testified before the Subcommittee on Manpower and Housing, House Committee on Government Operations, on alcoholism treatment programs for Government employees.

Audit Work In Process

Work in process at September 30, 1976, included audits of the effectiveness of (1) the community health centers programs, (2) implementation of the swine influenza immunization program, (3) Public Health Service efforts to treat alcoholism and alcohol abuse, and (4) implementation of the professional standards review organization program. We were also reviewing (1) Federal agencies' progress in developing employee alcoholism treatment programs, (2) health regulation processing, (3) problems presented by specialization and geographical distribution of physicians, (4) deinstitutionalization of the mentally disabled, and (5) efforts to prevent mental retardation.

Food and Drug Administration

Need to Establish the Safety of Color Additive Red No. 2

We reported to Senator Gaylord Nelson that the Food and Drug Administration permitted the use of color additive Red No. 2 in food, drugs, and cosmetics for 15 years without finally determining its safety, although such determinations are legally required and studies had raised questions about its safety.

We recommended that the additive's safety be promptly established or its use be prohibited. On January 19, 1976, FDA banned Red No. 2 in food, drugs, and cosmetics. (MWD-76-40, Oct. 20, 1975.)

Use of Cancer-causing Drugs in Food-producing Animals May Pose Public Health Hazard: The Case of Nitrofurans

At the request of the Chairman, Subcommittee on Oversight and Investigation, House Committee on Interstate and Foreign Commerce, we reported on FDA's regulation of nitrofurans, a class of drugs shown to cause cancer in laboratory animals.

The administration of nitrofurans to food-producing animals may threaten human health because of residues in food. Although some secondary products of

nitrofurans in animals may also cause cancer, FDA had not obtained data on the extent of such metabolite residues in food.

We recommended that HEW promptly consider suspending use of those nitrofurans for which the absence of residues has not been confirmed. The Department said it plans to resolve the nitrofurans safety question.

On March 15, 1976, we testified before the Subcommittee on our review of nitrofurans. (MWD-76-35, Feb. 25, 1976.)

Federal Control of New Drug Testing Is Not Adequately Protecting Human Test Subjects and the Public

We reported to the Congress that FDA has unmonitored new drug tests and enforced testing requirements inadequately. Consequently, FDA lacks assurance that human subjects of such tests are protected from unnecessary hazards or that test data used in deciding whether to approve new drugs for marketing is reliable.

We made several recommendations to HEW to improve FDA's control over new drug testing. HEW generally agreed that regulation of clinical investigations needed strengthening.

On January 22, 1976, we testified before the Subcommittee on Health, Senate Committee on Labor and Public Welfare, on our review. (HRD-76-96, July 15, 1976.)

Stronger Measures Needed to Insure That Medical Diathermy Devices Are Safe and Effective

At the request of the Chairman, Senate Committee on Government Operations, we reported on FDA's program for regulating medical devices which emit heat for treating many types of muscle and tendon pain.

Although FDA is responsible for insuring that all such diathermic devices marketed in interstate commerce are safe, effective, and properly labeled, it has not established safety and performance standards or insured that these devices comply with Federal requirements.

We made several recommendations to HEW to strengthen FDA's program for regulating diathermic devices. HEW said the Federal Food, Drug, and Cosmetic Act, as amended by the Medical Device Amendments of 1976 (Public Law 94-294), provided FDA with the authority needed to assure that the

public is protected from unsafe and ineffective medical devices and that, in implementing the amendments, the Administration will provide appropriate regulations for diathermic devices. However, we believe that the additional authority will not measurably improve regulation of such devices unless FDA develops an effective regulatory program. (HRD 76-153, Sept. 2, 1976.)

Other Reports

Other reports covered such matters as FDA's support for restaurant sanitation, recalls of large volumes of parenterals (liquid drugs administered intravenously or by other non-oral means), and the need to resolve safety questions on saccharin.

Audit Work in Progress

Work in progress at September 30, 1976, included audits of FDA's regulation of (1) radiological medicine, (2) cosmetics, and (3) imported products.

National Institutes of Health

Hepatitis From Blood Transfusion: Evaluation of Methods to Reduce the Problem

According to information derived in the early 1970s, hepatitis from blood transfusions cost the Nation several hundred million dollars in 1 year. Our report to the Congress examined ways to reduce the incidence of hepatitis caused in this way, including HEW's plans to stop hospitals from purchasing blood. We identified a number of difficulties with eliminating purchased blood and made recommendations to alleviate the problem.

HEW did not agree with our recommendations to modify the national blood policy so that blood could be bought from banks with records of supplying high-quality blood. HEW generally agreed with our other recommendations and reported that actions on them had been taken or planned. (MWD-75-82, Feb. 13, 1976.)

Federal Efforts to Protect the Public From Cancer-causing Chemicals Are Not Very Effective

Some scientists have reported that up to 90 percent of human cancer is environmentally caused and controllable. We reported to the Congress that Federal efforts to protect the public could be improved if the Director of the National Cancer Institute, with the cooperation, advice, and support of other Federal

agencies, would establish a Federal policy on cancer-causing chemicals. Although HEW agreed that a Federal policy is needed, it did not see a need for a formal effort by the Cancer Institute.

To provide the degree of safety implied in the Federal Food, Drug, and Cosmetic Act, we recommended that FDA have all proposed and previously approved food additives tested for their cancer-causing potential.

On September 20, 1976, we testified before the Subcommittee on Oversight and Investigations, House Committee on Interstate and Foreign Commerce, on our report on Federal efforts to protect the public from cancer-causing chemicals. (MWD 76-59, June 16, 1976.)

Other Reports

Other reports covered such matters as the need for better controls over the biomedical research supported by the National Institutes of Health and comprehensive cancer centers.

Other Testimony

On July 31, 1975, we testified before the Subcommittee on Health, Senate Committee on Labor and Public Welfare, on our review of the health professions student assistance program. (MWD 74-141, May 24, 1974.)

Audit Work in Progress

Work in progress as of September 30, 1976, included review of (1) research-patient care costs paid by the National Institutes of Health at its Clinical Center in Bethesda, Md., and through research grants and (2) HEW's training program for biomedical and behavioral researchers.

Educational Opportunities

Follow Through: Lessons Learned From Its Evaluation, and Need to Improve Its Administration

Follow Through is an experimental program designed to find more effective approaches to teaching young children from low-income families. Colleges, universities, and private educational research organizations developed model approaches to be installed in classrooms. HEW's Office of Education contracted for a national evaluation of the approaches' effects.

We reported to the Congress that, although initial results from the national evaluation show that the

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approaches achieved differences in outcome between the children to whom they were applied and others, weaknesses in the experiment's design and implementation will limit the Office of Education's ability to conclude which approaches were successful. Improvements are also needed in program and project administration.

HEW agreed with our recommendations and described actions taken or planned to implement them. (MWD-75-34, Oct. 7, 1975.)

Assessing the Federal Program for Strengthening Developing Institutions of Higher Education

We reported to the Congress that the major Federal program to aid colleges and universities is aimed at developing institutions—those considered as having the desire and potential to contribute to the Nation's higher education resources, but isolated from the academic mainstream and struggling for survival. However, in selecting institutions to participate, the Office of Education had not consistently applied the criteria it said it used to determine eligibility. Further, many participating institutions had planned their projects and programs inadequately and without considering their plans for overall growth. Also, Office of Education program monitoring efforts were limited and its evaluations of overall success were largely subjective.

HEW agreed with our recommendations to correct these shortcomings and described actions taken or planned to carry them out. (MWD-76-1, Oct. 31, 1975.)

Experimental Schools Program: Opportunities To Improve the Management of an Educational Research Program

We reported to the Congress that the experimental schools program cannot provide complete data on (1) the ability of school districts to plan and implement comprehensive educational changes and (2) the impact of these changes on students, teachers, administrators, and the community. In addition, the program did not insure that projects could provide the type of cost data necessary to determine compliance with financial regulations.

We made several recommendations, aimed at improving the planning and execution of the program, with which HEW generally agreed. (MWD-76-54, Apr. 27, 1976.)

Bilingual Education: An Unmet Need

We reported to the Congress that, because adequate plans were not made to carry out, evaluate, and monitor the bilingual education program, HEW's Office of Education has progressed little toward (1) identifying effective ways of providing instruction for bilingual education, (2) adequately training teachers of bilingual education, and (3) developing suitable teaching materials. To help prevent the problem from recurring, we suggested that the Congress establish legislative controls over future educational demonstration programs. The controls should require Federal agencies to be accountable for establishing program objectives, as well as for assessing the program and reporting periodically to the Congress on its progress.

No comprehensive information is available on the program's effect on students' academic progress, but the Office of Education has contracted for a nationwide evaluation of this. Local project evaluation reports have been of little use to local and Federal decisionmakers.

HEW agreed with our recommendations to improve program effectiveness and described actions taken or planned to implement them. (MWD-76-25, May 19, 1976.)

Training Educators for the Handicapped: A Need to Redirect Federal Programs

We reported to the Congress that, although more and more handicapped students are now being integrated into regular classrooms and educators are viewing special training of regular teachers as essential to effective education of the handicapped, HEW's Office of Education has done little to encourage this special training. Office of Education programs for preparing teachers for handicapped students have mainly involved (1) stimulating growth in colleges' capacity to prepare specialists for educating the handicapped and (2) financially supporting college students entering the special education field.

Since Federal programs of this type began, colleges' abilities to prepare specialists in the education of the handicapped have increased to the point that the anticipated demand for these specialists will be met. Accordingly, the Office of Education should now move to insure that regular teachers receive more training in the special skills required for teaching the handicapped.

HEW generally agreed with our recommendations to improve its teacher-preparation programs in those areas where the need is greatest and described actions taken or planned to implement them. (HRD-76-77, Sept. 28, 1976.)

Other Reports

We reported (1) to the Congress on reading activities funded by Federal aid to educationally deprived children and on the national assessment of educational progress, (2) to Congressman Albert H. Quie on the Office of Education's migrant student record transfer system, (3) to Congressman Joel Pritchard on HEW's disapproval of the Seattle school district's fiscal year 1975 applications for emergency school aid funds, (4) to Congressman James A. Burke on the accuracy of the Boston public school system's student enrollment and attendance figures, (5) to Congressman Alan Steelman on certain problems of the Cosmology Accrediting Commission, and (6) to the Secretary, HEW, on mark-sense processing of basic educational opportunity grant applications and improvements needed in the career education program.

Testimony

In November 1975 we testified before the Permanent Subcommittee on Investigations, Senate Committee on Government Operations, concerning our previous reports on the Office of Education's guaranteed student loan program. We provided the Subcommittee with background information on the program's purpose and operations and described major weaknesses.

Audit Work In Progress

At September 30, 1976, we were examining (1) the impact aid program, (2) the usefulness of Federal education assessments, (3) the basic educational opportunity grant program, (4) programs to meet the special education needs of American Indian children, (5) Federal educational assistance to institutionalized neglected and delinquent children, (6) the Federal role in developing and promoting textbooks, other curriculum materials, and behavioral modification techniques in local schools, (7) the financial viability of private higher education, and (8) accreditation as a requirement for colleges and universities to receive Federal education assistance.

Office of Human Development

Improvements Needed in Rehabilitating Social Security Disability Insurance Beneficiaries

The Social Security Act authorizes the use of social security trust funds to pay for vocational rehabilitation services to disabled beneficiaries. The beneficiary rehabilitation program's purpose is to return the maximum number of disabled beneficiaries to work so as to save benefit payments and increase beneficiaries' earnings.

As requested by the Chairman, House Committee on Ways and Means, we testified before its Subcommittee on Social Security on February 3, 1976, and later reported to the Congress that such services did not terminate benefits in most cases and that, therefore, savings attributed to the program were much overstated.

HEW generally agreed with our recommendations to improve program administration and had taken or planned steps to implement them. We also recommended that the Congress consider changing the law in several respects, including (1) changing the fixed-percentage method of financing the program to a method related to the program's success, (2) reducing disability benefits of working beneficiaries according to their demonstrated earnings capacities, rather than discontinuing all benefits when beneficiaries demonstrate the ability to earn money, and (3) rescinding the 24-month wait for Medicare eligibility for disabled beneficiaries whose benefits have been terminated but later reinstated because they could not continue working. (MWD-76-66, May 13, 1976.)

Other Testimony

On December 3, 1975, we testified before the House Select Committee on Aging on the difficulty of identifying total Federal outlays that affect the elderly. We discussed several possible means of obtaining such information and some practical problems which the Committee could consider.

Audit Work in Progress

At September 30, 1976, we were reviewing (1) the administration of the Children's Bureau, (2) vocational rehabilitation training services, (3) the impact of Federal programs on the elderly, and (4) the implementation of title III of the Older Americans Act.

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Medicaid Program

Recipients of Medicaid numbered an estimated 23.2 million in 1976 and are expected to reach 23.6 million in 1977. HEW made medical assistance grants to States totaling \$8.2 billion in 1976 and has requested \$9.3 billion for such grants in fiscal year 1977. The transitional quarter estimate for medical assistance grants is \$2.2 billion.

History of the Rising Costs of the Medicare and Medicaid Programs and Attempts to Control

These Costs: 1966-75

Between 1966 and 1975, annual Federal and State outlays for Medicaid and Medicare increased by over \$20 billion. At the request of the Chairman, Human Resources Task Force, House Committee on the Budget, we identified the source of these cost increases and described Federal efforts to control these costs. The primary reasons for these cost increases were (1) inflation, (2) increases in the number of people covered and in the use of services, and (3) additional types of services. HEW had been slow in issuing regulations to implement laws passed by the Congress and in responding to our recommendations to control costs.

We recommended that the Congress reduce costs by (1) requiring lease-purchase agreements for wheelchairs and other durable medical equipment and (2) eliminating the duplication of effort from having two different agencies pay Medicare claims. (MWD-76-93, Feb. 11, 1976.)

Improvements Needed in Managing and Monitoring Patients' Funds Maintained by Skilled-nursing Facilities and Intermediate-Care Facilities

Under Medicaid, patients in skilled-nursing and intermediate-care facilities are entitled to at least \$25 a month for personal needs. On November 13, 1975, we testified before the Subcommittee on Long Term Care, Senate Special Committee on Aging, on controls over personal funds of Medicaid patients in nursing homes. Our review, made at the request of the Subcommittee's Chairman, uncovered several problems with State and Federal controls over these funds. We recommended that HEW (1) establish minimum standards that States must follow in establishing requirements for managing patients' funds, (2) improve State monitoring of these funds by training State inspectors, and (3) encourage common

audit agreements in this area. (MWD-76-102, Mar. 18, 1976.)

Federal Fire Safety Requirements Do Not Insure Life Safety in Nursing-Home Fires

Two Chicago nursing-home fires killed 31 people during early 1976, although our review, made at the request of the Chairman, Subcommittee on Health and Long Term Care, House Select Committee on Aging, disclosed that the buildings generally complied with Federal fire safety requirements. Although local firemen responded quickly to alarms, victims died from inhaling smoke and combustion products. According to fire safety experts, automatic sprinklers would have prevented these deaths.

We recommended that the Congress require all nursing facilities to be fully protected by automatic sprinkler systems; these requirements should be waived only when stringent standards, to be set by HEW, are met. In addition, we suggested that the Department of Housing and Urban Development publicize its fire safety equipment loan insurance program and make the program more flexible.

On June 3, 1976, we testified before a joint session of the Subcommittees on Health and Long Term Care, House Select Committee on Aging and Senate Special Committee on Aging, on our review. (MWD-76-136, June 3, 1976.)

Other Reports

We reported (1) to Congressman Edward I. Koch, comparing the costs of home health care with those of institutionalization in nursing homes or hospitals, (2) to the Chairman, Senate Committee on Finance, on the use of prepaid health plans for inpatient services in California and the costs of these services, (3) to the Chairman, Subcommittee on Health, Senate Committee on Finance, on North Carolina's award of a contract to underwrite and operate its Medicaid program, and (4) to the Chairman, Subcommittee on Oversight and Investigations, House Committee on Interstate and Foreign Commerce, on HEW enforcement of institutional utilization review requirements. Reports were issued to the Secretary, HEW, on such matters as (1) the need for increased compliance with nursing-home health and sanitary standards, (2) the need to reduce administratively needy hospital days, and (3) the use of automated data systems for testing Medicaid eligibility.

Other Testimony

On July 17, 1975, we testified before the Subcommittee on Oversight and Investigations, House Committee on Interstate and Foreign Commerce, on penalty provisions of the Social Security Amendments of 1972 pertaining to institutional utilization review under Medicaid.

We testified on July 27, 1976, before the Subcommittee on Health, Senate Committee on Finance, on S. 3205, a bill to reform the administrative and reimbursement procedures for Medicare, Medicaid, and other programs.

Other Assistance to the Congress

From October 1975 through May 1976, we assisted the Subcommittee on Oversight and Investigations, House Committee on Interstate and Foreign Commerce, in a series of hearings on the Medicaid program. We updated information on the program for early and periodic screening, diagnosis, and treatment of children; analyzed accreditation reports provided by the Joint Commission for the Accreditation of Hospitals; and monitored HEW's enforcement of utilization control provisions of the Social Security Act.

Audit Work in Progress

At September 30, 1976, we were reviewing (1) collection of Medicaid payments from liable third parties, (2) identification of overstated nursing-home costs, (3) intermediate-care facilities, (4) controls over the use of noninstitutional services, (5) Medicaid insurance agreements, (6) Illinois' Medicaid program and Federal efforts to direct control over fraud and abuse, (7) selected activities at a facility in Pennsylvania, (8) establishment of reimbursement rates for clinical labs and X-ray services, (9) the availability of medical services to Medicaid recipients, (10) pre-paid health plan corporate structures, (11) the practice of requiring nursing-home patients' relatives to contribute to their care, (12) implementation of Medicaid utilization review requirements, (13) procedures for obtaining Medicaid materials and supplies in the State of Washington, and (14) HEW and State management of spend-down payments by medically needy persons.

Medicare Program

The Medicare program provides two basic forms of protection against the costs of health care for eligible persons aged 65 and over and certain others. The hospital insurance program covers inpatient hospital services and posthospitalization care in skilled-nursing facilities or the patient's home. The supplementary medical insurance program covers physician services. For fiscal year 1976 and the transitional quarter, Medicare was allocated about \$22.7 billion to cover about 24 million aged persons.

Tighter Controls Needed Over Payments for Laboratory Services Under Medicare and Medicaid

We reported to the Congress that Medicare and Medicaid often pay substantially more for laboratory services than the prices charged by independent laboratories. Sometimes physicians obtain the services from laboratories and add large markups to their bills. The Social Security Administration paid independent laboratories without determining that they were certified to perform the services charged.

We recommended that HEW (1) limit payments for laboratory services to the lowest levels at which such services are available in a locality and (2) pay only for the services of laboratories certified to provide them.

HEW, in response to our recommendations, described actions that were or would be taken. (HRD-76-121, Aug. 4, 1976.)

Delays in Processing Medicare Part B Payments to Program Participants in Florida

At the request of Senator Lawton Chiles and Congressman C. W. Bill Young, we reported on delays in Blue Shield of Florida's processing of payments under the supplementary medical insurance program. The delays were caused by a lack of managerial attention to resolving claims which could not be routinely processed.

We suggested to Blue Shield of Florida specific procedures and controls for (1) identifying and processing claims which have been on hand for longer than a prescribed period and holding section managers accountable for their prompt processing, (2) identifying and reacting to backlogs daily, and (3) improving the handling of documents.

Blue Shield agreed to adopt some of our suggestions and to study the feasibility of others. (MWD-76-70 and MWD-76-94, Mar. 19, 1976.)

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Other Reports

We reported to (1) the Chairman, House Committee on Ways and Means, on the performance of the Social Security Administration, compared with that of private contract intermediaries, in dealing with institutions providing Medicare services and (2) Congresswoman Elizabeth Holtzman on the effect of certain policies and procedures of Blue Cross and Blue Shield of Greater New York on reasonable charge reductions under the supplementary medical insurance program.

Audit Work in Progress

Work in process at September 30, 1976, included reviews of (1) the Medicare benefit structure and how selected national health insurance proposals would affect Medicare beneficiaries and (2) Social Security Administration costs for processing and paying bills of institutions providing Medicare services for 1973 and 1975.

Income Security Operations

New Child Support Legislation— Its Potential Impact and How to Improve It

Over 7 million children who have a parent absent from the home receive assistance under the aid to families with dependent children program. We reported to the Congress that (1) many millions of dollars spent to help these children could have been saved if child support payments had been obtained from absent parents, (2) several program improvements were needed, and (3) some potential existed to establish or increase support payments. Major revisions approved in January 1975 to the child support legislation could overcome program weaknesses, but problems were occurring or anticipated which could limit improvements.

HEW agreed with our recommendations to include certain data in its annual report, to help the Congress determine how much the new legislation has improved program operations. We asked the Congress to consider amending the legislation to (1) clarify evaluation and audit requirements, (2) eliminate the financial incentive intended to encourage cooperation in locating absent parents, (3) provide for consistent payment to States and localities for collecting support payments, and (4) clarify the garnishment provision. Also, we suggested that the Congress consider whether absent parents' social security numbers should be

provided to a Federal parent locator service and to the States for purposes of child support enforcement. (MWD-76-63, Apr. 5, 1976.)

More Can Be Learned and Done About the Well-being of Children

In a report to the Congress, we recommended that HEW (1) develop a system for evaluating the well-being of children and the impact of federally supported programs, (2) direct research toward problems identified by such evaluation, and (3) provide for greater dissemination of research knowledge.

We developed and used a method for measuring the progress of children accepted for protective services by welfare agencies. This method focuses on the well-being of children rather than on the number and types of services provided or available. (MWD-76-23, Apr. 9, 1976.)

Other Reports

We reported (1) to Congressman Gene Snyder on possible welfare fraud in Kentucky, (2) to the Chairman, House Committee on Agriculture, on differences in aspects of the food stamp, aid to families with dependent children, and supplemental income programs, (3) to the Chairman, Senate Budget Committee, on program integrity in selected Federal income security programs, and (4) to the Chairman, Subcommittee on Social Security, House Committee on Ways and Means, on the need for more management and leadership in determining disability. Other reports were issued on training programs for State and local public assistance employees and on problems in indirect cost reimbursement for a project awarded to an HEW grantee.

Testimony

On October 31, 1975, we testified before the Subcommittee on Oversight, House Committee on Ways and Means, on the quality control program for aid to families with dependent children.

On February 3, 1976, we testified before the Subcommittee on Social Security, House Committee on Ways and Means, on our review of State operations for determining disability under Social Security programs. (HRD-76-105, Aug. 17, 1976.)

On September 8, 1976, we testified before a joint session of the Subcommittee on Select Education, House Committee on Education and Labor, and the

Subcommittee on Children and Youth, Senate Committee on Labor and Public Welfare, on the use of foster care institutions under the aid to families with dependent children program.

Audit Work In Progress

At September 30, 1976, we were reviewing quality control and eligibility determinations for aid to families with dependent children, foster care in child care institutions, the HEW Audit Agency, the management and use of social research and development in selected Federal programs, HEW's system for reimbursing States for the Federal share of public assistance costs, and the Indo-Chinese refugee resettlement program. Other reviews in process concerned (1) emergency assistance, (2) controls over the use of consultants, (3) problems in holding hearings for disability claimants more promptly, (4) difficulties encountered by the Social Security Administration in obtaining pension data from other Federal agencies to avoid supplemental security income overpayments, (5) the effectiveness of the quality assurance program for supplemental security income, and (6) opportunities to improve information and referral services for the aged, blind, disabled, and other persons.

Veterans Administration

The current veteran population is about 29.6 million, and an additional 66.4 million family members of living veterans and survivors of deceased veterans are potential recipients of veterans benefits. During fiscal year 1976 and the transitional quarter, the Veterans Administration (VA) spent about \$25.8 billion on services to these veterans and dependents—about \$20 billion for benefits such as education, compensation, insurance, and pensions and about \$5.8 billion for health care.

Our work at VA was directed at (1) assessing problems in recruiting and retaining physicians and dentists, (2) evaluating VA's efforts to provide prompt and accurate educational assistance payments, (3) assessing the implementation of VA's computer-based compensation, pension, and education system (target system), (4) reviewing VA's health, education, and income security functions, and (5) responding to requests from Members of Con-

gress and assisting congressional committees and subcommittees.

Veterans Administration Program for Alcoholism Treatment: More Action Needed

We reported to the Congress that VA's treatment program has had little impact on the estimated 3 million veterans who suffer from alcoholism—the number one health problem in the VA hospital system. VA had not (1) established overall program goals, (2) provided central operational direction to its 71 alcoholism treatment units, or (3) committed itself to developing a comprehensive program for veterans with alcohol problems. Some of the most populous metropolitan areas with VA hospitals had no treatment units and no plans for any.

VA was generally receptive to our recommendations to correct these and other problems cited in our report and stated a number of actions it had taken or was planning to take. (MWD-76-46, Sept. 2, 1975.)

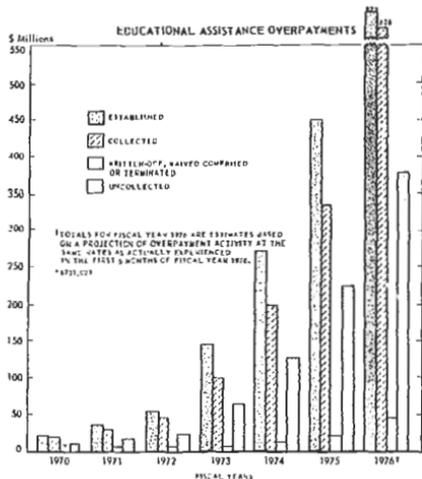
Potentially Dangerous Drugs Missing in VA Hospitals—Different Pharmacy System Needed

We reported to the Congress that large quantities of drugs which tend to be abused could not be accounted for at VA hospitals using the conventional pharmacy system—the ward stock system. Despite VA endorsement of the unit dose system, which provides better drug control, only 7 of 171 hospitals were using it.

We recommended that the Administrator establish a definite timetable for VA-wide conversion to the unit dose system. Meanwhile, we recommended, drug controls at hospitals using the ward stock system should be strengthened. VA generally agreed to our recommendations and plans to convert six more hospitals to the unit dose system in fiscal year 1977. The Administrator stated that development of a VA-wide timetable will depend on an evaluation of these conversions. (MWD-75-103, Sept. 30, 1975.)

Educational Assistance Overpayments, A Billion Dollar Problem—A Look at the Causes, Solutions, and Collection Efforts

We reported to the Congress that overpayments to veterans and their dependents under VA's educa-



The graph shows the dramatic growth in overpayments during fiscal years 1970-76.

tional assistance program have increased dramatically in recent years. As of December 31, 1975, overpayments totaled almost \$1.4 billion, of which \$446 million was overpaid in fiscal year 1975 and \$412 million in the 6 months following. In fiscal year 1976, the overpayments represented 0.7 percent of VA's total educational benefits paid, whereas, in the first 6 months of fiscal year 1976, overpayments represented 15.6 percent. Overpayments remaining uncollected had also increased dramatically, from \$8.4 million at June 30, 1970, to \$298 million at December 31, 1975.

In Los Angeles we noted that the primary causes of overpayments were veteran and school delays in reporting training changes, poor VA processing practices and issuing of special payments, and prepayment and advance payment provisions of the VA educational assistance law.

Our report included numerous recommendations to VA to eliminate the causes of overpayments and improve collection. VA recognized the causes we reported and was taking actions to solve the problems. We also asked the Congress to reconsider the merits of prepaying veterans for training and return to a postpayment system for educational benefits.

On April 8, 1976, we testified on the problem before the House Veterans' Affairs Subcommittee on Education and Training. On August 9 the Congress enacted Public Law 94-378, which eliminated the monthly prepayment of educational assistance benefits, effective June 1, 1977. (MWD-76-109, Mar. 19, 1976.)

Recruiting and Retaining Federal Physicians and Dentists: Problems, Progress, and Actions Needed for the Future

We reported to the Congress that, despite numerous programs and practices to recruit and retain physicians, VA, the Department of Defense, and the Public Health Service are having problems in this area. Except for an undocumented need for certain specialties, we found no dentist recruitment or retention problems. To provide a long-term solution to such problems, we recommended that the Congress require the Director, Office of Management and Budget, to submit within 1 year recommendations for a uniform compensation plan for all Federal physicians and dentists, including proposed implementing legislation and cost estimates. We also recommended that (1) the Secretaries of Defense and HEW identify and document critical specialties and administer the continuation pay and variable incentive pay programs in accordance with the legislation, (2) the Secretaries of Defense and HEW develop long-range plans on how physicians entering through the scholarship and university programs are to be employed, and (3) the Administrator of Veterans Affairs and the Secretaries of Defense and HEW each develop programs to identify and fulfill their physician and dentist needs. (HRD-76-162, Aug. 30, 1976.)

Other Reports

We reported (1) to the Chairman, Senate Committee on Veterans' Affairs, on the veterans educational assistance program for on-the-job training, on the implementation of certain provisions of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93-508), and on veterans' responses to our questionnaires on educational assistance programs; (2) to the Chairman, House Appropriations Subcommittee on HUD-Independent Agencies, on VA's justification for establishing four regional computer centers for its proposed target system—a

communications system which would modernize benefit claims processing, (3) to Congressmen John E. Moss and Charles Rose on the "sole brand and model" acquisition of a computer for a VA data processing center, (4) to Senator Floyd K. Haskell on the administration of the Denver VA Hospital, (5) to Congressman Bill Chappell, Jr., on the comparison of VA pharmacy prescription costs, and (6) to Congressman Les Aspin on disability retirement compensation for general flag-grad officers.

Reports were issued to the Administrator of Veterans Affairs on the need to revise the veterans assistance program in the Philippines; the possibility of overpayments to certain community nursing homes; the effectiveness of internal controls in the computer-based compensation and pension benefit system; the proposed construction of a cardiac catheterization laboratory at the Sepulveda, California, VA Hospital; VA's procurement and supply operations; and regionalized hospital-laboratory services.

Testimony

On February 18, 1976, we testified before the Senate Veterans' Affairs Subcommittee on Health and Hospitals on certain provisions of S. 2908, the proposed Veterans Omnibus Health Care Act of 1976.

Other Assistance to the Congress

At the request of the Senate Appropriations Subcommittee on HUD-Independent Agencies, we provided information on certain areas of VA's budget for the Subcommittee's use during hearings on VA's fiscal year 1977 budget.

Audit Work in Process

At September 30, 1976, we were reviewing VA's problems in recruiting and retaining medical personnel other than physicians and dentists; its affiliation program for hospitals and medical schools; its surgery services; its land transfers to medical schools; its domiciliary program; its automated clinical reporting system; the implementation of its computer-based compensation, pension, and education system (target system); its health manpower assistance program under Public Law 92-541; and its cardiac catheterization laboratories.

Other Government Health Programs

We reviewed aspects of Department of Defense health programs and the Federal employees health benefits program administered by the Civil Service Commission. From July 1, 1975 to September 30, 1976, Defense spent about \$4.5 billion on direct and indirect medical care for members and retirees of the military services and their dependents. The Federal employees health benefits program provides health insurance for about 3.1 million enrollees and about 6.2 million dependents. Government employees' contributions to various insurance plans amounted to about \$1.1 billion, while the Government's share was about \$1.7 billion.

Proposed Coordination Between Medicare and the Federal Employees Health Benefits Program

At the request of the Chairman, House Committee on Post Office and Civil Service, we reported that a joint proposal by HEW and the Civil Service Commission to provide a less expensive option to enrollees in the Federal employees program who were also covered by Medicare did not meet legislative requirements and would provide preferential treatment to a small group of Federal employees. The proposal resulted from Public Law 92-603, section 210, which prohibited payment by Medicare for any item or service covered by a Federal employees plan in which the Medicare beneficiary was enrolled.

Public Law 94-182, approved December 31, 1975, repealed section 210, as we suggested in one of the alternatives we provided the Committee, thus maintaining the previous relationship between Medicare and the Federal employees health benefits program. (MWD-75-99, Aug. 4, 1975.)

Policy Changes and More Realistic Planning Can Reduce Size of New San Diego Naval Hospital

Responding to a request of the Chairman, Subcommittee on Military Construction, Senate Appropriations Committee, we reported to the Congress that the Department of Defense's criteria used in planning the number of acute care beds for the San Diego Naval Hospital did not reflect either actual or

expected use and Defense had not fully explored the possibility of using nearby Federal or civilian facilities.

We developed a new model for determining acute care bed requirements and recommended that Defense implement a similar model and, before selecting a site, await the Congress' decision on two policy matters we were suggesting. Defense agreed to use our model, but it expressed the view that using excess acute care bed capacity at nearby Federal hospitals would impair its medical training program. The Congress directed Defense to (1) use a model like ours and (2) plan to fully utilize available beds in Federal and civilian hospitals when constructing or modernizing Defense health care facilities. (MWD-76-117, Apr. 7, 1976.)

Cost-Effectiveness Analysis of Two Military Physician Procurement Programs: The Scholarship Program and the University Program

We reported to the Congress on our comparison of the cost effectiveness of physician procurement by the Uniformed Services University of the Health Sciences with that of the Armed Forces health professions scholarship program. Our estimates, made at the joint request of Senators Wendell H. Ford and William Proxmire, showed that in fiscal year 1984, the first full year of simultaneous operation of both programs, (1) the educational cost will be \$36,784 for each scholarship program graduate and \$189,980 for each University graduate, (2) the educational costs per staff-year of expected service will be \$4,362 for scholarship graduates and \$10,232 for University graduates, and (3) the total cost per staff-year of expected service (including anticipated pay and retirement costs) will be \$21,444 for scholarship graduates and \$26,236 for University graduates.

We provided the Congress with three alternatives which, by eliminating the University, could produce equivalent numbers of physician staff-years at less expense than could both programs operating concurrently.

Defense disagreed with our use of a cost-effectiveness analysis. It stated that a cost-benefit analysis would be more appropriate, as it would recognize the intangible benefits from the University. This report served as the basis for discussion on the floor of the Senate. (MWD-76-122, May 5, 1976.)

Other Reports

Other reports covered such matters as (1) military pharmacy operations, (2) the military's drug and alcohol abuse treatment programs, (3) military medical supply procurement practices, (4) the administration of psychiatric benefits under the civilian health and medical program of the Uniformed Services and program management, (5) total Government costs involved in training physicians through the Army Forces health professions scholarship program, (6) premium rate increases for the Federal employees health benefits program, (7) methods of disseminating health plan information to Federal employees, and (8) conflicts between State health insurance requirements and contracts of Federal employees health benefit carriers.

Testimony

On December 11, 1975, we testified before the Subcommittee on Retirement and Employee Benefits, House Post Office and Civil Service Committee, on our staff study on Federal health insurance premium rate increases. (MWD-76-76, Nov. 18, 1975.)

Audit Work in Process

Work in process at September 30, 1976, at the Department of Defense included audits of the plans for medical construction in fiscal year 1977 and of the civilian health and medical program's specialized treatment facility administration, management, and effectiveness.

Ongoing reviews of the Federal employees health benefits program included the actuarial process for premium rates, the different rates of two prepaid group health plans, and Blue Cross/Blue Shield and Aetna cost containment activities. In addition, we are studying the cost of prescription drugs sold to the Federal Government.

Department of Labor

The Department of Labor had an estimated outlay of \$32.1 billion for fiscal year 1976 and the transitional quarter. The Department administers and enforces statutes to protect and improve the welfare of American workers.

Our audits were primarily of the Employment and Training Administration and the Employment Standards Administration.

Allocating Funds Under Titles I and II—Comprehensive Employment and Training Act

We reported to the Congress that the Department of Labor's methods for defining eligible areas and allocating funds under the Comprehensive Employment and Training Act had caused inconsistent funding among areas of substantial unemployment and diluted the act's impact.

Problems existed also in funding four title I concentrated-employment programs in rural areas. The Department did not establish uniform criteria to compute fiscal year 1975 funding levels. Two programs received funds not legally available to them. Also in violation of the statute, two States operated title I manpower programs as balance-of-State prime sponsors in areas also served by a concentrated employment program.

The Department generally agreed with our recommendations on funding under title II but disagreed with our recommendations on funding the rural concentrated-employment programs. (MWD-76-22, Jan. 2, 1976.)

Benefits Program for Injured Workers Under the Longshoremen's and Harbor Workers' Compensation Act

At the request of the Chairman, Senate Committee on Labor and Public Welfare, we reviewed the Department of Labor's administration of the Federal compensation program established under the Longshoremen's and Harbor Workers' Compensation Act.

The 1972 amendments to the act greatly increased the Department's workload and backlog of claims. The Department had not provided sufficient resources to meet the increased workload. Many administrative problems could be alleviated by improved management controls.

We made several recommendations on which the Department said actions were being taken. (MWD-76-56, Jan. 12, 1976.)

Formulating Plans for Comprehensive Employment Services

At the request of three committees and many Members of Congress, we reviewed how programs were planned during the first 2 years of the Comprehensive Employment and Training Act and how the Department of Labor reviewed these plans.

Some first-year problems appeared to have been solved, but improvements were needed in (1) the work of planning councils, (2) the Department's reviewing process, (3) data used by State and local authorities in selecting groups most needing employment assistance and related services, (4) methods of choosing "delivery agents" to provide training and other services, and (5) identification of shortages of labor skills.

The Department generally agreed with our findings and said action was being taken or planned to implement our recommendations. (HRD-76-149, July 23, 1976.)

Other Reports

We reported (1) to Congressman James F. Hastings on the activities of Project Reach, Inc., as an advocate and provider of services for migrant farm workers, (2) to Congressman James C. Cleveland on how the Department of Labor certified foreign workers for New Hampshire's 1974 apple harvest, (3) to Senator Lowell P. Weicker, Jr., and Congressman William R. Cotter and Robert N. Giannino on how Federal programs affect migrant and seasonal farmworkers in the Connecticut River Valley, (4) to Congressman Pierre S. du Pont on public service employment in Delaware under title VI of the Comprehensive Employment and Training Act, (5) to Congresswoman Patricia Schroeder on how Federal agencies use, administer, and enforce the Davis-Bacon Act and Service Contract Act labor standards provisions in contracting for carpetlaying in Colorado, (6) to Senator John G. Tower on the program to certify the agreements that protect employees who are affected by grants made under the Urban Mass Transportation Act of 1964, (7) to Congressman Delbert L. Latta on the use of Comprehensive Employment and Training Act funds to rehire laid-off employees in Toledo, Ohio, and (8) to the Secretary of Labor on public service employment in southwestern New York and on the Department's past and future role in offender rehabilitation.

Testimony

We testified before the Subcommittee on Manpower and Housing, House Committee on Government Operations, on May 24, 1976, on the operation of the Federal-State Employment Service System and, on June 15, on the administration of the Federal Employees' Compensation Act.

Audit Work in Process

Work in process at September 30, 1976, included reviews of comprehensive manpower services, public service employment, the summer youth program, and the Job Corps, all under the Comprehensive Employment and Training Act; veterans' employment activities; employment service activities; the unemployment insurance program; trade adjustment assistance activities; the Employee Retirement Income Security Act of 1974; the Federal Employees' Compensation Act; the Davis-Bacon Act; the Service Contract Act; and the Fair Labor Standards Act.

Occupational Safety and Health Programs for Employees

The Department of Labor's Occupational Safety and Health Administration and HEW's National Institute for Occupational Safety and Health were created to carry out the Occupational Safety and Health Act of 1970. The purpose of the act is to insure a safe and healthful workplace for every employee in the Nation.

Audit work was directed primarily toward determining whether the activities of the Administration and the Institute were insuring worker protection.

Worker Protection Must Be Insured When Employers Request Permission To Deviate From Safety and Health Standards

Employers must comply with occupational safety and health standards set by the Department of Labor, or by States operating under plans approved by Labor, unless they can provide equal or better protection to workers by other means. We reported to the Congress on weaknesses in Labor and State procedures for evaluating requests to vary from standards. We made several recommendations to the Secretary of Labor to require that better Federal and State

procedures be established for evaluating variance requests.

Although the Secretary of Labor stated that many of our recommendations had already been accomplished and described plans to implement those remaining recommendations, we do not believe Labor's actions insure the best possible worker protection. (MVID-76-19, Dec. 31, 1975.)

Hazardous Working Conditions In Seven Federal Agencies

We reported to the Congress that seven Federal agencies which employ more than half of the Federal workforce—the Defense Supply Agency; the Departments of Agriculture, Interior, the Army, the Navy, and the Air Force; and the Veterans Administration—do not have adequate procedures for identifying and correcting hazardous working conditions.

We recommended that (1) the Secretary of Labor and the heads of other Federal agencies work together to make safety and health programs for Federal employees effective, as required by the Occupational Safety and Health Act, and (2) the Congress amend



At one Department of Agriculture facility, all emergency exits had been sealed and covered over with plywood to prevent the escape of screw worms. A fire ax had been provided at one of the exits for employees to chop their way out if an emergency occurred.

the act to authorize the Department of Labor to supplement and strengthen agency safety inspections.

The agencies and the Department of Labor generally agreed with our recommendation and stated that actions had been taken or were planned to improve their programs. (HRD-76-144, Aug. 4, 1976.)

Other Reports

Other reports covered such matters as the Occupational Safety and Health Administration's approval of State plans, its need for better data on the severity and causes of worker injuries and illnesses, Federal agencies' compliance with the Occupational Safety and Health Act, and State safety and health enforcement activities.

Audit Work in Process

Work in process at September 30, 1976, included reviews of enforcement by the Occupational Safety and Health Administration and States of worker safety and health standards in the private sector, occupational health hazards in Federal workplaces, and the effectiveness of the National Institute for Occupational Safety and Health in providing scientific criteria needed by the Secretary of Labor to set health standards.

Equal Opportunity/Nondiscrimination

More Action Needed To Insure That Financial Institutions Provide Equal Employment Opportunity

At the request of Senator William Proxmire, we reported on the Treasury Department's administration of the Federal contract compliance program at financial institutions, including banks and savings and loan associations. The program, authorized by Executive Order 11246, requires Federal contractors to provide equal employment opportunity. Our report discussed several management problems: compliance reviews are being performed at only a small percentage of financial institutions, and these reviews are not meeting prescribed standards. Treasury headquarters lacks sufficient management information and is not enforcing the program according to Department of Labor guidelines. The program's credibility has been seriously impaired by Treasury's record of refraining

from legal action—even when financial institutions deliberately refused to comply with requirements.

Treasury said our report identified many deficiencies it had previously noted and sought to correct but cited a number of mitigating factors which hampered its performance.

On August 2, 1976, we testified before the Senate Committee on Banking, Housing and Urban Affairs on our review. (MWD-76-95, June 24, 1976.)

The Equal Employment Opportunity Commission Has Made Limited Progress in Eliminating Employment Discrimination

Although the Equal Employment Opportunity Commission has obtained relief for some victims of discrimination, the employment status of minorities and women has not been substantially improved. Responding to the request of the Chairman, Senate Committee on Labor and Public Welfare, we reported to the Congress and recommended to the Commission's Chairman needed improvements in management controls over program and administrative operations. To improve the Commission's operations, it must also increase the stability of its top-level management positions. (HRD-76-147, Sept. 28, 1976.)

Other Reports

We reported to (1) Congressman Ronald V. Dellums on HEW's administration of the Federal contract compliance program for colleges and universities and (2) Congressman James R. Jones on the Department of Labor's administration of the contract compliance program for construction contractors in northeast Oklahoma.

Community Services Administration

The Community Services Administration, an independent agency, was established in January 1975 by the Community Services Act to operate community action and economic development programs previously under the Office of Economic Opportunity. Agency funds for fiscal year 1976 and the transitional quarter were about \$627 million.

Need to Improve Policies and Procedures for Evaluating Community Action Agencies

Because of a limited staff, the Administration has had trouble monitoring and evaluating community action grantees. As a partial solution, the agency had required grantees to use a self-evaluation process, reducing the amount of direct Federal oversight required. However, implementation of this process has lagged because of the agency's uncertain future and its delay in adopting a new organizational structure.

We reported to the Director that (1) agency headquarters needed to improve its monitoring and its guidance to regional offices on implementing the self-evaluation process, (2) regional and headquarters offices had not established or appropriately staffed formal organizations to oversee evaluation, (3) regional offices were not obtaining and using self-evaluation and planning reports, and (4) inconsistent regional guidance contributed to disparity in the use and quality of the self-evaluation systems.

To improve control over the programs through the present evaluation system, we made several recommendations, on which the agency said actions had been taken or were in process. (HRD-76-151, July 20, 1976.)

Audit Work in Process

Work in process at September 30, 1976, included reviews of the Community Services Administration's economic development program, special emphasis poverty programs for the elderly, and the energy conservation program, as well as reviews of individual grantees requested by Members of Congress.

ACTION

ACTION was established in July 1971 to consolidate all Federal volunteer programs previously scattered throughout the Government.

The agency's domestic programs received about \$125 million for fiscal year 1976 and the transitional quarter.

ACTION's Progress Toward Meeting Its Goals

ACTION was expected to accomplish six goals for strengthening and expanding Federal volunteer services at home and abroad. We reported to the Congress that, despite some problems, ACTION was taking steps to accomplish its objectives and had been particularly successful in attracting older people for part-time volunteer service. We also reported that the Congress, in its annual review of ACTION's appropriation requests, should consider the agency's progress in developing new programs—particularly those which would use volunteers with professional and business experience to help solve community problems.



Foster Grandparent Program volunteer visits the bedside of one of the two children she attends to daily. She works at the State Hospital and Training School Winfield, Kansas.

(Courtesy of ACTION)

The agency concurred with our findings and described actions that were taken or planned. (MWD-76-4, Mar. 15, 1976.)

National Science Foundation

The National Science Foundation, an independent agency created under the National Science Foundation Act of 1950, attempts to advance scientific progress in the United States. Principal programs include funding basic and applied research projects, supporting educational activities, exchanging information, and developing methods and technologies. Fiscal year 1976 funds, including the transition quarter, totaled about \$879 million.

Opportunities for Improved Management of the Research Applied to National Needs Program

At the request of the Chairman, Special Subcommittee on the National Science Foundation, Senate Committee on Labor and Public Welfare, we evaluated the Foundation's management of the program of research applied to national needs. We reported that the program's highly qualified staff had tried to develop research responsive to national needs, and had increased its emphasis on useful research results.

We recommended improvements in developing research programs, evaluating research proposals, and planning for use of research. We also recommended that, in hiring management officials, the Foundation consider professional personnel on Civil Service Commission registers. The Foundation generally agreed with our recommendations, except on the hiring of personnel. (MWD-75-84, Nov. 5, 1975.)

Other Reports

We reported to the Chairmen of (1) the House Committee on Science and Technology, on the Foundation's administration of the science education curriculum project, "Man: A Course of Study," and (2) that Committee's Subcommittee on Science, Research, and Technology, on the treatment of peer reviewers' comments in a Foundation staff memorandum recommending support for a proposal

to develop a high school science curriculum project—"Individualized Science Instructional System."

Assistance to the Congress

At the request of the Subcommittee on Department of Housing and Urban Development and Independent Agencies, Senate Committee on Appropriations, we provided information on certain areas of the National Science Foundation's budget for the Subcommittee's use during fiscal year 1977 appropriation hearings.

In November 1975, the Foundation, in assessing its peer review system, sent opinion questionnaires to its researchers and peer reviewers. As of September 30, 1976, we were monitoring this opinion study—at the request of the Chairman, Subcommittee on Science, Research, and Technology, House Committee on Science and Technology—to insure the anonymity of the respondents and the accuracy of the results.

Audit Work In Process

At the September 30, 1976, we were reviewing (1) the effectiveness of products used in science education, (2) the accuracy and completeness of a Foundation study on its management of precollege science curriculum projects, and (3) procedures for awarding energy policy research grants.

Consumer Product Safety Commission

The Consumer Product Safety Commission was created by the Consumer Product Safety Act to protect consumers against unreasonable risks of injury, assist them in evaluating the safety of products, develop uniform product safety standards, and promote research and investigation into causes and prevention of product-related deaths, illnesses, and injuries.

Better Enforcement of Safety Requirements Needed by the Consumer Product Safety Commission

We reported to the Congress that the Commission (1) does not know whether safety requirements have been effectively implemented and (2) has not promptly

HUMAN RESOURCES

or successfully referred violators to the Department of Justice for prosecution.

We recommended that the Congress provide the Commission additional authority to fine violators and that the Commission insure that safety requirements are followed and enforced. The Commission agreed with our recommendations.

On September 9, 1976, we testified on our findings

before the Senate Committee on Commerce. (HRD-76-148, July 26, 1976.)

Audit Work in Process

Work in process at September 30, 1976, included reviews of the Commission's development of standards and its program to recall defective products and notify the public.

protection; food; housing and community development; planning, management, and control of land use; transportation systems and policies; and water-related activities. We prepare program plans for the Office, maintain a data base of audits, develop resource material to help identify areas and assignments of interest to the Congress, and monitor and coordinate all audit work related to our areas of responsibility.

Henry Eschwege is Director of this Division and Baltas E. Birkle and Max Hirschhorn are Deputy Directors.

CHAPTER TWELVE

COMMUNITY AND ECONOMIC DEVELOPMENT

Responsibilities

The Community and Economic Development Division was formed in May 1976, principally to combine the responsibility for auditing those community and economic development activities assigned to the former Resources and Economic Development Division with similar responsibilities assigned to other GAO divisions. All energy- and mineral-related audit responsibility was transferred to the newly formed Energy and Minerals Division.

We audit the Departments of Agriculture, Commerce, Housing and Urban Development, the Interior (except its energy- and mineral-related activities), and Transportation; the Department of the Army, Corps of Engineers (Civil Functions); the Environmental Protection Agency; the Small Business Administration; the Interstate Commerce, Federal Maritime, and Federal Communications Commissions; and various other agencies, boards, commissions, and councils. We also audit certain statistical programs carried out by the Office of Management and Budget and the Departments of Labor, Justice, and Health, Education, and Welfare.

In addition, this division is the lead division within GAO for all Federal programs on environmental

Audit Reports

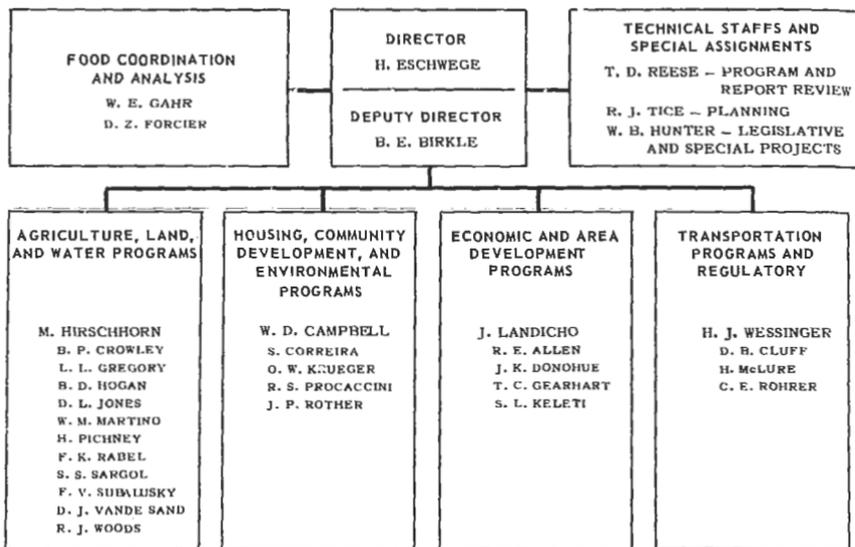
During the 15 months ended September 30, 1976, we submitted 36 reports to the Congress and 86 reports to committees or Members of Congress. We also submitted 35 reports to department or agency officials. These reports are listed in appendix 2. Table 1 shows the numbers and types of reports relating to each department and agency.

Assistance to the Congress

About 39.1 percent of the professional resources we spent represented direct assistance to the Congress, including (1) making reviews or obtaining information specifically requested by congressional committees and Members, (2) furnishing staff assistance to committees (see app. 4), (3) helping draft comments on pending legislation (see ch. 1), (4) preparing for and presenting testimony at committee hearings, and (5) discussing work plans and audit findings with committee staff.

During the period, we completed work on 393 requests received from committees and Members of Congress; at the end of the period we were still working on 133 other requests. Many of the requests were satisfied by oral reports or letters. In some cases, when the requested work related to areas already being reviewed, the requests either were or will be satisfied by furnishing copies of reports issued to the Congress or to other congressional requesters. In 23 cases, requests were satisfied by preparing statements for or presenting testimony before congressional committees or subcommittees.

COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION



SEPTEMBER 30, 1976

GAO Work on Food

With increasing demands being placed on U.S. food production, food and agriculture policies and programs continue to be a national and international concern. The objectives of our food system are to insure the American people safe, nutritious food at reasonable prices; insure the viability of the system itself; and help meet the world's food needs.

As shown by table 2, our Office issued 55 reports dealing with food during the 15-month period. Many of these reports involved other issues, and some are discussed in other sections of this publication. For example, our assessment of the national grain inspection system is summarized in the section of this chapter covering work done at the Department of Agriculture. The following summaries of some of our food-related reports illustrate the scope of our work relating to food.

Operation of the Emergency Food and Medical Services Program

At the request of the Chairman, Subcommittee on Labor and Health, Education, and Welfare, Senate Committee on Appropriations, we reviewed the operation of the emergency food and medical services program, recently renamed the community food and nutrition program.

In its reports on the fiscal year 1974 and 1975 appropriations bills, the Senate Appropriations Committee had directed the Community Services Administration to devote at least 15 percent of the program's funds to serving migrants, Indians, and seasonal farmworkers. In commenting on the supplemental appropriations bills for fiscal years 1973 and 1975, the Committee also had instructed the agency to administer the program nationally.

Some of the projects funded in the three States we reviewed were of limited benefit in improving nutri-

Table 1

	Reports submitted to				Total
	Congress	Congressional committees	Members of Congress	Agency officials	
Departments:					
Government-wide and multiagency	1	1	1	-	3
Government statistical programs	-	2	1	1	4
Agriculture	3	7	5	6	21
Army Corps of Engineers	1	-	5	-	6
Commerce	2	3	4	3	12
Housing and Urban Development	7	5	10	9	31
Interior	4	7	5	1	17
Transportation	8	7	3	6	24
Independent Agencies:					
American Revolution Bicentennial Administration	-	-	-	1	1
Appalachian Regional Commission	-	1	-	-	1
Environmental Protection Agency	3	9	3	3	18
Federal Communications Commission	1	2	-	-	3
Interstate Commerce Commission	-	-	-	1	1
Small Business Administration	5	1	2	4	12
United States Railway Association	-	1	-	-	1
Organization outside the Federal Government:					
National Railroad Passenger Corporation	1	1	-	-	2
Total	36	47	39	35	157

Table 2

Prepared by	Reports submitted to the Congress, its committees or its Members
Community and Economic Development Division	22
Logistics and Communications Division	2
Procurement and Systems Acquisition Division	2
International Division	14
General Government Division	2
Human Resources Division	9
Federal Personnel and Compensation Division	1
Field Operations Division	1
Program Analysis Division	2
Total	55

tion and the availability of food among lower income people. In addition, preaward assessments had incorrectly identified several grantees as serving migrants, Indians, or seasonal farmworkers.

We recommended that the Director, Community Services Administration,

- develop an information system to provide more accurate data on who is served by local projects and how,

- monitor grantees on-site when the information system indicates a need,
- modify program funding criteria and practices to emphasize food services for the needy, and
- after the first year of operation, provide appropriate congressional committees with an assessment of how well a new program operated by local organizations has provided emergency food and medical services to migrants and seasonal farmworkers. (HRD-76-112, Sept. 1, 1976.)

Department of Defense Beef Procurement

We reported to the Chairman of the Subcommittee on Federal Spending Practices, Efficiency, and Open Government, Senate Committee on Government Operations, on meat procurement practices and procedures of the Department of Defense. Department specifications for beef were costly, complex, and possibly more stringent than required to meet the military's needs. As a consequence, only a few meat processors sold beef to the Department. Also, since much of the beef accepted in 1975 did not meet these specifications, they did not

achieve their purpose. Because Department inspectors were insufficiently trained and inexperienced, their inspections of contractors' plants did not insure that the beef delivered met specifications. We recommended that the Secretary of Defense improve the practices and procedures for awarding and administering beef contracts, in order to

- obtain more effective competition,
- lower administrative costs by reducing procurement actions, and
- obtain meat of adequate quality at a reasonable cost.

(PSAD-76-142, May 25, 1976.)

Grain Reserves

At the request of the Chairman, Senate Select Committee on Nutrition and Human Needs, we reviewed the U.S. policy on grain reserves and summarized factors to be considered in developing a grain reserve program. The Nation can not be certain that sudden shortages like those of 1972 and 1974 will not occur again. Such shocks would tax existing food supplies and require crisis decisions on domestic price increases and allocations of food abroad, but a grain reserve, built during years of plenty and made available during lean years, could act as a buffer against unpredictable shortages. Because a reserve would be a physical source of food, it deserves serious attention by the Congress as part of a package to meet U.S. food policy objectives. (OSP-76-16, Mar. 26, 1976.)

Food Aid

We reported to the Chairman of the Special Subcommittee on Investigations, Senate Committee on International Relations, on the impact of Public Law 480 food assistance and other development programs in the Philippines, India, Korea, and Chile.

The Agency for International Development had refocused its development assistance programs to reach poor people more directly than before, when people were helped through "trickle down" aid. The title II, Public Law 480, food donation program was reaching many poor people in the countries which had ongoing programs.

However, except for certain indirect aid, it was difficult to say that the title I, Public Law 480, con-

cessional sales program was helping the poor. (ID-76-53, Apr. 22, 1976.)

Agricultural Production in Developing Countries

We reported to the Congress that Government policies and institutional factors had provided little incentive, or had acted as a disincentive, for developing countries to grow as much food as possible—despite the urgent need for more food and other countries' and institutions' efforts to help increase production. Also, food assistance from others had permitted countries to postpone removing disincentives. We recommended that the Federal agencies providing food and agricultural assistance consider the adequacy of the recipient country's self-help measures and work for concerted action among all countries and institutions to induce them to substitute production incentives for disincentives. (ID-76-2, Nov. 26, 1975.)

Testimony at Hearings

On May 13, 1976, we testified before the Subcommittee on Federal Spending Practices, Efficiency, and Open Government of the Senate Committee on Government Operations on the matters covered in our report on Department of Defense beef procurement. (PSAD-76-142, May 25, 1976.)

In June 1976, our testimony before the Subcommittee on Foreign Agriculture Policy, Senate Committee on Agriculture and Forestry, pointed out fundamental problems in the Nation's food export policy machinery:

- The agricultural reporting system fails to yield prompt, accurate projections of foreign demand—necessary to help policymakers mitigate the domestic supply decreases and price increases caused by large, lump-sum purchases.
- Current export policies—part of a broader agricultural supply management system—are incomplete, uncohesive, and insufficiently flexible to meet both domestic and international objectives and changes in food supply and demand.
- Current policy implementation is fragmented, often ill-timed, and generally lacking in rational decisionmaking based on a preselected policy use formula.

Work in Process

Reviews in process at September 30, 1976, related to waste in the food system; issues, options, and costs for revitalizing the U.S. commercial fishing industry; food prices—past and present; Federal nutrition policy and programs; food stamp program services and administration; Department of Agriculture meat and poultry inspection; concessional sales programs under Public Law 480; and research programs for increasing food production in developing countries.

Government-Wide and Multiagency Activities

Many of our reports for the period involved activities shared by several Federal agencies; however, most of them are classified according to the agencies principally responsible. Two of our reports on Government-wide or multiagency activities are summarized below.

Information on the New Community of Soul City, North Carolina

At the request of Senator Jesse Helms and Congressman L. H. Fountain we examined the financing and operations of the new community of Soul City, North Carolina. We obtained information on the project's history, physical development and current status, and the sources and amounts of Federal, State, and local financial aid going directly to Soul City or to the surrounding municipalities for the city's benefit. We also reported on various allegations made about the project.

The Department of Housing and Urban Development and the Community Services Administration had deviated from their established procedures in awarding or administering some grants, a loan, and a loan guarantee given to Soul City organizations. Also, a statistical sample of expenditures of the Soul City organizations showed that 25 percent did not meet one or more of our tests for allowability.

We recommended that the Secretaries of Housing and Urban Development; Health, Education, and Welfare; and Commerce and the Director of the Community Services Administration (1) recover all unallowable grant and contract expenditures made

to date and (2) insure that adequate controls exist to prevent unallowable transactions in the future. (RED-76-50 & 52, Dec. 18, 1975.)

Progress and Problems in Giving Rural Areas First Priority When Locating Federal Facilities

Section 901(b) of the Agricultural Act of 1970, as amended, requires all executive agencies to give priority to rural areas when locating new offices and other facilities. This legislation has had little effect on Federal employment in rural areas. Only 3 of the 21 agencies we surveyed had fully complied with the requirement.

Because agencies need congressional guidance to deal with the complexity of selecting sites, we recommended that the Congress (1) have agency representatives and others report their site selection requirements, problems, and improvements and (2) provide additional guidance on priorities. We recommended also that, if the Congress does not modify or repeal section 901(b):

- Overall leadership and coordination responsibility be assigned to one agency.
- Each agency establish an affirmative action plan to establish the policy and procedures required by the section.
- The Administrator of General Services (1) incorporate the requirement of section 901(b) in Executive Order 11512, which governs the acquisition of Federal space and (2) revise the procedures for selecting public building sites so they do not favor urban areas.
- The Secretary of Agriculture delineate rural areas in accordance with the prescribed definition. (CED-76-137, Sept. 7, 1976.)

Government Statistical Programs

The Federal Government spends about \$550 million annually for its principal statistical programs and employs about 8,600 people in its major statistical agencies. The statistical programs relate to all activities, including agriculture, commerce, health services, education, and labor. The statistics are used by both business and government to formulate policy, allocate funds, make decisions, and plan eco-

conomic activity. We are addressing the availability, accuracy, and burden to the public of these statistical programs because of the interest of the Congress, the business community, and the general public.

Case Study of Department of Labor and Office of Management and Budget Activities Under the Federal Reports Act

The Federal Reports Act requires the Office of Management and Budget to approve certain executive agency forms used to collect information from the public. OMB is to insure that the information is needed by the agency and does not duplicate other information being obtained by Federal agencies.

In a report to the Senate Committee on Government Operations, we made recommendations to correct

- weaknesses and problems in OMB's structure, its procedures for approving forms, and its enforcement of the act,
- problems in OMB's guidelines and requirements prescribed for the agencies, and
- certain weaknesses and problems in the Department of Labor's clearance procedures and the exchange of information.

The Director of OMB accepted some recommendations; stated that others were already a part of the Office's procedures, which he believed were adequate; and rejected others.

The Assistant Secretary of Labor for Administration and Management generally agreed with our recommendations for changes in the Department's forms clearance process. (GGD-75-85, July 24, 1975.)

Programs to Reduce the Decennial Census Undercount

The Bureau of the Census estimated that the 1970 census undercounted the population by 2.5 percent, or 5.3 million people. This undercount rate varied throughout the country; therefore, it could not be applied locally. We recommended that the Census Bureau assess and, if necessary, increase its efforts to develop estimates of local undercounts.

The Census Bureau did not include a factor for illegal aliens in its "true" population estimate. We recommended that the Bureau develop methods for

estimating illegal aliens and include them in future estimates of the true population.

We recommended further that the Bureau consider using a simplified population questionnaire and mail carriers for followup coverage, as possible ways to improve coverage. This review was made at the request of the Chairman, House Committee on Post Office and Civil Service. (GGD-76-72, May 5, 1976.)

Testimony at Hearings

We testified in October 1976 before the Subcommittees on Oversight Procedures and on Reports, Accounting, and Management, Senate Committee on Government Operations, on our report on activities under the Federal Reports Act. (GGD-75-85, July 24, 1975.) We testified in June 1976 before the Subcommittee on Census and Population, House Committee on Post Office and Civil Service, on our report on the decennial census undercount. (GGD-76-72, May 5, 1976.)

Audit Work in Process

At September 30, 1976, we were fulfilling congressional requests to review (1) the present status of OMB's efforts to carry out its Federal Reports Act responsibilities, (2) public opinion surveys conducted or sponsored by certain Federal agencies, and (3) the adequacy of industrial capacity utilization statistics prepared by three Federal and four private organizations.

Department of Agriculture

The Department of Agriculture, through about 20 constituent agencies and more than 80,000 employees, administers various programs to (1) strengthen the agricultural economy through food and fiber production and marketing activities, (2) improve nutrition through family food assistance programs, child nutrition programs, and nutrition research and education, (3) protect the environment through land, water, and forest conservation activities, and (4) make rural areas a better place to live and work through rural development and extension activities. The Department's budget authority for carrying out these and other activities during the 15 months ended September 30, 1976, was about \$17 billion.

Assessment of the National Grain Inspection System

We reported to the Chairman of the House Committee on Agriculture and of the Subcommittee on Foreign Agricultural Policy, Senate Committee on Agriculture and Forestry, that (1) the national grain inspection system had serious problems, (2) the Department of Agriculture, as overall supervisor, had been unable to insure the integrity of a system operated by a widely dispersed group of over 100 State and private agencies and trade associations, and (3) an essentially all-Federal inspection system was needed to (a) restore integrity and confidence in the inspection system, (b) standardize inspection procedures and operations, (c) eliminate actual and potential conflicts of interests by being independent from the private sector, and (d) increase foreign trade or at least reduce chances of customers choosing to buy from other sources.

We recommended that the Congress establish an essentially all-Federal grain inspection system, incorporating sampling, grading, and weighing services, which would start immediately at problem locations; move as soon as possible to port elevators; and after sufficient experience is gained, extend to major inland terminals. We recommended also that the system be financed through fees.

We recommended that, in developing standards and procedures for the system, the Congress consider several matters, including:

- Prohibiting conflicts of interest and imposing appropriate penalties for violations.
- Establishing adequate controls and procedures for sampling and weighing grain.
- Improving grain grading accuracy and uniformity through continuing research and training.
- Establishing (1) uniform standards for recruiting, training, and supervising inspectors and (2) a rotation program and work production standards for inspectors.

Agriculture officials emphasized the Ford administration's desire to continue the structure of the national grain inspection system but agreed with most other aspects of our recommendations.

We also recommended that the Secretary of Agriculture improve procedures for handling complaints from foreign buyers of U.S. grain and intensify research and development on the official U.S. grain standards. Agriculture concurred and outlined ac-

tions it was taking or would take. In June 1976 the Secretary established an export quality and weight review group to improve handling of foreign inquiries about quality or weight discrepancies. In October 1976 the Congress enacted the U.S. Grain Standards Act of 1976, which was heavily influenced by our report. (RED-76-71, Feb. 12, 1976.)

Federal Role in Alleviating Agricultural Producers' Crop Losses

Two Department of Agriculture programs—the Federal Crop Insurance Corporation's crop insurance program and the Commodity Credit Corporation's direct-payment program—protect agricultural producers somewhat against loss of income when specified crops are damaged by natural disasters or other uncontrollable hazards.

In a report to the Congress, we (1) pointed out some inconsistencies in the direct-payment program, (2) described the current insurance program, and (3) provided information on the Ford administration's proposed legislation to expand the insurance program and repeal the payment program. The Department estimated that the proposed legislation would save the Government \$259 million annually.

The proposed legislation has considerable merit, but various other options are available. We discussed the main options and their advantages and disadvantages to producers and to the Government and the taxpayers, and we presented a number of matters for the Congress to consider.

The Department agreed with our findings on the limitations of the direct-payment program and said it strongly supported the proposed legislation. (RED-76-91, May 4, 1976.)

Program Needed To Overcome Problems Impeding Economic Improvement of Small-Farm Operations

We reported to the Congress that the Department of Agriculture and the land-grant colleges, which are responsible for agricultural research, needed to make a more concerted effort to solve problems impeding the economic improvement of small-farm operators. We recommended that the Department:

- Identify those small-farm operators who could improve their operations by using available technology and more efficient management.

- Provide the Congress with estimates of the costs and benefits of training and technically assisting such farmers.
- Examine the potential for research to improve the economic position of small-farm operators.
- Consider the priority of such research in relation to other federally funded agricultural research.
- Establish procedures for (1) evaluating the economic and social impact of future research on existing farms and (2) determining the assistance small-farm operators would need to plan for and adjust to the resulting changes.

The Department disagreed with our recommendations. However, legislation in line with our recommendations was passed by the Senate (S. 2823) to assist small farmers in upgrading their operations. The House did not act on this legislation in the 94th Congress, but the bills are expected to be reintroduced in the next session. (RED-76-2, Aug. 15, 1975.)

Personnel Management Improvements Initiated or Needed To Help Farmers Home Administration Meet Its Missions

The Chairmen of the Subcommittees on Rural Development and on Agricultural Credit and Rural Electrification, Senate Committee on Agriculture and Forestry, asked us to determine if the Farmers Home Administration (1) had enough employees with diverse backgrounds and abilities to carry out the agency's greatly expanded missions and (2) was serving the public efficiently.

We reported that:

- The agency had not recruited enough employees with backgrounds other than in agriculture to fully implement some of its newer nonfarm programs.
- The amount of training provided county office employees varied considerably from State to State.
- The agency had enlisted the aid of the Joint Financial Management Improvement Program in developing a new system for determining staff needs.
- The agency planned to improve service and help reduce its cost to the agency and to rural

borrowers by (1) changing the method of providing loan funds from a one-time deposit in a non-interest-bearing, supervised bank account to a multiple-advance system, (2) publicizing opportunities to use more commercial lenders in joint financing and loan guarantee programs, and (3) evaluating revised instructions to overcome loan packaging problems.

We recommended that the agency (1) continue emphasizing the benefits of hiring employees with diverse backgrounds, (2) develop minimum training requirements and insure that they are met, (3) initiate a training and publicity program to inform employees and lenders of the benefits of joint and guaranteed financing, and (4) evaluate the effectiveness of the revised loan packaging instructions in reducing delinquency rates.

The Department said that Farmers Home had initiated or planned actions to accomplish the intent of our recommendations. (RED-76-16, Sept. 10, 1975.)

Testimony at Hearings

We testified on October 7, 1975, before the Subcommittee on Agricultural Research and General Legislation, Senate Committee on Agriculture and Forestry, on our observations on the food stamp program. (RED-75-342, Feb. 28, 1975.)

On February 20, 1976, we testified before the Subcommittees on Foreign Agricultural Policy and on Agricultural Production, Marketing, and Stabilization of Prices, Senate Committee on Agriculture and Forestry, on our evaluation of the national grain inspection system. We also briefed members of the House Committee on Agriculture on our report and provided information to the Senate Committee on Agriculture and Forestry for use during its markup sessions and during the House and Senate conference on legislation to revise and improve the inspection system. (RED-76-71, Feb. 12, 1976.)

In June 1976 we testified before the Subcommittee on Family Farms and Rural Development, House Committee on Agriculture, on our report on obstacles to the economic improvement of small-farm operations and what the Department of Agriculture could do to remove them. (RED-76-2, Aug. 15, 1975.)

Other Assistance to the Congress

At the request of the Chairman, Joint Economic Committee, we provided information on

- the laws which provide for Federal support of agricultural research,
- the organizations involved in that research,
- the diversity of the research conducted,
- the sources of funds for the research, and
- the principal techniques that the Department of Agriculture and State institutions use to manage agricultural research.

(RED-76-92, Apr. 9, 1976.)

Also, we provided the Chairman, Senate Committee on Agriculture and Forestry, with a report on our analysis of timber industry views on the economic effects that proposed forestry legislation would have on the industry and the general public. The Chairman requested the analysis for consideration during Senate floor debate on S. 3091—a bill entitled "National Forest Management Act of 1976." The industry's contentions were generally unsupported and open to question—particularly with respect to decreased timber supply, unmet housing goals, wasted old-growth timber, and higher housing costs. (CED-76-123, June 15, 1976.)

We also provided information and assistance to Members of Congress on such forestry matters as land acquisitions, payments of forest receipts to States in lieu of taxes, maintenance of camps and trails, and ski area user fees.

Audit Work in Process

At September 30, 1976, we were reviewing food price trends, the need for continuous inspection of meat and poultry processing plants, the effectiveness of agricultural research management, the identification and recovery of food stamp overissuances, controls over food stamp vendors' receipts and deposits, the effectiveness of the food stamp work registration requirement, the distribution of commodities for the school lunch program, efforts to curb soil erosion on U.S. agricultural lands, issues and problems in Forest Service timber management planning, rural economic and community development programs, the water supply and waste disposal program, and the business and industrial loan program of the Farmers Home Administration.

Department of Commerce

The Department of Commerce fosters, serves, and promotes the Nation's economic development and technological advancement by: promoting progressive business policies and growth; assisting States, communities, and individuals toward economic progress; strengthening the Nation's international economic position; improving man's comprehension and uses of the environment; assuring effective use and growth of the Nation's scientific and technical resources; and promoting a sound American merchant marine.

During the 15-month period ended September 30, 1976, the Department had about 35,700 employees and incurred obligations of about \$2.3 billion, including about 14,000 employees and about \$650 million in incurred obligations applicable to the National Oceanic and Atmospheric Administration.

Action Is Needed Now To Protect Our Fishery Resources

Many species important to the fishing industry are being depleted through overfishing and widening of United States coastal zones. The National Marine Fisheries Service was established in 1970 to protect marine resources and promote fishing, but progress has been slow in achieving a coordinated management approach to the problem.

We suggested that the Congress consider enacting legislation to give the Secretary of Commerce authority to impose management measures in fisheries under domestic jurisdiction if measures are not promptly implemented by the States. Shortly after our report was issued, the Congress enacted the Fishery Conservation and Management Act of 1976, which gives the Secretary this authority.

We also suggested that the Congress consider amending the Fish and Wildlife Act of 1956 to establish priorities for using the fisheries loan fund, and encourage the transfer of vessels from fisheries which have more than needed to maintain their harvest.

In addition, we made several recommendations to the Secretary of Commerce to strengthen the management of U.S. fisheries. The Secretary said our recommendations were appropriate until more basic management problems were resolved. (GGD-76-34, Feb. 18, 1976.)

Need for a National Ocean Program and Plan

At the request of the Chairman of the Senate Committee on Commerce, we reported on the administration of marine science activities and oceanic affairs.

Twenty-one organizations in six departments and five agencies were involved in marine science activities and oceanic affairs. Independent experts, as well as the various Government departments and agencies, disagree on whether this organizational framework is effective or should be changed.

Because of the oceans' vital role in the Nation's welfare, economic self-sufficiency, and national security, a national ocean program and plan is needed, as is a determination of the organizational structure which would best accomplish it. The disagreement among experts about the current structure's effectiveness emphasizes the need for such a plan.

Shortly before the Congress adjourned, S. 3889 was introduced in the Senate to consolidate several of the agencies into a new department responsible for the Nation's common property resources. (GGD-75-97, Oct. 10, 1975.)

Audit Work in Process

Reviews in process as of September 30, 1976, concerned Federal programs to develop and maintain a viable U.S. merchant fleet; the effectiveness and management of the minority business program; creation of jobs in economically lagging areas; financial assistance to firms authorized by the Trade Act of 1974; the U.S. fishing industry; and the metric system.

Department of Housing and Urban Development

The Department of Housing and Urban Development (HUD) administers programs related to (1) housing production and mortgage credit, (2) housing management, and (3) community planning and development.

During the 15-month period ended September 30, 1976, the Department had about 14,960 employees and received appropriations totaling about \$9.0 billion.

Meeting Application and Review Requirements for Block Grants Under Title I of the Housing and Community Development Act of 1974

At the request of the Chairman, Subcommittee on Housing and Urban Affairs, Senate Committee on Banking, Housing and Urban Affairs, we examined the problems which HUD and localities had in meeting application and review requirements of the Housing and Community Development Act of 1974. One of the act's objectives is to give the poor greater choices of housing opportunities and avoid undue concentrations of welfare recipients in areas with a high proportion of low-income persons. The act requires each applicant for building subsidies to certify that its community development program gives the highest feasible priority to activities benefiting low- or moderate-income families.

We reported that:

- As of May 7, 1976, HUD had issued no criteria or instructions for determining whether community development programs met the requirements.
- Applications omitted information relating to the certifications, as well as to identification of urgent-needs activities, and completion of housing assistance plan forms.
- The proposed housing programs of three applicants did not further the objective of avoiding concentrations of assisted persons in low-income areas.
- Information in 10 additional housing assistance plans was inadequate for HUD to determine whether they were sufficiently directed toward this objective.

We made several recommendations to the Secretary of HUD aimed at solving these problems. We also recommended that the Subcommittee consider clarifying to what extent, and under what circumstances, federally assisted housing may be built in areas having high concentrations of low-income persons, minority populations, and publicly assisted housing. (RED-76-106, June 23, 1976.)

Ineffective Environmental Assessment Efforts for Proposed Projects

In the 5 years since passage of the National Environmental Policy Act, the Department of Housing and

Urban Development had not developed an adequate program for assessing the environmental impacts of projects proposed for its approval.

Contrary to the Department's policies and procedures, its offices had approved many projects without preparing normal or special environmental clearances to assess their environmental impacts or to determine whether environmental impact statements should be prepared. When such clearances were prepared, the project files often did not contain adequate information to (1) show which factors, such as air and water quality, had been considered and (2) justify the type of clearance prepared. Several environmental impact statements prepared for project proposals were of limited usefulness to the Department's offices in planning and decisionmaking.

We recommended in a report to the Congress that the Department

- elevate the environmental function to the highest practical organizational level,
- emphasize to management the need to give higher priority to complying with requirements of the National Environmental Policy Act of 1969,
- require clearance personnel to make more effective use of the environmental expertise available in other Federal, State, or local agencies, and
- set up a program to periodically instruct personnel in performing adequate clearances.

The Department disagreed generally with our findings and proposals for corrective action.

The Housing and Community Development Act of 1974 established a block grant program to replace the categorical grant programs and required local communities to assess the environmental impact of their projects. Considering the Department's lack of emphasis on assessing environmental impacts when approving projects, we suggested that the Congress consider how effectively localities are carrying out the environmental review responsibilities for proposed projects. (RED-75-393, July 22, 1975.)

Leased-housing Programs Need Improvements in Management and Operations

HUD and local housing authorities need to improve their operation, management, and administration of the leased-housing programs—original (section 23), revised (section 23), and new (section 8). HUD estimated that fiscal year 1974 Federal assistance of

about \$209 million would be provided to local housing authorities for leasing units.

We reported to the Congress that:

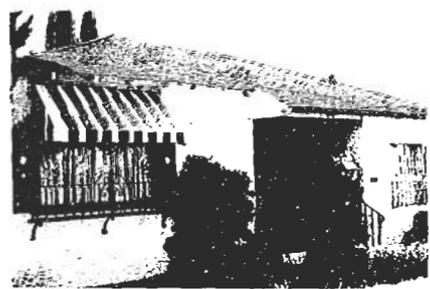
1. Many leased units did not comply with local standards and building code requirements and/or were in neighborhoods with high crime rates, deteriorated housing, rat infestation, or other undesirable elements. Some local housing authorities inadequately inspected or did not inspect leased housing before, and/or periodically after, leasing to insure that the units were decent, safe, and sanitary.
2. Improvements were needed to limit HUD's annual contributions to the amounts required for comparable, newly constructed, publicly owned housing projects.
3. HUD needed to make more effective use of authorizations to lease existing housing units.

We made a number of recommendations for improving (1) the regulations governing the housing units leased or to be leased under the original and revised programs and (2) HUD's management and administration of these programs.

Although HUD agreed with our recommendations relating to the new leasing program and adopted regulations to address these issues, it still needed to take several actions to improve the original and revised programs. (RED-75-380, July 11, 1975.)

Using Independent Public Accountants to Audit Public Housing Agencies—An Assessment

In 1972 and 1973 HUD began supplementing its own audit staff with independent public accountants



GAO auditor interviewing a leased-housing tenant in Oakland, Calif.

in auditing recipients' records of Federal funds under five housing and community development programs. The greatest use of these accountants has been in HUD's low-rent housing program.

We reported to the Congress that, of 11 independent accountants involved in 15 audits, none had adequately reviewed all 17 compliance areas called for in their contracts. Some of the work done by two accountants in forming opinions on financial statements may not have met standards of the American Institute of Certified Public Accountants.

Many of these deficiencies were overlooked by HUD monitoring. Also, HUD had not periodically analyzed the accountants' reports to identify problems common to housing agencies.

We recommended that the Secretary of HUD:

- Revise the audit guide to explain more clearly to independent accountants what is expected in compliance reviews.
- Assure that such accountants (1) know of HUD's list of current handbooks governing housing agencies and (2) can confirm financial information applicable to their audits.
- Make training courses available to these accountants to familiarize them with HUD regulations for auditing housing agencies.
- Instruct HUD reviewers to improve the quality of their reviews and to reject audit reports not containing required supplemental financial statements.
- Identify common housing agency problems warranting HUD's attention.

HUD agreed with most of our recommendations and began revising its audit guide and taking other corrective actions. The Office of Management and Budget agreed to draw other Federal agencies' attention to the findings disclosed in our report. (CED-76-133, Aug. 23, 1976.)

Testimony at Hearings

We testified before the Subcommittee on Manpower and Housing, House Committee on Government Operations, in July 1975 on the effectiveness of HUD's oversight of Federal subsidies paid under the section 235 homeownership assistance program and in September 1975 on HUD's management and disposition of foreclosed multifamily properties.

In November and December 1975, respectively, we testified before the Subcommittee on Housing

and Urban Affairs, Senate Committee on Banking, Housing and Urban Affairs, and the Subcommittee on Housing and Community Development, House Committee on Banking, Currency and Housing, on the national flood insurance program. In September 1976, we testified before the same Senate Committee regarding our draft report on the secondary mortgage market activities of the Government National Mortgage Association.

Audit Work in Process

Audit work in process at September 30, 1976, included reviews of HUD's experimental housing allowance program, mortgage underwriting practices, fair housing compliance and enforcement efforts, need for more equitable real estate tax assessments and formulas for allocating community development block grants, and the Federal Housing Administration's financial statements

Department of the Interior

The Department of the Interior administers over 500 million acres of Federal land and has trust responsibility for approximately 50 million acres of land, mostly Indian reservations. In addition, the Department's activities include conserving and developing mineral and water resources; promoting mine safety and efficiency; conserving, developing, and utilizing fish and wildlife resources; coordinating Federal and State recreation programs; and preserving and administering the Nation's scenic, historic, and recreational areas. The Department is also responsible for the socioeconomic development of U.S. territories and the administration of programs serving American native peoples.

For the 15-month period, the Department's 21 agencies had a work force of about 58,600 and a budget of about \$3.4 billion.

Improvements Still Needed in Coal Mine Dust-Sampling Program and Penalty Assessments and Collections

The Department of the Interior reported that 94 percent of the active underground coal mine sections were meeting the 2.0-milligram standard established by the Federal Coal Mine and Safety Act as the

acceptable dust level. The Senate Committee on Labor and Public Welfare asked us to review the dust-sampling program to determine the validity of its procedures and the accuracy of the Department's report.

We reported to the Congress that the program had many weaknesses which precluded determining how many mine sections were complying with the established dust standards.

In line with our recommendations, the Department stated that:

- A study would be made to determine the accuracy and reliability of dust measurements.
- Dust-sampling equipment would be improved.
- Better inspection procedures would be developed.
- Proper sampling procedures would be discussed in more detail during training sessions for mine officials, and the Department would work with the United Mine Workers of America and coal mine officials to help miners better understand the dust-sampling program.

As we had found in the past, penalty assessments, settlements, and collections continued to be late and inconsistent and the penalties collected were lower than originally assessed and were a questionable deterrent to violations. Also, the Department could not insure that all violations were assessed, settled, and/or collected.

After our review, the Department again revised its penalty assessment, settlement, and collection procedures and stated that the revisions should correct most of the problems we noted. (RED-76-56, Dec. 31, 1975.)



GAO auditors taking dust measurements in a 20-inch seam 4 miles inside a coal mine.

Better Federal Coordination Needed To Promote More Efficient Farm Irrigation

In some areas of the country, demand for water is approaching or exceeding supply. Agricultural irrigation is the largest use, accounting for about 83 percent of the water consumed in the United States.

Of the 8.5 trillion gallons of water delivered to farms by the Bureau of Reclamation in 1973, less than half was productively used on crops. Over-irrigation limits crop production by removing valuable nutrients from the soil; increases farming costs by requiring more maintenance, pumping, and drainage; and contributes to water pollution by washing salts from the soil into streams and rivers and reducing streamflow and oxygen levels necessary for aquatic life.

We reported to the Congress that Federal agencies did not have comprehensive data to measure damage from overirrigation or the contributions to the problem by various factors, such as low-cost water or inaccurate estimates of when to irrigate and how much water to use.

We recommended that Federal agencies coordinate to (1) develop more complete data on the problems of inefficient irrigation, (2) measure how much specific factors contribute to the problem, and (3) identify the Government's role in alleviating the problems and the agencies best structured to administer the programs.

The main effort to encourage more efficient irrigation on Federal projects had been through the Bureau of Reclamation's irrigation management program—a computerized scheduling service to help farmers determine when and how much to irrigate their croplands. We recommended that, to accelerate voluntary implementation of this program, the Departments of Agriculture and the Interior jointly develop objectives, policy recommendations, and action plans to educate and assist farmers who wish to improve their irrigation. We also recommended that the Bureau (1) review irrigation management services to develop a more flexible, comprehensive program, (2) direct greater attention to setting objectives and benchmarks and increase field visits in demonstration projects, so the benefits can be clearly measured and shown to farmers, and (3) require more carefully tailored approaches to demonstrating the program, including identification of regional and national benefits. (RED-76-116, June 22, 1976.)

Testimony at Hearings

On July 25, 1975, in joint hearings of the Conservation, Energy and Natural Resources Subcommittee of the House Committee on Government Operations and the Energy and Environment Subcommittee of the House Committee on Small Business, we testified on our report, "Concession Operations in the National Parks—Improvements Needed in Administration" (RED-76-1, July 21, 1975) and on the administration of the National Park Service's contract with Landmark Services, Inc., which provides a tour bus service in Washington, D.C.

In December 1975 we testified before the Subcommittee on Conservation, Energy and Natural Resources, House Committee on Government Operations, on our report that the Bureau of Reclamation could improve its procedures and practices for computing cost ceilings and project estimates. (RED-76-49, Nov. 17, 1975.)

On March 30, 1976, at the request of the Senate Committee on Labor and Public Welfare, we testified on our reports entitled "Improvements Still Needed in Coal Mine Dust-Sampling Program and Penalty Assessment and Collections" (RED-76-56, Dec. 31, 1975) and "Analysis of Closure Orders Issued Under the Federal Metal and Nonmetallic Mine Safety Act of 1966" (RED-76-64, Feb. 12, 1976).

On August 31, 1976, we testified before the Subcommittee on Conservation, Energy and Natural Resources, House Committee on Government Operations, on our objectives and scope in reviewing the selection of sites for Federal dams.

Other Assistance to the Congress

On the basis of our November 1975 report and hearings held on that report in December 1975, the House Committee on Government Operations submitted a report to the House of Representatives on the Bureau of Reclamation's indexing procedures for computing authorized cost ceilings on water resources projects. We helped prepare the report that was adopted by the full Committee.

Audit Work in Progress

Audit work in progress at September 30, 1976, included reviews of (1) the administration of the Federal Metal and Nonmetallic Mine Health and Safety Act, (2) the effectiveness of the Bureau of Land

Management's procedures to review and revoke obsolete public land withdrawals, (3) the opportunity purchase program of the National Park Service, (4) Bureau of Indian Affairs efforts to improve Indian education, (5) Federal funding for the Navajo Reservation, (6) problems at the Big Thicket Preserve in Texas, (7) the policies, procedures, and practices used by Federal agencies to select dam sites, (8) the 1975 National Water Assessment, and (9) the effectiveness of water resources planning under the Act of 1965.

Department of Transportation

For the 15 months ended September 30, 1976, the Department of Transportation had an estimated budget outlay of \$16 billion to provide fast, safe, and efficient air, highway, rail, and urban mass transit systems and to operate the U.S. Coast Guard. It had 108,200 employees—72,500 civilians and 35,700 members of the U.S. Coast Guard.

Unsafe Bridges on Federal-Aid Highways Need More Attention

We reported to the Congress that, at the rate the Federal Highway Administration's special bridge replacement program was providing funds, replacing the estimated 7,000 structurally unsound bridges and 25,000 functionally obsolete bridges on federally assisted highways would take about 80 years. The Administration estimated that it would cost about \$10.4 billion to replace all 32,000 unsafe bridges on the Federal-aid highways.

The fact that few States have included many bridge replacement projects in their Federal-aid highways programs indicates a need for Federal leadership in planning and setting priorities for highway construction projects.

Also, bridge replacement data was not compiled centrally and related to the unsafe bridges, preventing comprehensive analysis, planning, and reporting by the agency.

We recommended that the Highway Administration (1) exercise more leadership to get States to consider replacing or improving unsafe bridges and (2) improve its bridge inventory data. The Department of Transportation agreed that unsafe bridges needed more attention but said that additional actions

were not needed by the Federal Highway Administration. It also said the Highway Administration had taken steps to improve bridge inventory data. (RED-75-385, July .)

Improvements in the Safety of Motor Vehicles

We reported to the Chairman, Senate Committee on Commerce, that our studies of vehicle accident data from North Carolina and New York showed that national safety standards introduced through model year 1970 had reduced deaths and serious injuries in accidents in those States. Little further improvement resulted from the occupant protection standards introduced in the 1971-73 model cars, despite the added cost of \$850 million.

To find out what implications these results might hold for the Nation, we estimated the number of occupant lives which might have been saved nationwide. We made certain assumptions, such as (1) the data results from North Carolina were representative of the Nation and (2) all model years of cars were exposed to accidents in proportion to the number on the road.

We concluded that the 1966-70 standards may have saved about 28,230 lives between 1966 and 1974. The value of these safety benefits, based on the dollar value of human life estimated by others, is greater than the money spent on safety improvements for those years.

The Department of Transportation believed our conclusion about recent model years needed to be more fully supported. We consider our conclusions, in light of the assumptions made, justified on the basis of the evidence developed in the two States. (CED-76-121, July 7, 1976.)

Federal Aviation Administration's Airport Certification Program May Not Have Resulted in Safe Airports

We reported to the Congress that the Federal Aviation Administration's certification program had upgraded airport safety but that its standards had been developed without detailed research and analysis of their costs and their effect in improving safety. This lack of objective basis for the standards prevented us from determining whether the safety level at airports was adequate.

We recommended that the Administration (1) re-evaluate the bases of its safety standards, (2) make standards more specific, (3) adopt a standard for measuring runway friction, (4) inspect airports on site before certifying them, (5) develop standards for airports with limited certificates, and (6) include commuter air carriers in its certification program.

The Administration concurred in part but said:

- It needed more tests before adopting a standard for runway friction.
 - Overall standards were not needed for airports awarded limited certificates.
 - It needed additional legislative authority to include commuter airline airports in its certification program.
- (RED-76-5, Aug. 8, 1975.)

Factors To Be Considered in Setting Future Policy for Use of Inland Waterways

Historically, the Federal Government has financed virtually the entire cost of developing and maintaining the Nation's inland waterways but has always permitted their free use for commerce and recreation.

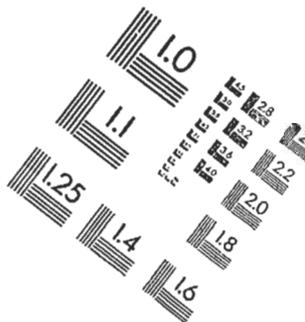
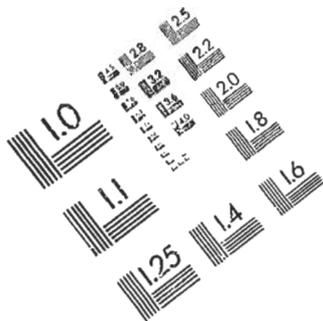
We reported to the Congress that use of waterways had expanded to the point where important locks had become inadequate to handle all traffic and that further growth, augmented by Federal subsidies, would intensify congestion and increase the loss of productive time. If the Federal Government charged carriers, (1) waterways operation and maintenance costs would be recovered, (2) some traffic would be shifted to other modes of transportation, relieving congestion at locks and lessening pollution, and (3) energy would be saved. We urged that the Congress consider these factors in deciding whether to continue allowing free use of the inland waterways or adopt the President's proposal for imposing user charges. (RED-76-35, Nov. 20, 1975.)

Opportunities for Improving the Effectiveness of Rapid Transit Grants

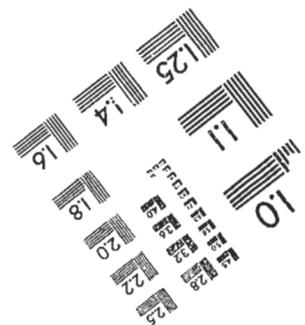
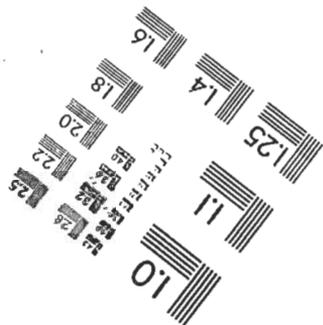
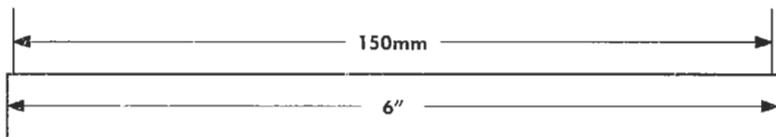
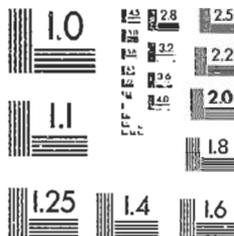
The Urban Mass Transportation Administration had provided grants to help purchase about 2,400 rapid transit cars for U.S. cities, without knowing the reliability of the equipment.

In a report to the Congress, we recommended that, before making such grants, the Administration require

IMAGE EVALUATION
TEST TARGET (MT-3)



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3 of 4



grantees to show (1) that new equipment meets specific reliability requirements and (2) that technology new to a transit system and not to be used in the immediate future is needed. We also recommended that the Administration develop an information collection and dissemination system, so technological problems can be easily identified, classified, and met with specific research and development.

The Administration generally agreed with our recommendations and said that it had taken corrective action in several areas. (RED-76-75, Mar. 10, 1976.)

Information Available on Estimated Costs To Rehabilitate the Nation's Railroad Tracks and Summary of Federal Assistance to the Industry

At the request of the Chairman and the ranking minority member, Subcommittee on Federal Spending Practices, Efficiency and Open Government, Senate Committee on Government Operations, we analyzed data on railroad track conditions and estimated rehabilitation costs. We also summarized the direct Federal assistance provided to the railroad industry from 1970 through June 30, 1975—about \$4 billion—and research and development undertaken by the Federal Railroad Administration.

Although there had been several studies on track conditions, none had been comprehensive enough to be a valid measure of conditions across the country. There was little assurance that future Federal funds would be provided where needed, when needed, or in the amounts needed.

For the past 5 years about three-fourths of the Federal funds for aiding railroads has represented emergency assistance to bankrupt carriers. Also, research and development projects of the Federal Railroad Administration have increasingly addressed current technological, economic, and management problems of the railroads. Since fiscal year 1970, \$209 million has been appropriated for the agency's research and development activities. (RED-76-44, Nov. 21, 1975.)

Audit Work in Process

As of September 30, 1976, we were reviewing Federal and State efforts to improve motor carrier safety, and Federal programs to meet the transportation needs of the elderly, the handicapped, and

people in rural areas. We were also looking into the Interstate Commerce Commission's railroad enforcement and compliance program, and actions taken to alleviate the small shipments problem.

Department of the Army Corps of Engineers (Civil Functions)

The civil works functions of the Corps of Engineers include interrelated programs of water development designed to improve national waterways and preserve water and its ecosystems as natural resources. Efforts are diversified among other water-related fields in areas of navigation, flood damage prevention, hydroelectric power production, water supply, shore protection and preservation, estuaries, and recreational projects. The Corps received a total of \$2,266,400,000 in congressional appropriations for the 15-month period and employed about 28,378 full-time and 4,096 part-time people to carry out its civil functions.

Federal Efforts To Extend Winter Navigation on the Great Lakes and the St. Lawrence Seaway— Status and Problems to be Resolved

We reported to the Congress that, during the 4 years of the program to show the feasibility of extending the navigation season, winter traffic had been extended in some of the Great Lakes. Much of the traffic, however, was not a direct result of the program.

Major problems to be resolved before the practicability of a permanently extended navigation season on the Great Lakes and the St. Lawrence Seaway could be judged conclusively were (1) the competing use of the waterways during the winter season by power and navigation interests, (2) a lack of a plan of action coordinated with Canada, and (3) potential environmental damage.

Also, the program's preliminary economic analysis did not realistically portray the potential benefits and costs of a permanently extended navigation season.

We recommended that the Secretary of the Army require the Corps to

- include in its funding requests and in reports to the Congress information on all participating agencies' use of their regular appropriations for the demonstration program,
- resolve problems between power and navigation interests,
- work toward an agreement with Canada on joint participation in extended-season operations,
- finish assessing the expected environmental impact of extended-season navigation, and
- resolve our questions on benefit and cost computations prepared for the program.

The Corps has prepared two reports on the program since the issuance of our report, both of which reflect modifications based on some of our recommendations. (RED-76-76, Apr. 20, 1976.)

Audit Work in Process

At September 30, 1976, we were reviewing (1) the environmental effects of Corps dredging activities, (2) ways to obtain more efficient use of municipal and industrial water supplies, (3) the latest benefit and cost data for the extended-navigation season on the Great Lakes, (4) engineering proposals to rehabilitate Locks and Dam 26, (5) the issues associated with diverting Wellton-Mohawk Project Water, and (6) methods to improve flood control operations.

Environmental Protection Agency

The overall mission of the Environmental Protection Agency (EPA) is to protect and enhance the Nation's environment by conducting research, establishing and enforcing environmental protection standards, and providing funds for States and municipalities to construct sewage treatment plants. EPA also underwrites the administrative costs of local pollution control agencies and helps finance the cost of local planning for pollution abatement and control.

During the 15-month period, the agency spent \$4.3 billion and employed a staff of about 9,550 to administer programs related to water, air, solid waste, pesticides, noise and radiation.

Federal, State, Local, and Public Roles In Constructing Waste-Water Treatment Facilities

At the request of the Chairman and the ranking minority member of the Subcommittee on Conservation and Natural Resources, House Committee on Government Operations, we reviewed selected aspects of the administration of EPA's grant program, which pays 75 percent of the cost of constructing municipal waste treatment facilities.

We recommended a number of improvements, including (1) reminding the regional offices awarding sewer system grants, which will increase the flow to treatment plants, to make sure the plants will not be overloaded, (2) instructing the regional offices to monitor projects nearing completion, brief grantees on the data needed to close out those grants, and begin collecting data for closing out grants when construction is finished, rather than waiting for the grantee's request for final payment, and (3) requiring that defects noted during final inspections be corrected before final payment. EPA generally concurred with our recommendations. (RED-76-45, Dec. 5, 1975.)

Federal Programs for Research on the Effects of Air Pollutants

We reported to the Chairman, Subcommittee on the Environment, Senate Committee on Commerce, that much more research was needed on the health and ecological effects of air pollutants before national standards for air and ground vehicle emissions could be evaluated and standards set for other pollutants.

We recommended that EPA (1) periodically estimate the resources needed for an adequate research program, (2) establish criteria or guidance for setting research priorities, (3) develop an air pollution control strategy to facilitate better research planning, and (4) better coordinate air pollution research done by other Federal agencies.

In response, EPA stated that in fiscal year 1976 it had begun to submit annually to the Congress a 5-year plan which projects research program needs. Included in that plan were guidance and criteria for setting research priorities. EPA also said it was developing an air pollution control strategy and programs for more effective interagency air research coordination. (RED-76-46, Dec. 11, 1975.)

Federal Pesticide Registration Program Did Not Adequately Protect Consumers From Pesticide Hazards

We reported to the Congress that the American consumer has not been adequately protected from the potential hazards of pesticide use because of inadequate efforts to implement Federal laws. Authority for regulating pesticides to insure that only effective pesticides which will not harm man and the environment are used is contained in the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, and the Federal Food, Drug, and Cosmetic Act, as amended.

EPA (1) registers pesticides which meet its standards for safety, efficacy, and labeling and (2) sets tolerances for the amount of pesticides which may remain in food or feed. The Food and Drug Administration of the Department of Health, Education, and Welfare samples food and feed in interstate commerce and may remove from commerce those which contain residues exceeding established tolerances.

We recommended that, during its reregistration of all pesticides mandated by the 1972 amendments to the pesticide act, EPA identify pesticide registrants whose safety, environmental impact, and efficacy studies are not available; notify them; and cancel the registration of those pesticides for which the studies are not submitted within a reasonable time. We further recommended that EPA (1) correct pesticide labeling deficiencies and establish procedures to insure that all pesticides are adequately labeled, (2) require periodic reviews of all pesticide tolerances and insure that total human exposure to each pesticide residue in food does not exceed the acceptable daily intake, (3) cancel the registration of food-crop pesticides for which tolerances have not been approved, (4) reimplement the 5-year registration renewal program to insure that each pesticide is periodically reviewed for compliance with labeling and data requirements, and (5) determine its needs for funds, personnel, facilities, equipment, and training to administer the pesticide programs and bring those needs to the attention of the Congress.

We recommended that the Food and Drug Administration (1) expand its surveillance program to test over a period of years all pesticides with tolerances

and (2) coordinate with EPA on all future samplings of pesticide residues in food.

EPA generally agreed with our findings and said that many of the problems would be corrected by its new registration regulations or by changes in existing programs. EPA said, however, that, because of limited staff and time, it would not require the full range of data to support reregistration under the 1972 amendments to the pesticide act. The Department of Health, Education, and Welfare said it would coordinate future pesticide monitoring activities with EPA but did not agree with our recommendation to periodically test for all pesticide residues in food. (RED-76-42, Dec. 4, 1975.)

Progress and Problems in Implementing the National Water Pollution Control Program

In a report to the Subcommittee on Investigations and Review, House Committee on Public Works and Transportation, we pointed out that EPA needed to take various actions before the national permit program created by the 1972 amendments to the Federal Water Pollution Control Act could become the key to cleaning up the Nation's waterways. These actions included (1) issuing thousands of additional permits, (2) resolving lawsuits challenging a majority of the industrial effluent limitation guidelines, (3) adjudicating appeals of permit conditions by many dischargers, (4) determining dischargers' adherence to permit conditions and taking enforcement actions against noncompliers, and (5) reissuing expiring, short-term municipal permits and modifying almost all other municipal permits to reflect achievable or changing permit conditions. We also pointed out that, through no fault of their own, many dischargers might be unable to meet the July 1, 1977, water quality requirements of the act.

We recommended that EPA encourage and assist the States in assuming the permit program. We recommended also that the Subcommittee propose legislation giving EPA the authority to (1) exempt dischargers which minimally impair water quality from obtaining permits and (2) extend in necessary cases the July 1, 1977, deadline for meeting water quality requirements. The agency agreed with our findings. (RED-76-60, Feb. 9, 1976.)

Testimony at Hearings

We testified in January 1976 before the Subcommittees on Oceanography and on Fisheries and Wildlife Conservation and the Environment, House Merchant Marine and Fisheries Committee, and in April 1976 before the Subcommittee on Oceans and Atmosphere, Senate Committee on Commerce, on the administration of the Marine Protection, Research, and Sanctuaries Act of 1972 (commonly referred to as the Ocean Dumping Act). We stated that regulation of the ocean dumping program had been ineffective.

We testified in February 1976 before the Subcommittee on Investigations and Review, House Committee on Public Works and Transportation, on (1) EPA's progress and problems in implementing the national water pollution control permit program, pursuant to the Federal Water Pollution Control Act Amendments of 1972, and (2) the results of our past and current reviews of EPA's grant program for constructing municipal waste treatment facilities.

We also testified in April 1976 before the Subcommittee on Oversight and Investigations, House Committee on Interstate and Foreign Commerce, on EPA's monitoring of the exhaust emission controls of vehicles actually on the road. EPA had made only limited progress in carrying out the provision of the Clean Air Act relating to the control of emissions from automobiles actually on the road.

In September 1976, before the Subcommittee on Investigations and Review, House Committee on Public Works and Transportation, we commented on our review of the construction of a sewer system project in Suffolk County, Long Island, New York. Neither EPA nor the State of New York had done much to inspect project construction.

Audit Work in Process

Work in process at September 30, 1976, included reviews of EPA's (1) waste treatment construction grant program, (2) water pollution control planning, (3) control of nonpoint sources of water pollution, (4) disinfection of municipal water supplies and wastewaters, (5) progress towards controlling and eliminating the ocean dumping of municipal wastes, (6) implementation of the Noise Control Act of 1972, (7) special pesticide registration activities, (8) progress in meeting primary ambient air quality standards, (9) sewage sludge utilization and disposal, (10) personnel health monitoring programs, (11) radiation standards

setting and monitoring, (12) automobile fuel economy testing program, and (13) monitoring of exhaust emission controls of vehicles actually on the road. We were also investigating the effects of leaching from land disposal sites.

Federal Communications Commission

The Federal Communications Commission was created by the Communications Act of 1934 to regulate interstate and foreign communications by radio, television, wire, cable, and satellite. The Commission's responsibilities during fiscal year 1976 and the transition quarter were carried out by about 2,100 employees, and its appropriations totaled about \$63 million.

Information Reported by Federal Organizations on the Purpose, Duration, and Cost Associated With Cable Television

In connection with ongoing hearings, the Chairman, Subcommittee on Communications, House Committee on Interstate and Foreign Commerce, asked us to obtain information on the purpose, duration, and cost of system planning, construction, operation, experimentation, and research associated with cable television.

We reported that information received from 18 Federal organizations showed that about \$11.3 million in contracts and grants had been spent for cable television and that about \$9.7 million in guaranteed loans had been approved. In most cases, the agencies had not issued specific guidelines for using the funds, nor had they coordinated their activities with the other agencies. We observed that, if an Office of Telecommunications policy circular had been implemented, information on the funding of cable television would have been more readily available. (CED-76-149, Sept. 15, 1976.)

Audit Work in Process

At September 30, 1976, we were making several surveys of programs and activities of the Federal Communications Commission; however, none had progressed to the point of determining whether a detailed review and report were warranted.

Small Business Administration

The Small Business Administration provides financial, procurement, and management assistance to small businesses, development companies, and small business investment companies. It also provides financial assistance to victims of floods or other catastrophes. The Administration had about 4,600 employees and incurred obligations of about \$1.5 billion during the 15-month period ending September 30, 1976. At the end of the period, the Administration had outstanding loans totaling \$7.6 billion.

Our audits at the Administration concerned several major loan and guarantee programs. Most of our work was done in response to Public Law 93-386, which required a full-scale audit of the Administration.

Need To Improve the 7(a) Loan Program

Under section 7(a) of the Small Business Act, SBA guarantees and makes direct loans to small businesses. The 7(a) program is the agency's largest.

We reported to the Congress that SBA

- had approved loans for questionable purposes, such as transferring risk from banks and other creditors to the agency itself,
- in certain cases, had not analyzed prospective borrowers' financial condition adequately or verified the adequacy of collateral,
- after loans were made, had not acted effectively to increase the chances of borrower success and loan repayment.

SBA generally agreed with our recommendations and either began or planned actions to correct the problems cited. (GGD-76-24, Feb. 23, 1976.)

Improvements Needed in Management Control Functions

In a report to the Congress we pointed out that (1) tighter requirements would strengthen the disclosure and review of employees' financial interests, (2) organizational and procedural changes could improve the audit and review functions, and (3) improvements were needed in SBA's management reports system.

We recommended that the Administrator

- revise the rules and regulations on standards of conduct by developing criteria to determine which employees have responsibilities which warrant the filing of financial disclosure statements,
- issue specific guidelines clearly defining the duties and responsibilities of the standards-of-conduct counselors and the ad hoc committee on standards of conduct, and
- improve the audit, examination, investigation, and review functions for SBA program activities, through organizational and procedural changes.

We also suggested that the Administrator have the SBA steering committee study the management reporting system and that the reports management division and the systems division expand their attempts to include report users in decisionmaking which affects the reporting system, paying particular attention to the needs of regional and district officials.

SBA agreed with our recommendations concerning the need for more stringent rules and regulations on standards of conduct and for an improved reports management information system. Actions have either been taken or are in process. SBA also agreed with our recommendations to improve the audit, investigation, and review functions. It recognized the need to obtain more staff for the internal and external audit divisions.

This report was the eighth and last in our full-scale audit of the Small Business Administration. (GGD-76-74, Aug. 23, 1976.)

Testimony at Hearings

On February 23, 1976, we testified before the Senate Select Committee on Small Business on the results of our review of SBA's 7(a) loan program.

On March 9, 1976, we testified before the Subcommittee on Small Business, Senate Committee on Banking, Housing and Urban Affairs, on our reviews of SBA's 8(n) procurement and lease guarantee programs. Our testimony questioned the effectiveness of the 8(a) procurement program, and projected substantial losses for the lease guarantee program.

We again testified on May 6, 1976, before the Senate Select Committee on Small Business on our review of SBA's 502 local development company program. We informed the Committee that, while the program was making capital available to many

small businesses, other objectives of the authorizing legislation often had been subverted.

Audit Work in Process

At September 30, 1976, we were reviewing (1) the small business investment company program and (2) the effectiveness of Federal management services and technical assistance provided to small businesses.

National Railroad Passenger Corporation (AMTRAK)

AMTRAK was created by the Congress in 1970 as a for-profit corporation to operate and revitalize the Nation's intercity rail passenger service. AMTRAK operates about 35 routes covering some 25,000 miles, including 4 routes that service points in Canada and Mexico. As of 1975, AMTRAK had incurred an operational loss in every fiscal year since its first, 1972. The total Federal subsidy for that period amounted to \$634.6 million.

How Much Federal Subsidy Will AMTRAK Need?

The Chairman, Subcommittee on Oversight and Investigations, House Committee on Interstate and Foreign Commerce, at the request of the House Rules Committee, asked us to assess the reasonableness of AMTRAK's projected operations and need for Federal funds for fiscal years 1976-80.

AMTRAK has needed and will continue to need considerable Federal funding to survive. AMTRAK's projected revenues were optimistic and its expenses understated. Many items were not supported by

documentation, and the 5-year plan should have shown a greater need for Federal assistance. We estimated that the required Federal funding from 1976 through 1980 would be at least \$6.2 billion, including operating costs, capital investment, and right-of-way improvements. We recommended that, in the future, AMTRAK avoid deficiencies in estimation and make in-depth studies of the actions necessary to estimate ridership. (RED-76-97, Apr. 21, 1976.)

Quality of Rail Passenger Service Still Hampered by Inadequate Maintenance of Equipment

The AMTRAK Improvement Act of 1974 requires us to report to the Congress annually on AMTRAK activities. We selected maintenance activities for our first review because, after 4½ years, U.S. rail passengers still could not expect consistent service, on schedule, in clean and comfortable cars.

For the public to be provided with acceptable service, AMTRAK must take more aggressive action to minimize its longstanding and well-publicized problems. Many of these problems related to the repair and maintenance of passenger cars, locomotives, and other equipment necessary to keep trains operating. AMTRAK's program to improve maintenance has been costly, ineffective, and slow.

The President of AMTRAK generally agreed with our recommendations to help correct the deficiencies and stated that actions were being taken to implement most of them. (RED-76-113, June 3, 1976.)

Audit Work in Process

At September 30, 1976, we were reviewing AMTRAK's management of its incentive contracts with the railroads.

Department of Justice

The chief functions of the Department of Justice are to enforce the Federal laws; represent the Government in legal matters; help State and local governments reduce crime; confine, support, and rehabilitate Federal offenders; administer the immigration and naturalization laws relating to the admission, exclusion, deportation, and naturalization of aliens; and control narcotics and dangerous drug abuse. It conducts all suits in the Supreme Court in which the United States is concerned, supervises the Federal penal institutions, and investigates violations of Federal law. The Attorney General directs the activities of the U.S. attorneys and U.S. marshals at various judicial districts. The Department has about 50,000 employees, and its projected expenditures were about \$2.1 billion during the 12-month period ended June 30, 1976.

Our audits at the Department of Justice concerned principally law enforcement assistance, rehabilitation of Federal offenders, narcotics and dangerous drugs, entry and deportation of aliens, and Federal law enforcement efforts. Much of our work was done in response to congressional requests.

Federal Bureau of Investigation

The Federal Bureau of Investigation (FBI) investigates violations of Federal statutes, collects evidence in cases in which the United States is or may be an interested party, and performs other duties imposed by law or Presidential directive.

If a violation of Federal law allegedly has occurred, the FBI will investigate and present its findings to the appropriate U.S. attorney or Department of Justice official, who will then determine whether further action is warranted.

In 1976 the FBI gave highest priority to white-collar and organized crime. Its resources totaled about \$459 million and 20,000 employees.

FBI Domestic Intelligence Operations

At the request of the Chairman of the House Judiciary Committee, we began reviewing FBI operations. The Chairman specifically requested that we first review the FBI's domestic intelligence operations.

We reported to the Congress that various changes are needed in these operations, which are too broad

CHAPTER THIRTEEN

GENERAL GOVERNMENT OPERATIONS

Responsibilities

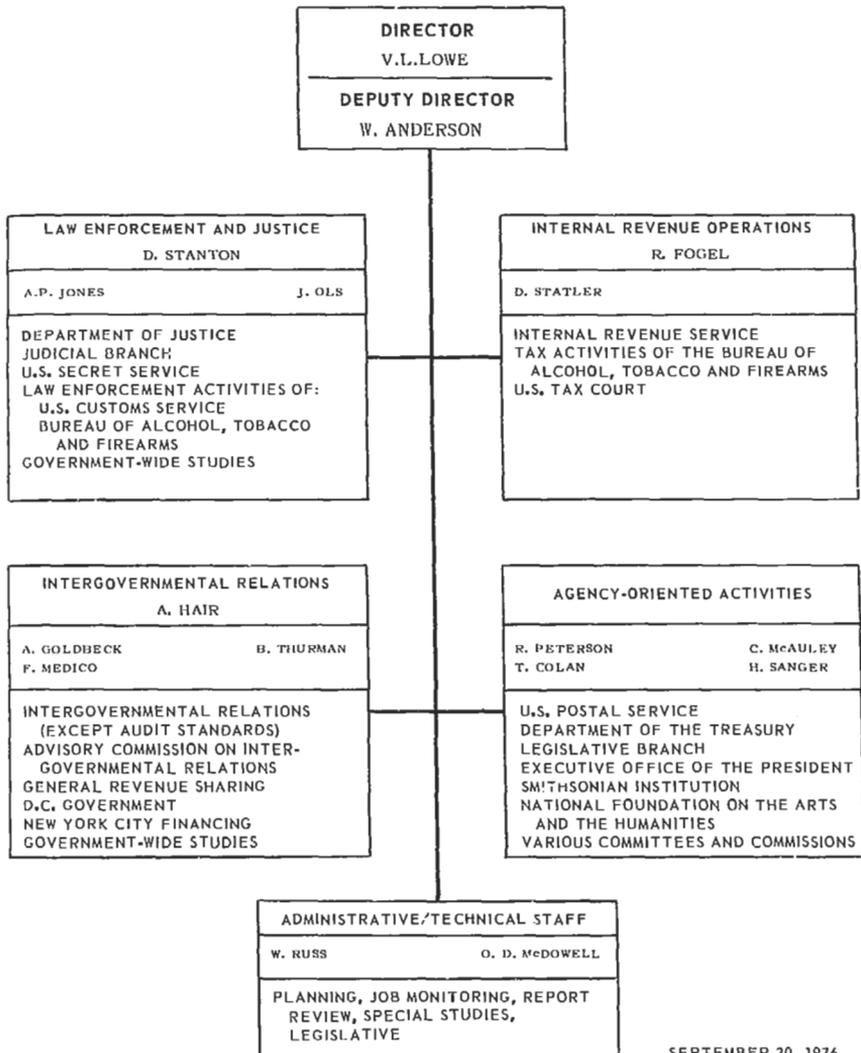
The General Government Division is responsible for audit work at the Departments of Justice and the Treasury, the District of Columbia government, the United States Postal Service, the judicial and legislative branches, and various other agencies and commissions. It is also responsible for work concerning Federal, State, and local intergovernmental relations.

The Director of the Division is Victor L. Lowe and the Deputy Director is William J. Anderson.

Audit Reports

During the 15-month period ended September 30, 1976, we submitted 85 reports to the Congress—21 to the Congress, 33 to congressional committees, 19 to Members of Congress, and 12, on activities of the legislative branch, to officers of the Congress. We sent 35 reports to department or agency officials. A list of these reports is included in appendix 2. Table 1 shows the numbers and types of reports relating to each agency.

GENERAL GOVERNMENT DIVISION



SEPTEMBER 30, 1976

GENERAL GOVERNMENT OPERATIONS

Table 1

	Reports submitted to					Total
	Congress	Congressional committees	Members of Congress	Officers of Congress	Agency officials	
Departments:						
Justice	9	3	4	-	7	23
Treasury—other than tax and law enforcement	-	3	2	-	1	6
Internal Revenue Service	-	6	-	-	-	6
Independent agencies:						
District of Columbia government	1	5	-	-	17	23
National Foundation on the Arts and the Humanities	-	1	-	-	-	1
United States Postal Service	2	7	13	-	7	29
Other:						
Intergovernmental relations	2	1	-	-	-	3
Executive Office of the President	-	1	-	-	-	1
Revenue sharing	5	3	-	-	-	8
Judicial branch	1	-	-	-	-	1
Legislative branch	1	3	-	12	3	19
Total	21	33	19	12	35	120

in scope and investigate too many people. The authority for these operations is also unclear.

We recommended that the Congress enact legislation which would (1) clarify the authority under which the FBI would be able to conduct such operations, (2) limit the types of groups and individuals warranting investigation and the extent of investigations, (3) limit the extent to which the Attorney General may authorize the FBI to take nonviolent emergency measures to prevent the use of force or violence in violation of Federal law, and (4) require the Attorney General to periodically advise and report to the Congress on several specified matters, to assist it in exercising continuous oversight. We also made several recommendations concerning these areas to the Attorney General.

The Department of Justice agreed with and has taken steps to implement some of our recommendations, particularly through the 1976 Attorney General's guideline for controlling the FBI's domestic intelligence operations. We commented on these guidelines to the Chairman of the House Judiciary Subcommittee on Civil and Constitutional Rights (GGD-76-50, Feb. 24, 1976.)

Testimony

In September 1975 we testified before the Subcommittee on Civil and Constitutional Rights, House

Committee on the Judiciary, on the preliminary results of our review. In February 1976 we testified before the same Subcommittee on our final results and on how the Department of Justice's guidelines addressed major problems.

In January 1976 we testified before the Senate Select Committee on Intelligence on the FBI's domestic intelligence operations.

Audit Work in Process

Audit work in process at September 30, 1976, included reviews of the FBI's investigations and accomplishments, investigative indexes, and internal review and inspection operations.

Immigration and Naturalization Service

The Immigration and Naturalization Service is responsible for enforcing and administering Federal immigration and nationality laws. This responsibility includes inspecting aliens before admission to the country; adjudicating requests for benefits; preventing illegal entry; investigating, apprehending, and removing illegal aliens; and examining applicants for citizenship.

During the 12-month period ended June 30, 1976, the Service's resources totaled about \$209 million and 8,355 employees. The Service has stated that illegal

alien entries are growing faster than its manpower resources and that, unless the economic incentive for aliens to come here illegally is removed, the problem, which is already far beyond Service capabilities, will become totally insoluble.

Public Expenditures for Newly Arrived Immigrants

We reported to the Congress that the Departments of Justice and State, and the Congress, must act to reduce the likelihood of newly arrived immigrants receiving public assistance. Aliens were also acquiring grounds for permanent-resident status while in violation of immigration law.

We recommended that the Departments of Justice and State improve the screening of immigrant visa applications. We also recommended that the Congress (1) amend the Immigration and Nationality Act to prevent newly arrived immigrants from receiving welfare benefits and (2) enact legislation to prevent aliens in illegal status from gaining grounds for being recognized as permanent residents. (GGD-75-107, July 15, 1975.)

Smuggling, Illicit Documents, and Schemes Are Undermining U.S. Controls Over Immigration

We reported to the Congress that, by employing professional smugglers or using illicit documents, numerous aliens are able to enter and remain in the United States illegally. Many illegal aliens are also engaging in schemes to obtain legal resident status. Several problems restrict U.S. controls. We made

legislative and administrative recommendations to strengthen the Immigration and Naturalization Service's capability. (GGD-76-83, Aug. 30, 1976.)

Drug Enforcement Administration

The primary responsibility for Federal drug law enforcement lies with the Drug Enforcement Administration (DEA) of the Department of Justice. It is responsible for suppressing illicit traffic, and regulating legal trade, in narcotics and dangerous drugs. The Drug Enforcement Administration submitted an appropriations request of \$162 million for fiscal year 1977. Other Federal agencies involved in drug abuse control include the Department of State; the U.S. Customs Service, Department of the Treasury; and the Immigration and Naturalization Service.

Methadone Treatment: Abuse and Diversion

Methadone—an addictive synthetic drug with a high potential for abuse—is used primarily in treating heroin addiction. At the end of 1974 about 115,000 patients were receiving methadone maintenance and detoxification treatment in 739 programs. Responsibility for overseeing medical and treatment standards in treatment programs rests with the Food and Drug Administration, Department of Health, Education, and Welfare; DEA is responsible for preventing diversion.

We reported to the Congress that the Food and Drug Administration needed to take decisive enforce-



Frank Pitts, Carl Trieler and Arnold Jones discuss law enforcement along the U.S. border with Customs Patrol Officers.

ment action against violative programs. The agency frequently delayed evaluating inspection reports on treatment programs and notifying those programs with violations that official remedial action was required. Enforcement action could be implemented more smoothly and quickly if conditional, instead of final, operating approval was granted to new treatment programs until a comprehensive onsite inspection had been passed.

We reported that improved coordination between DEA and the Food and Drug Administration was needed in regulating methadone treatment programs.

The Departments of Justice and of Health, Education, and Welfare concurred with our recommendations, except for the use of conditional approvals. (GGD-76-51, Mar. 9, 1976.)

**Federal Drug Enforcement:
Strong Guidance Needed**

Federal drug law enforcement efforts have for years suffered from fragmented organization and resulting interagency conflicts. Efforts to resolve these problems have failed.

At the request of the Chairman, Senate Permanent Subcommittee on Investigations, Committee on Government Operations, we reviewed selected areas of drug law enforcement, including various agencies' methods and results and the extent of interagency cooperation. Each enforcement agency has impressive statistics, but these are not necessarily accurate measures of enforcement effectiveness. Different enforcement methods have been used by the law enforcement agencies, but it is difficult to determine whether one approach is superior to another. One of these methods, buying evidence, is particularly controversial, and DEA needs to develop an overall policy covering its intent and expected success when using these funds, so that indiscriminate buying is minimized.

To achieve a more cooperative environment among the enforcement agencies, we recommended that the Attorney General (1) require the Director of the FBI and the Administrator of DEA to reach a formal understanding of the Bureau's role in assisting DEA and to develop operational guidelines for cooperation at the working level and (2) require DEA to emphasize gathering and providing to the U.S. Customs Service information and intelligence to intercept illicit drugs at U.S. ports and borders. (GGD-76-32, Dec. 18, 1975.)

Audit Work in Process

Work in process at September 30, 1976, included audits of (1) the effects of methadone diversion in New York City, (2) the Federal heroin suppression programs in Mexico, (3) Federal law enforcement programs along the Southwest U.S. border, (4) DEA's science and technology activities, and (5) the storage and disposition of property seized by selected Federal law enforcement agencies.

**Law Enforcement Assistance
Administration**

The primary responsibility of the Law Enforcement Assistance Administration is to assist States and local governments to improve their criminal justice systems and reduce crime. Since 1969, the agency has awarded more than \$4 billion for these purposes.

**Conditions in Local Jails Remain
Inadequate Despite Federal Funding
for Improvements**

Funds from the Administration's block grant program have been used for constructing and renovating local jails. A review of 22 of these jails in 3 States showed that using Federal funds had not adequately improved overall jail conditions and that national standards for the physical adequacy of local jails were needed.

Our report to the Congress recommended that the Administration and the States jointly develop standards for jails and stated that the Administrator should not permit block grant funds to be used for improving local jails if the applicant does not submit a plan showing how the jail will be brought up to these standards.

The Department of Justice said the block grant concept placed primary responsibility on the States, which would encourage them to formulate corrections standards. Since such action would not improve the jail situation in those States not willing to change, we recommended that congressional committees discuss with the Justice Department whether the block grant concept allows agreed-upon minimum standards to be applied nationally for federally funded projects or whether additional clarifying legislation is needed. (GGD-76-36, Apr. 5, 1976.)

State and County Probation: Systems in Crisis

Probation, placing criminal offenders in the community instead of in prison, is the most widely used correctional activity. It is basically a State and local activity, but the Federal Government provides funds as part of the Law Enforcement Assistance Administration program.

We reported to the Congress that probation systems were not protecting society and rehabilitating offenders very well. Information was inadequate for sentencing, only about 23 percent of the probationers completed a treatment program, and probation officers had excessive caseloads. Although the Administration could help make improvements, the priority given to probation in the criminal justice system needed to be evaluated.

The Department of Justice generally agreed with our findings and recommendations and noted a series of actions the Administration would take or was taking to implement them. Generally, the States and localities agreed with our conclusions and recommendations relating to the need to improve probation systems. (GGD-76-87, May 27, 1976.)

Testimony

In February 1976, we testified before the Subcommittee on Crime, House Committee on the Judiciary, on what we viewed as the progress and problems of the Law Enforcement Assistance Administration program. At the time of our testimony, the Subcommittee was beginning to deliberate whether to extend that program. We suggested revising the program to emphasize systematic research and evaluation of what works to fight crime.

Audit Work in Process

Reviews underway at September 30, 1976, at the Law Enforcement Assistance Administration included assessments of the impact of learning problems on juvenile delinquency and the agency's progress in implementing recommendations of our previous reports.

Bureau of Prisons

As of June 30, 1976, the Bureau of Prisons had about 8,000 employes and a \$203 million annual budget to provide care, custody, and correction for about 25,000

prisoners in 56 Federal institutions and 5,000 prisoners in contract facilities.

Prison Construction

We reported to the Congress that the Bureau of Prisons' long-range planning process for improving the Federal penal system needed improvements to assure that the proper number and types of prisons will be built. Principal needs included a better developed and documented long-range plan; more accurate information on the present and future capacity of existing facilities; more complete information on present and future custody level requirements; a range of estimates of expected population, with the construction program designed to satisfy the minimum estimate; and selection of penal facility designs after life-cycle costs are determined. We encouraged more Bureau efforts to determine sizes of institutions and further exploration of the Justice Department's stated need for a statistical information center to better project criminal justice system workloads.

The Department said it agreed with a number of our recommendations, and they either had been or would be incorporated in the Bureau's planning activities. (GGD-76-10, Apr. 27, 1976.)

Behavior Modification

We reported to Representative Ralph H. Metcalfe on the Bureau's use of behavior modification programs—control and rehabilitative effort, special treatment and rehabilitative training—to get difficult-to-manage and dangerous offenders out of long-term segregation. Under these programs, such inmates were isolated from other prisoners and treated with behavior modification techniques and provided counseling, work, education, recreation, and other activities. We reported that the Bureau needed to determine how long-term segregation was being conducted throughout the Federal prison system, assess the characteristics of the inmates involved, and use this information to evaluate existing policy and oversight practices. The Department of Justice generally agreed with our recommendations. (GGD-75-73, Aug. 5, 1975.)

Audit Work in Process

Work in process at September 30, 1976, included an audit of programs for youthful offenders in Federal prisons.

Department of the Treasury

The Treasury Department formulates, recommends, and administers financial, tax, and fiscal policies; serves as financial agent for the U.S. Government; enforces tax, customs, and currency laws; and manufactures coins and currency. The Department has about 112,000 employees, and its projected expenditures for fiscal year 1976 were about \$49 billion, of which \$37.7 billion was for interest on the public debt and \$6.3 billion was for revenue sharing payments to State and local governments.

Internal Revenue Service

The Internal Revenue Service administers revenue laws, except those relating to alcohol, tobacco, firearms, and explosives. During 1976, IRS spent about \$1.7 billion to help taxpayers in meeting their filing obligations, audit tax returns, collect taxes, and make refunds to taxpayers, among other things. It collected revenues of about \$302 billion in fiscal year 1976 and made refunds of about \$34 billion.

Our review efforts at IRS were limited because it refused to grant us independent access to records we needed to effectively review its operations and activities. We made a number of reviews at the request of, and as agents of, the Joint Committee on Internal Revenue Taxation. The Tax Reform Act of 1976, however, provides us independent access to appropriate IRS records. Accordingly, as of January 1977, we will be able to expand our work.

Need To Revise Deposit System on Alcohol and Tobacco Excise Tax Returns

We reported to the Joint Committee on Internal Revenue Taxation that IRS district offices were not depositing alcohol and tobacco excise tax remittances daily in banks. Because of this laxness, the Federal Government was being deprived of the interest which would have accrued if the funds had been deposited promptly. Accrued interest lost to the Federal Government on remittances from just six companies in the San Francisco district during the first 9 months of 1974 amounted to about \$64,600.

We brought the depositing delays to the attention of IRS officials. As a result, IRS internal auditors reviewed the deposit practices at 14 other district offices and found that 7 were deficient. Satisfactory corrective action was taken, and IRS has instituted

periodic followup reviews of adherence to deposit requirements. (GGD-75-112, Aug. 1, 1975.)

Proposed Changes in Estate Taxation

Gifts determined by IRS to have been made to avoid estate taxes upon death result, in some cases, in tax benefits unintended by the law and in others, in tax burdens. We recommended that the Congress amend that part of the Internal Revenue Code dealing with gifts made by decedents and that, meanwhile, the Commissioner of Internal Revenue emphasize to examiners of estate tax returns that present law requires gift tax returns for all gifts made in contemplation of a person's death.

We further reported to the Joint Committee on Internal Revenue Taxation that the Internal Revenue Code permits an executor to value an estate, for tax purposes, either as of the date of death or as of 6 months later. Use of the latter date is called the alternate valuation method. When estate property increases in value after death, use of this method can produce tax benefits unintended by law. Therefore, we recommended that the Congress amend the Code to provide estate tax relief to beneficiaries only when the value of estate property declines. Public Law 94-455, dated October 4, 1976, made legislative changes to correct the problems identified in our report. (GGD-76-1, Oct. 20, 1975.)

No Apparent Need To Regulate Commercial Preparers of Income Tax Returns

Well-publicized IRS actions against commercial preparers engaged in fraud and misconduct led many people to presume that commercial preparers represented a special problem in the tax return preparer industry. We reported to the Joint Committee on Internal Revenue Taxation that commercial preparers, as a group, are not a special problem.

IRS needs the authority to deal individually with any preparers who engage in fraud or other misconduct. Legislative provisions considered by the House Committee on Ways and Means would permit IRS to identify and penalize such preparers. These provisions would (1) require preparers to submit certain information returns to IRS, (2) establish civil penalties for preparer misconduct, and (3) provide for injunctions against preparers who engage in specific categories of misconduct. (GGD-76-8, Dec. 8, 1975.)

Occupational Taxes on the Alcohol Industry Should Be Repealed

We reported to the Joint Committee on Internal Revenue Taxation that alcohol-related occupational taxes are an insignificant revenue source and inherently inefficient to collect because they (1) involve the direct collection of small amounts from a relatively large number of taxpayers, (2) are overshadowed by Federal excise taxes on alcoholic beverages, which produce much more revenue and are collected more efficiently, and (3) are paralleled by State and local license fees.

We recommended that the Congress repeal all occupational taxes in sections 5081 through 5148 of the Internal Revenue Code and amend the Federal Alcohol Administration Act to clarify Bureau of Alcohol, Tobacco, and Firearms authority to investigate possible consumer and trade violations of the act before a permit hearing. (GGD-75-111, Jan. 16, 1976.)

Assistance to Taxpayers in Filing Federal Income Tax Returns

IRS directly assisted taxpayers on about 41 million occasions during fiscal year 1975. This assistance—consisting mainly of handing out forms, answering questions, and helping to complete returns—was provided over a toll-free telephone system; at IRS offices; and, during the filing period, at temporary offices, shopping centers, and elsewhere. We interviewed taxpayers visiting service locations in 1974 and found that almost all were satisfied with the help received.

IRS also provides indirect assistance to taxpayers through its education and public information programs. The agency overstates the impact of these programs on taxpayers.

By interviewing lower income taxpayers, we found that:

- Only 4 percent sought Internal Revenue Service help during the 1974 filing period.
- Eighty-six percent of the taxpayers helped by the agency generally were satisfied with the help received.
- About 58 percent of the taxpayers needed full tax return preparation. However, less than 3 percent had returns prepared by the Internal Revenue Service, although 43 percent paid for this service.

We reported to the Joint Committee on Internal Revenue Taxation that many taxpayers have a pressing need for complete return preparation—a service the agency does not promote. However, a major venture by the agency into the complete return preparation field seems unjustified, since a large tax industry provides this service. We made recommendations and proposals to the Commissioner of Internal Revenue, including a proposal to subsidize taxpayers' use of commercial and professional preparers by means of a tax credit as one method of alleviating the taxpayers' need for assistance. (GGD-76-49, Apr. 1, 1976.)

Audit of Fiduciary Income Tax Returns

We reported to the Joint Committee on Internal Revenue Taxation that IRS increased its audit effort of fiduciary returns about 156 percent from 1974 to 1975. Problems noted were agents' lack of training and experience in dealing with fiduciary returns, an ineffective system for selecting returns for examination, and inadequate allocation of audit resources in the fiduciary tax enforcement area.

During the last half of fiscal year 1974, the Commissioner of Internal Revenue approved a plan to measure taxpayer compliance on fiduciary returns. This program should alleviate the selection and allocation problems. A training course developed and initiated by IRS late in 1974 should provide a basis for more effective examination of fiduciary returns. (GGD-76-33, Apr. 16, 1976.)

Use of Jeopardy and Termination Assessments

We reported to the Joint Committee on Internal Revenue Taxation that our review of a limited number of jeopardy assessments made under section 6862 of the Internal Revenue Code indicated that the assessments were justified. However, we are disturbed that, under section 6862 of the Internal Revenue Code, IRS may assess a tax and seize and sell a taxpayer's property before the taxpayer can contest his liability in court.

We recommended that the Congress amend the Internal Revenue Code to give the taxpayer the right to a judicial review and preclude IRS from selling seized property under section 6862 until such a review is completed. The recommended changes were made in Public Law 94-455, dated October 4, 1976. (GGD-76-14, July 16, 1976.)

Audit Work in Process

As agents of the Joint Committee on Internal Revenue Taxation, on September 30, 1976, we were reviewing control over access to tax return information, administration of taxes on self-employed income, extent of nonfiling of employment tax returns by exempt organizations, Federal/State exchange of tax information, use of the Service's information document matching program, 100-percent penalty assessments, and the practice of paying for information from informers and others.

Office of Revenue Sharing

General Revenue Sharing

The State and Local Fiscal Assistance Act of 1972, commonly called the Federal Revenue Sharing Act, provides for distributing about \$30.2 billion in Federal funds to State and local governments over a 5-year period, beginning January 1, 1972. The act also provides that the Comptroller General review the work done by the Department of the Treasury and the State and local governments to enable the Congress to evaluate compliance and operations under the act.

Revenue sharing funds were first distributed in December 1972. Almost \$27 billion had been paid to the over 39,000 units of State and local governments as of June 30, 1976. In October 1976, Public Law 94-488 extended the Revenue Sharing Program to September 30, 1980, and made various changes in requirements applying to governments that receive the funds.

Indian Tribes and Alaskan Native Villages

The Revenue Sharing Act provides that Indian tribes and Alaskan native villages which perform "substantial governmental functions" are eligible to receive revenue sharing, but more definite and uniform eligibility determinations are required. Furthermore, funds allocated to tribes and villages at the county level, which are based on the ratio of tribe or village population to the county area population, are not distributed equitably.

Accordingly, we recommended that the Congress—direct the Secretary of the Treasury to establish precise guidelines to define "substantial governmental functions" and

—change the procedure so that each tribe or village within a State is allocated a portion of revenue sharing funds available for local governments that is based on the ratio of the tribe or village population to the State population.

The Bureau of Indian Affairs and the Office of Revenue Sharing generally disagreed with our recommendations, and these changes were not made in Public Law 94-488. (GGD-76-64, May 27, 1976.)

Nondiscrimination Provision of the Revenue Sharing Act

The Revenue Sharing Act prohibits discrimination based on race, color, national origin, or sex in programs or activities wholly or partially funded with revenue sharing moneys.

We reported to the House Committee on the Judiciary that:

—A recipient government can circumvent the nondiscrimination provision simply by using revenue sharing funds to free its own funds for other uses which will thus not be restricted by the Revenue Sharing Act.

—The nondiscrimination provisions in well over 100 Federal laws are inconsistent.

—The Office's processing of civil rights cases, and its monitoring of affirmative actions by governments found not complying with the act's nondiscrimination provision, have been characterized by long delays.

We recommended that the Congress amend the Revenue Sharing Act, broadening the nondiscrimination provision to prohibit types of discrimination prohibited in other Federal assistance programs; that the Secretary of the Treasury implement additional procedures and controls to alert his staff to delinquent civil rights cases requiring immediate attention; and that the Congress and the Secretary authorize additional staff for the Office's civil rights branch to deal with its workload. Public Law 94-488 contained provisions that broadened the discrimination prohibitions and would require the Secretary to establish additional controls. In another act the Department of the Treasury appropriation was increased to provide for more positions in the Office's civil rights branch.

In October 1975 we testified before the Subcommittee on Civil Rights and Constitutional Rights,

House Committee on the Judiciary, on the progress of our review. (GGD-76-80, June 2, 1976.)

Midwestern Townships and New England Counties

We reported to the Congress that many midwestern township governments which receive revenue sharing funds provide essentially one service or a limited number of services and operate very much like special districts, such as school and sanitation districts, which are not included in the program. Also, many midwestern townships received a disproportionate share of local revenue sharing allocations because of the act's requirement that local governments, except county governments, receive a per capita allocation equal to at least 20 percent of the per capita amount available for local governments in the State.

We recommended that the Congress (1) consider two alternatives for amending the act to distinguish between general-purpose governments eligible for revenue sharing and limited-purpose governments that operate more like special districts and would not be eligible to receive the funds and (2) delete the act's requirement that certain local governments receive an allocation of at least 20 percent of the per capita amount available for local governments. The Office of Revenue Sharing disagreed with our recommendations, and these changes were not made when the program was revised in October 1976. (GG1-76-59, Apr. 22, 1976.)

Revenue Sharing Reporting System

The Revenue Sharing Act requires each recipient government to report periodically to the public on its planned and actual uses of revenue sharing funds. We reported to the Congress that State and local reports do not necessarily contain meaningful information and can be misleading.

We recommended that the Congress require recipient governments to report to residents of their jurisdictions the purposes for which total available resources, including revenue sharing, are budgeted and spent and that each recipient government be required to assure the Secretary of the Treasury of adequate opportunities for its residents to comment on these uses. The October 1976 act, which extended the Revenue Sharing Program, requires recipient governments to publish summaries of their proposed budgets and hold public hearings on them. (GGD-76-2, Sept. 9, 1975.)

Case Studies of Revenue Sharing in 26 Local Governments

To help clarify issues that have arisen about the General Revenue Sharing Program, we conducted indepth case studies of revenue sharing in 26 Local governments for the Senate Subcommittee on Intergovernmental Relations. These case studies highlighted differences in local government structure, responsibility, revenue-raising capability, financial condition, and work force composition.

In July 1975, we testified before the Subcommittee on the results of this review. (GGD-75-77, July 21, 1975.)

Revenue Sharing Act Audit Requirements

The Office of Revenue Sharing is responsible for insuring that governments receiving funds under the Revenue Sharing Act comply with the act's restrictions and requirements. We reported to the Congress that the Office's staff was too small to audit the more than 39,000 governments receiving revenue sharing funds and that it relied heavily on State and independent auditors for financial and compliance audits required by the act. Audits performed by both the Office and other audit organizations have not been effective.

To correct this situation, we recommended that:

- All recipients of revenue sharing be required to have a periodic financial audit by an independent auditor, and the results of that audit be made available to the public and the news media.
- The Congress establish waiver guidelines to permit the Secretary of the Treasury to exempt small governments from this audit requirement.
- The Congress also eliminate most of the expenditure restrictions now in the Revenue Sharing Act.

These changes were made by Public Law 94-488. (GGD-76-90, July 30, 1976.)

Testimony

We testified in October 1975 before the Subcommittee on Intergovernmental Relations and Human Resources, House Committee on Government Operations, on the results of our completed reviews and the status of the reviews we had in process.

District of Columbia Government

On June 30, 1976, the District of Columbia completed its second year of "home rule." The Mayor and the City Council run the city government, which continues to be unique because it has some characteristics of a county government and many responsibilities similar to those of a State. The Congress still oversees the District, including appropriating operating funds. We continue to audit the operation and accounts of the District Government.

Providing Tax Withholding for Military Personnel

We reported to the Congress that 35 States and the District of Columbia tax the pay of military personnel but are prohibited by law from withholding such taxes. About 45 percent of District and Maryland military personnel checked had not filed State tax returns, and tests indicated other States had a similar problem. The District and these States are losing much revenue because military personnel are not given the opportunity of having such taxes withheld from their paychecks.

We recommended that the Congress enact legislation which would allow agreements between the Secretary of the Treasury and applicable taxing authorities to provide for withholding taxes from the pay of military personnel. The Tax Reform Act of 1976, enacted October 4, 1976, contains a provision which would allow the withholding of State and District income taxes for military personnel. (GGD-75-103, Nov. 19, 1975.)

Urban Renewal in the 14th Street Corridor: Little Progress 7 Years After the Riot

We reported to the Chairman, Subcommittee on the District of Columbia, Senate Committee on Appropriations, that since the April 1968 riots no new housing has been built and few houses have been rehabilitated in the 14th Street urban renewal area. The Redevelopment Land Agency, which was directed to clear the riot-torn area by the President of the United States, could have made renewing 14th Street more attractive to developers by rehabilitating some properties sooner, by allowing some tax abatement,

and by asking developers what type construction would most likely succeed. Progress was also impeded because the agency did not know how many properties it owned, whether they were occupied or vacant, how many tenants it needed to relocate, or the status of relocation progress. In addition (1) benefits to some 14th Street residents were late or unreceived, (2) payments were made for contracted services that were never performed or were inadequate, and (3) 232 tenants were allowed to live rent-free in agency-owned property because the agency had not obtained lease agreements. Delinquent rents from all tenants totaled about \$550,000 as of March 1, 1974.

We recommended to the Mayor that the District develop a management information system to control properties, keep track of tenants, and monitor rehabilitation projects. (GGD-76-47, Feb. 9, 1976.)

Administrative and Financial Management Weaknesses in the Office of Youth Opportunity Services

We reported to the Chairman, Subcommittee on the District of Columbia, Senate Committee on Appropriations, that the District's Office of Youth Opportunity Services, among other things, knowingly accepted ineligible youths into the summer employment program and misapplied \$1.3 million of the 1974 program funds.

We recommended that the Mayor establish an effective financial management system for Office activities that would insure that (1) only eligible youths enroll in the summer employment programs and (2) funds are spent only for authorized purposes. We also recommended that the Mayor require the Office of Municipal Audit and Inspection to periodically review Office of Youth Opportunity Services activities to ascertain whether the financial policies and procedures were adhered to and whether appropriate administrative measures were taken if violations occurred. (GGD-76-92, Aug. 5, 1976.)

Testimony

We testified before the Subcommittee on the District of Columbia, Senate Committee on Appropriations, on:

- Financial management weaknesses in the Office of Youth Opportunity Services, District of Columbia Government, on February 19, 1976.

- The billing and collection policy for health care services provided to District residents on August 10, 1976.
- Our observations regarding certain activities of the Department of Human Resources, District of Columbia Government, in September 1976.

Audit Work in Process

On September 30, 1976, we were reviewing the District's public school management system of financial control over appropriated and grant funds; the feasibility of developing a computerized model that would assist the District in identifying for review welfare cases that would have the highest probability of error; various District agencies' management systems for planning, reviewing, and approving capital improvement projects; urban renewal and other housing-related activities; the District's municipal bond program; the District's motor vehicle fleet management; and certain District procurement and supply activities.

United States Postal Service

With 685,000 employees, 31,000 post offices, and 200,000 vehicles, the Postal Service delivered about 90 billion pieces of mail in fiscal year 1976. Total revenues were about \$12.9 billion, including \$1.6 billion in Federal subsidies.

Federal Agencies Could Do More To Economize on Mailing Costs

Under the old Post Office Department, postal deficits were covered by appropriations from the U.S. Treasury, and Federal agencies were not required to pay their fair share of mailing costs. As a result, agencies' mailing practices received little or no management attention. With enactment of the Postal Reorganization Act of 1970, however, the Postal Service has a mandate to become self-sustaining and accordingly has adopted more accurate methods of determining Federal agencies' mailing costs.

Our report to the House Committee on Post Office and Civil Service examined various agencies' mailing practices and explained that savings could be achieved by (1) using less expensive classes of mail service,

(2) only using special mail services, such as special delivery, insured, or certified mail, when necessary, and (3) using letter-size envelopes instead of more costly over-sized envelopes or "flats."

We recommended that the National Archives and Records Service of the General Services Administration

- revise its Government-wide mailing instructions to provide clear guidance on how each class of mail or special mail service should be used and
- expand its records management program evaluations to see that Federal agencies (1) move mail most economically and (2) train mail users to reduce mailing costs. (GGD-75-99, Aug. 25, 1975.)

System for Measuring Mail Delivery Performance—Its Accuracy and Limits

We reported to the Congress that the origin-destination information system, used by the Postal Service to judge how well it meets standards for first-class mail delivery, shows that nationwide, 95 percent of local first-class mail is delivered overnight. Although this statistic can be considered reliable, it is based only on stamped mail, which accounts for 40 percent of first-class mail.

Weaknesses in the system make local statistics on overnight delivery performance less reliable than the nationwide statistics. Some of these are:

- The system can be manipulated at the local level.
- The system has a flaw because measurement of mail delivery performance and volume serves a second purpose.
- Inadequately trained clerks record data incorrectly.

We recommended ways for improving both the public conception of mail delivery performance statistics and the reliability and accuracy of local delivery performance statistics. (GGD-75-109, Oct. 17, 1975.)

Quality of Mail Service in New Mexico

At the request of Senator Joseph Montoya, Chairman of the Subcommittee on Treasury, Postal Service, and General Government, Senate Committee on Appropriations, we examined first-class mail delivery performance for New Mexico. It generally did not

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meet the Postal Service's goal of 95-percent ontime delivery; however, it did exceed that of the western region and the Nation. On-time delivery percentages for this mail to New Mexico from 2- and 3-day areas were almost always below 95 percent and generally below regional and national performance.

The Postal Service has taken or proposed steps to improve mail service in New Mexico. These include

- increasing mechanization and proposing staffing changes at the Albuquerque State distribution center, to facilitate processing all mail on the day received,
- making the destination office responsible for improving delivery performance of mail received from 2- and 3-day areas, and
- appointing a quality control officer at the Albuquerque sectional center to upgrade the quality control program.

(GGD-76-6, Nov. 4, 1975.)

Estimates of the Effects on the Price of First-Class Postage of Various Subsidies in Fiscal Years 1976, 1977, and 1978

At the request of Senator Leo Ryan, we estimated mail volume, Postal Service expenses, and first-class postage under various subsidies for fiscal years 1976, 1977, and 1978.

Our report postulated three different situations for annual subsidies ranging from zero to \$2.6 billion, and projected the price of first-class postage for each situation by using the same methodology as that of a previous report, "Forecast of Postal Service Self-Sufficiency Potential" (GGD-75-58, Feb. 20, 1975) with some assumptions modified to reflect forecasts of the U.S. economic situation. (GGD-76-19, Dec. 5, 1975.)

Summary of Observations on Postal Service Operations From July 1971 to January 1976

We reported to the Congress our views on the success of the Postal Service in achieving the four principal objectives of the Postal Reorganization Act, namely,

- to provide the American people with good mail service,

- to charge the public reasonable rates and fees for this service,
- to have postal revenues cover postal costs; that is, to achieve self-sufficiency, and
- to bring the wages and working conditions of the postal worker to levels comparable to those of the private sector.

Appendixes to the report included a listing—by job classification—of the 126 reports we issued on Postal Service operations during the period July 1, 1971, through January 31, 1976, and digests of selected GAO reports. On February 24, 1976, during testimony before the Senate Committee on Post Office and Civil Service on the financial status of the Postal Service, we presented highlights from our report. (GGD-76-61, Mar. 5, 1976.)

Testimony

In testimony given on September 23, 1975, before the Subcommittee on Postal Facilities, Mail and Labor Management of the House Committee on Post Office and Civil Service, we commented on our report "S100 Million Could Be Saved in Postal Operation in Rural America Without Affecting the Quality of Service." (GGD-75-87, June 4, 1975.)

At the request of the Chairman of the Subcommittee, we testified on the bulk-mail system on March 29 and on the postal ratemaking process on March 31, 1976.

Audit Work in Process

In process on September 30, 1976, were reviews of the Postal Service payroll, its cost accounting, and the money order systems. We were also studying the Service's "program for alcoholic recovery," its management decisionmaking process, and post office site selection procedures.

Intergovernmental Relations

The General Government Division has primary responsibility for identifying ways to strengthen and improve relations between Federal, State, and local governments. Federal aid now represents about one-fourth of total State and local government expenditures, and we have directed our work toward im-

proving the management of the system for delivering Federal assistance to States and localities.

Fundamental Changes Are Needed in Federal Assistance to State and Local Governments

The abundance of Federal programs and the fragmentation of organizational responsibilities cause problems when State and local governments attempt to find, obtain, and use Federal assistance.

We reported to the Congress that the present Federal assistance delivery system:

- Lacks an adequate means for disseminating grant-in-aid information needed by State and local governments.
- Creates great uncertainty about when, whether, and how much money will be received, because of late congressional authorizations and appropriations and executive impoundments.
- Fosters complex and varying administrative processes.
- Is fragmented, with similar programs being administered by different Federal agencies and with programs too restrictive to meet State and local needs.

We recommended that the Congress (1) simplify the current system by consolidating programs serving similar objectives into broader programs and placing programs serving similar goals within the same agency and (2) make more extensive use of either advance or forward funding, and authorizations and appropriations for longer than 1 fiscal year. We also made recommendations to improve the dissemination of information to State and local governments and to give all prospective grantees time to prepare and submit applications. The Office of Management and Budget agreed generally with our conclusions and recommendations. (GGD-75-75, Aug. 19, 1975.)

Joint Funding

We reported to the Congress on several matters affecting program operations under the Joint Funding Simplification Act of 1974 which should assist in evaluating the act's implementation and accomplishments during its 5-year authorization. To successfully implement a joint funding program Federal action should be directed toward (1) increasing the effective-

ness of Federal agencies' responses to the program and (2) defining more clearly the roles of Federal agencies participating in jointly funded projects.

We recommended that the Congress amend section 8(c), which deals with non-Federal matching shares. We also recommended that the Under Secretaries Group for Regional Operations and the Office of Management and Budget undertake specific actions to improve Federal agency coordination and participation and to improve program operations. The Office generally concurred. (GGD-75-90, Jan. 19, 1976.)

Testimony

On March 5, 1976, we testified on problems encountered by State and local governments in obtaining information on Federal assistance programs, before a joint hearing of the Subcommittee on Intergovernmental Relations, Senate Committee on Government Operations, and the Subcommittee on Administrative Practice and Procedure, Senate Committee on the Judiciary.

On March 19, 1976, before the Subcommittee on Intergovernmental Relations of the Senate Committee on Government Operations, we commented in detail on the proposed Government Economy and Spending Reform Act of 1976 and discussed some of the basic problems associated with the Federal domestic assistance system.

New York City

Public Law 94-143 authorized the Secretary of the Treasury to lend up to \$2.3 billion to assist financially troubled New York City. The loans are intended to assist the city while it restructures and retrenches financially. The Secretary's lending authority expires on June 30, 1978.

The city is operating under a 3-year financial plan to achieve a balanced budget for the fiscal year beginning July 1, 1977. After June 1978, assuming the financial plan is successful, the city will be in a position to return to the private credit market (which closed to it in 1975) and Federal assistance is to cease.

We are monitoring the city's activities and will periodically report to the Congress on its progress and problems.

Financial Plan Should Be Revised

We reported to the Congress that, although New York City's financial plan was a first step toward fiscal recovery, it did not recognize some major problems facing the city both during and after the 3-year period covered by the plan. We recommended that, to increase the city's chances of reentering the private credit market, the Secretary of the Treasury require city and State officials to revise the plan to make it as comprehensive and realistic as possible. (GGD-76-94, June 28, 1976.)

Testimony

On April 2, 1976, we testified before the Senate Committee on Banking, Housing and Urban Affairs about New York City's progress and adherence to the financial plan. We made some preliminary observations on the city's situation and expressed concern about whether adherence to the financial plan would necessarily result in a balanced budget and restore investor confidence.

Executive Office of the President

The Executive Office of the President consists of the White House Office, the Office of Management and Budget, and various councils and offices.

During fiscal year 1976 we reported to the Congress on Federal assistance for Presidential transitions. The Presidential Transition Act of 1963 was amended in October 1976 to include two of the changes recommended in our report. The amount authorized to be appropriated for assistance to a President-elect and Vice-President-elect was increased, and the authority of a former President or Vice President to use detailed employees on a nonreimbursable basis was deleted. (GGD-76-29, Dec. 24, 1975.)

We also responded to numerous congressional inquiries.

Judicial Branch

The Supreme Court is the highest of three levels of courts in the Federal system. On the second level are the U.S. courts of appeals; on the third level are the

91 U.S. district courts in the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico. In addition, there are district courts in the Canal Zone, Guam, and the Virgin Islands. The judicial branch is self-governing within its prescribed statutory framework. The judiciary is administered by the Judicial Conference of the United States, the Judicial Councils of the Circuits, the Judicial Conferences of the Circuits, the Administrative Office of the United States Courts, and the Federal Judicial Center.

Administrative and Financial Operations of U.S. District Courts

A 1970 GAO report described opportunities to improve the administrative and financial operations of U.S. district courts. While some improvements have been made, more are possible in areas such as juror utilization, placement of registry account funds, internal controls over cash and courtroom exhibits, and courtroom utilization.

We reported to the Congress that the judicial councils have not actively overseen the administrative and financial activities of the district courts. In light of the long-term inactivity of the councils and the factors contributing to it, we recommended that the Congress reexamine the role of the judicial councils. (GGD-76-67, May 10, 1976.)

U.S. Marshals Service—Actions Needed to Enhance Effectiveness

The Marshals Service is responsible for the security of Federal judicial areas and for the personal safety of judges. Many judges believe the security provided is inadequate. Court security has not been comprehensively evaluated. In our report to the Congress, we recommended that the Department of Justice, in cooperation with U.S. courts, the General Services Administration, and the Postal Service, undertake such an evaluation and establish an overall plan for upgrading and maintaining security in the Federal courts. (GGD-76-77, July 27, 1976.)

Audit Work in Process

Audit work in process at September 30, 1976, included reviews of the Federal probation system and the use of court interpreters.

Legislative Branch

We maintain a professional staff at the Capitol to audit the various revolving funds, other activities of the House and Senate, the Library of Congress, and private organizations doing business on the Capitol grounds. Audits of private organizations are carried out under section 451 of the Legislative Reorganization Act of 1970.

Our work also involves day-to-day assistance on management, financial, and administrative problems when requested by Members, officers, or committees of the Congress. These requests are received frequently and range from basic questions on the processing of vouchers to requests for studies directed toward improving operations.

Included in our audits of legislative branch activities were examinations of

- the Senate recording studio,
- the House of Representatives
Sergeant at Arms,
finance office,

office supply service,
office equipment service,
restaurant, and
beauty shop;

- the Architect of the Capitol's Senate restaurants;
- the Library of Congress disbursing officer; and
- the United States Capitol Historical Society

We also audit the expenditures for salaries, mileage, and expense allowances of Senators; salaries of officers and employees of the Senate; hiring of Senate clerks; and other expenses of the Senate, on the basis of documents submitted to us.

We prepared 12 reports on audits of legislative branch activities during the year. These reports related to activities of the Senate, the House, the Architect of the Capitol, the Library of Congress, and the United States Historical Society.

On the basis of audits made under section 451 of the Legislative Reorganization Act of 1970, we reported to the Congress on the financial statements of the Capitol Historical Society for the year ended January 31, 1975. (GGD-76-31, Dec. 10, 1975.)

CHAPTER FOURTEEN

INTERNATIONAL OPERATIONS

Responsibilities

The International Division audits all U.S. Government programs and organizations dealing with foreign governments. This work includes reviewing U.S. participation in (1) bilateral and multilateral development assistance programs, (2) international trade, monetary, and financial activities, and (3) Government foreign policy and security activities.

The Division audits activities of the Department of State, Agency for International Development, United States Information Agency, Overseas Private Investment Corporation, Export-Import Bank of the United States, Panama Canal Company, and Canal Zone Government, and international activities of the Departments of Agriculture, Commerce, Defense, and the Treasury.

The Director of the Division is J. Kenneth Fasick and the Deputy Director is Charles D. Hylander.

Overseas Operations

Audit coverage of international programs is extended overseas by the staffs of the European Branch, with headquarters in Frankfurt, Germany; the Far East Branch, with headquarters in Honolulu, Hawaii, and an office in Bangkok, Thailand; and since mid-

1975, the Latin American Branch, with headquarters in Panama City, Panama.

From July 1, 1975, to September 30, 1976, our staff visited 33 countries in the European jurisdiction, 16 in the Far East jurisdiction, and 18 in Latin America and other areas.

Audit Reports and Assistance to the Congress

In the 15 months ended September 30, 1976, we completed 36 reports to the Congress, 31 to congressional committees, 8 to individual Members of Congress, and 10 to agency officials.

Several reports proposed legislative action. Also the Congress enacted legislation related to our earlier proposals. (See ch. 2.) During that time, we testified on the sale of American grain to the Soviet Union, East-West trade, export licensing of advanced technology, and foreign assistance. We informally provided 8 oral and 14 letter closeouts and 39 oral reports in response to specific congressional requests.

Foreign Visitors

Each year many foreign visitors seek information about GAO's operations and role in relation to executive and legislative branch activities. Many of these visitors are students sponsored by U.S. foreign assistance programs.

During the 15-month period, GAO representatives met with individuals and groups of public and private organizations from 17 countries.

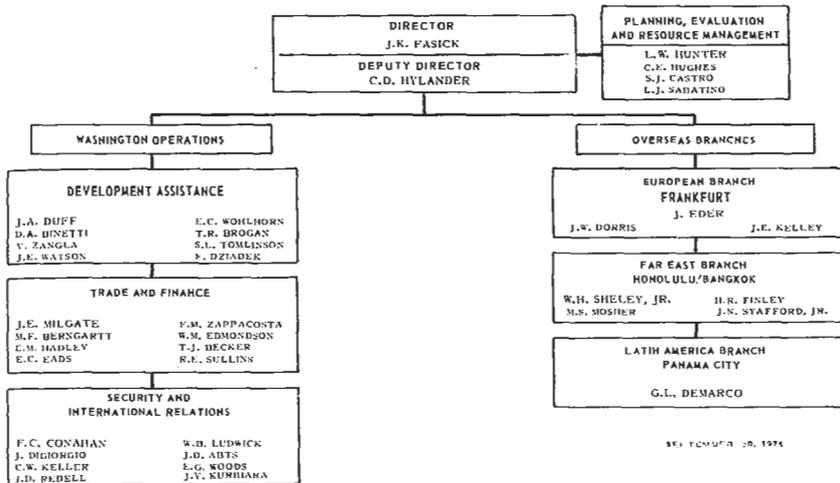
Economic and Financial Assistance

Multilateral Development Assistance

Multilateral organizations like the United Nations, International Bank for Reconstruction and Development, Asian Development Bank, Food and Agriculture Organization, and World Health Organization are used to channel funds to less developed countries. The United States is the largest contributor to these organizations.

We provided four reports on multilateral assistance and institutions to the Congress and three to congressional committees.

INTERNATIONAL DIVISION



Actions Required To Improve Management of U.N. Development Assistance Activities

This report recommended that, to improve its development assistance, the United Nations extend (1) country programing to all its development organizations and (2) the team leader concept, to channel U.S. assistance through one focal point in each country. No coordinated project evaluation system existed to inform contributing nations whether they got "value for their money." (ID-75-73, July 3, 1975.)

Problems in Coordinating Multilateral Assistance to Thailand

This report concerned the management of development assistance provided to Thailand through the United Nations, World Bank, and Asian Development Bank. We recommended improvements in planning, project development, and allocation of resources to recognized priorities. We also recommended that U.S. agencies improve oversight and reporting of project implementation and results. (ID-76-6, Aug. 26, 1975.)

Tax-free Salaries of the International Development Banks Exceed Those of All Member Governments

The salaries of employees of the World Bank and International Development Association and the Inter-American and Asian Development Banks (considering their tax-free status) are comparable to those of U.N. Secretariat employees. These salaries are higher than those of similar employees of U.N. member governments. Although Treasury and State have opposed recent pay increases at these international institutions as excessive, the departments have not worked together systematically to develop policy positions on appropriate salary levels. (ID-76-38, Jan. 19, 1976.)

Need for an International Disaster Relief Agency

Our case study of the worldwide relief effort in the Sahel region of Africa showed that the response to future disasters should be faster and better managed. We concluded that an international agency is needed to provide integrated, large-scale disaster relief.

As a step in this direction, we recommended that the Secretary of State take the lead in generating U.N.

member support for strengthening and funding the U.N. Disaster Relief Office. (ID-76-15, May 5, 1976.)

Audit Work in Process

On September 30, we were reviewing U.S. participation in the Food and Agriculture Organization, World Health Organization, International Labor Organization, and U.N. Educational, Scientific and Cultural Organization. We were also reviewing the recruitment procedures followed in placing Americans in certain international organizations.

Bilateral Development Assistance

The Agency for International Development (AID) is the primary U.S. agency involved in promoting economic development and stability in less developed countries. It provides assistance to support (1) food and nutrition, health and population planning, and education and human resources, (2) economic or political stability in friendly countries, (3) private and voluntary organization efforts toward economic development, and to alleviate particular development problems, such as natural disasters overseas.

We issued 13 reports on bilateral assistance programs, 8 to the Congress and 5 to committees or Members of Congress.

Agency for International Development Relationships with Airlie Foundation and George Washington University's Department of Medical and Public Affairs

AID has spent about \$10.3 million since 1971 on projects with the Airlie Foundation and a closely associated department of George Washington University, and a new project is being considered.

These projects, part of the Agency's program to restrain population growth in developing countries, included films, reports, and dialogs. We made recommendations to improve management of these and any future projects. (ID-76-56, Apr. 29, 1976.)

Strengthening and Using Universities as a Resource for Developing Countries

In 1975 AID awarded \$42.9 million in contracts and grants to U.S. universities, partly to strengthen their capabilities for dealing with problems of developing countries.

We found that not all such grants had been made in priority areas of interest and recommended that they be made only when clearly necessary to develop capabilities the Agency needs.

Contracts and grants had usually been awarded noncompetitively, often on the basis of work proposals the universities developed. We recommended that the Agency procure services from the universities only in response to its programing needs and consider all potential sources when awarding contracts for such services. (ID-76-57, May 5, 1976.)

Channeling Foreign Aid Through Private and Voluntary Organizations

AID is generally complying with the congressional directive to channel more foreign aid funds through private groups, but this was still a secondary aspect of its programs. The major issue we considered was the degree of independence private groups should have in carrying out their own programs with Agency funds.

AID management of contracts and grants with private and volunteer organizations was inconsistent. This confused such groups.

Certain private groups were largely funded by the Agency, but—contrary to the intent of the Foreign Assistance Act—their programs did not directly benefit the poor in less developed countries. (ID-76-58, May 5, 1976.)

U.S. Policy for the East Asia Regional Economic Development Program—What Should It Be?

The East Asia regional economic development program is one of many programs capable of responding to Asian countries' needs and proposals for regional economic and social development. The program's momentum in supporting regional projects has diminished, and its efforts center on monitoring existing programs and participating in spinoff projects that involve minimal Asian initiative.

U.S. involvement in regional programs and projects could continue through participation in such multilateral organizations as the Asian Development Bank, the World Bank, and the United Nations. We recommended that the Secretary of State and the Administrator of the Agency for International Development phase out the program. (ID-76-16, Oct. 28, 1975.)

How to Improve Management of U.S.-Financed Programs to Develop Free Labor Movements in Less Developed Countries

Since 1962 the United States has provided over \$77 million to three AFL-CIO-affiliated institutes to encourage other countries to strengthen free trade unions.

Responsible Government agencies have not specified what the institutes were expected to accomplish. Consequently, we concluded that the effectiveness of the institutes' activities was not and could not be evaluated. (ID 76-35, Dec. 29, 1975.)

U.S. Assistance to Pakistan Should Be Reassessed

This report discusses problems impeding Pakistan's economic development and U.S. efforts to help Pakistan remedy these problems. Although various actions have been taken, external debt, defense spending, food production, use of emergency funds, fixed-cost reimbursement, and malaria control continued to cause difficulties.

We concluded that U.S. assistance programs should be reexamined and other long-term means to help Pakistan should be considered. Possible alternatives to the present approach are to increase the use of multilateral assistance and to get developed nations to cooperate to ensure Pakistan a reasonable market for its goods. (ID-76-36, Feb. 6, 1976.)

Stopping U.S. Assistance to Foreign Police and Prisons

In December of 1973 and 1974, the Congress passed legislation to stop U.S. assistance to foreign police forces and prisons, except that for narcotics control.

We visited seven countries to see whether the prohibited assistance was phased out and found that agencies took positive action to prevent assistance from being used by foreign police forces.

However, we concluded that the Congress should consider the need to clarify its intent regarding indirect support to law enforcement units and military assistance to countries under martial law. We also recommended checks on the end-use of narcotics control funds. (ID-76-5, Feb. 19, 1976.)

Disincentives to Agricultural Production in Developing Countries

Although more food is urgently needed and other countries and institutions have provided assistance to

increase production, government policies and institutional factors have hindered developing countries from growing as much food as possible. Food supplied by others permits countries to postpone removing disincentives.

We concluded that U.S. government agencies providing food and agricultural assistance should (1) consider whether recipient countries are taking adequate self-help measures and (2) work for concerted action by all assisting countries and institutions to induce aid recipients to replace production disincentives with incentives. (ID 76-2, Nov. 26, 1975.)

Examination of Funds Appropriated for Economic and Food Aid to Indochina

On January 16, 1976, AID identified about \$112 million in unobligated balances from terminated Indochina programs. Of this, about \$83 million from the Indochina postwar reconstruction appropriation was being held for obligation adjustments or for return to the Treasury on June 30, 1976.

We reported that the Agency should clearly tell the Congress what it intends to do with residual Indochina funds in each appropriation. For all funds not being returned to the Treasury, the Agency should specify how much of the funds was to be returned to Defense and how the remainder would be reprogramed.

Under Public Law 480, Title I, the Agriculture Department disposed of \$27.1 million worth of food, of which \$24.7 million was resold at a loss of \$13.1 million. This loss was absorbed by the Commodity Credit Corporation. (ID 76-54, Apr. 16, 1976.)

Impact of U.S. Development and Food Aid in Selected Developing Countries

Our report on U.S. aid programs in the Philippines, India, Korea, and Chile noted that:

...AID has reformed its development assistance programs to reach poor people more directly than did the older form of assistance which helped people through "trickle down" aid.

...The food donation program authorized by Public Law 480, Title II is reaching large numbers of poor people in three countries.

...Except for certain indirect aid, it is difficult to say that the title I concessional sales program is helping the poor.

(ID-76-53, Apr. 22, 1976.)

INTERNATIONAL OPERATIONS

Providing Economic Incentives to Farmers Increases Food Production in Developing Countries

This report discussed why developing nations need comprehensive strategies which emphasize economic incentives to farmers as the keystone to improving agricultural growth. It analyzed some elements that such strategies must entail.

We recommended that the United States join with other donors to help developing nations devise agricultural strategies suited to their needs. Priority should be given to using external aid for this purpose and to expanding local institutions and building the foundation necessary to implement these strategies. (ID-76-34, May 13, 1976.)

Evacuation and Temporary Care Afforded Indochinese Refugees—Operation New Life

Over an 8-month span, some 140,000 refugees were moved from war-torn Indochina to peaceful environments in America and other countries.

The work was effectively accomplished by the combined efforts of 18 Federal departments and agencies, 14 voluntary agencies, 10 State and local organizations, and the President's Special Interagency Task Force. However, certain management problems brought about some excessive costs and potentially wasteful practices.

We recommended that the Departments of State and Defense (1) review the validity of claims for costs from the special appropriated refugee funds and (2) identify usable supply and equipment items on hand when the refugee reception centers closed and make such items available for Government use. (ID-76-63, June 1, 1976.)

Audit Work in Process

Reviews in process on September 30, 1976, included (1) U.S. assistance to Middle East countries, (2) U.S. assistance for reconstruction in Nicaragua, (3) U.S. efforts to improve housing in less developed



Indochinese refugee camp operations while construction was in progress.

(Courtesy of U.S. Navy)

countries, and (4) research to improve world food problems.

We are developing reports on (1) population programs in selected countries, (2) credit to small farmers in less developed countries, (3) commodities previously provided to Indochina, (4) consultants and experts employed by AID, (5) fertilizer-related problems in less developed countries, and (6) post-harvest losses of food supplies overseas.

International Trade and Finance

In this area we sent 13 reports to the Congress, 8 to committees and Members of Congress, and 6 to agency officials.

Weakened Financial Condition of the Export-Import Bank of the United States

On October 17, 1975, we reported to the Congress that Eximbank's financial condition had materially changed during recent years and major corrective actions were needed. We identified the problem as a rising risk of losses on loans, guarantees, and insurance, with no comparable rise in the income needed to prevent permanent capital from being impaired by future losses. We pointed out that to solve the problem the Bank's future income must be increased in the same proportion that its risk was being allowed to increase.

The Bank had taken steps to increase its future income at the time of our report, but we believed that additional measures were needed and recommended that the Bank

- raise its interest rate on direct loans made to finance sales for which little or no foreign competition exists to the rate charged by commercial lenders, and
- adopt as its goal complete correlation of borrowing and lending repayment periods and begin to work toward reaching that goal as soon as practicable, consistent with the best available judgments regarding future changes in interest rates.

The Bank neither disagreed with these recommendations nor adopted them completely. It recognized that a potential problem existed and stated its intention to achieve improvements. (ID-76-17, Oct. 17, 1975.)

Review of Agriculture's Implementation of GAO's Wheat Export Subsidy Recommendations and Related Matters

At the request of several Members of Congress, we reviewed the Department of Agriculture's actions to implement recommendations contained in our report, "Russian Wheat Sales and Weaknesses in Agriculture's Management of Wheat Export Subsidy Program." (B-176943, July 9, 1973.) This report concerns GAO recommendations on the former Wheat Export Subsidy Program and related matters.

The Wheat Export Subsidy Program was suspended in September 1972 because of changes in market conditions and in national agricultural policy. Agriculture's authority for reinstating such a program has not been suspended, however, and could be exercised administratively without consulting the Congress, should market and policy changes dictate.

Agriculture made a variety of audits and selective studies and wrote advisory position papers concerning wheat export subsidies. These efforts were not intended to constitute the formal, systematic evaluation we recommended.

Agriculture officials contend that (1) there is no need to systematically evaluate the former subsidy program nor to develop a new standby program and (2) the tight supply and high demand situation existing since the Russian wheat sales of 1972 should continue, so a new subsidy will not be needed. Agriculture's current policy opposes export subsidies; thus its reluctance to evaluate the former program and to develop a comprehensive standby program.

Moreover, Agriculture has no adequate policy alternatives for disposing of surplus wheat in case

- foreign demand for U.S. wheat decreases;
- major foreign wheat suppliers increase production, making them more desirable suppliers of wheat; or
- U.S. production of wheat increases, producing surplus levels similar to those before 1972.

We recommended again that the Secretary of Agriculture evaluate the former subsidy program's effectiveness and efficiency, identify conditions under which future subsidies may be needed, and prepare a standby subsidy program.

A separate report on executive branch actions to implement GAO recommendations on management of wheat sales will be issued soon. (ID-76-39, Mar. 3, 1976.)

Grain Marketing Systems in Argentina, Australia, Canada, and the European Community; Soybean Marketing System in Brazil

We reviewed selected countries' marketing systems for grain and soybeans, so the Subcommittee on Multinational Corporations, Senate Committee on Foreign Relations, could compare them with the U.S. marketing system. The marketing systems and agricultural policies of a producing and exporting country evolve mostly from its government's attitude toward agriculture. A marketing system cannot succeed without the confidence of the producers. (ID-76-61, May 28, 1976.)

The Government's Role in East-West Trade—Problems and Issues

Renewed commercial relations between the United States and Communist countries raised public and congressional interest in the benefits of such trade, the policies being followed, and the role of the executive branch in resolving bilateral and multilateral East-West trade issues. To describe and assess the executive branch's role, we reviewed East-West trade policies, programs, and procedures.

Communist governments hold different economic concepts and political ideologies, so trade with them requires special governmental institutions and arrangements. The limited executive branch involvement and unilateral actions of American firms do not adequately protect U.S. national interests. The nature of U.S. relations with Communist countries necessitates coordinated negotiations of many political, strategic, and economic issues. U.S. policy is based on the assumption that for economic gains such countries are willing to develop and maintain harmonious relationships.

In assessing the U.S. response to the issues involved in East-West trade, we found that rules and procedures are needed which promote U.S. interests. The United States has faced difficulties in four major areas: forming policy, promoting and financing trade, controlling technology exports and exchanges, and balancing diplomatic and commercial benefits. GAO made recommendations and suggested several matters for congressional consideration. (ID-76-13a, Feb. 4, 1976.)

Overseas Military Banking: How It Is Financed and Managed

Under sponsorship of the U.S. Treasury, commercial banks provide banking services to U.S. military and civilian personnel stationed overseas through facilities established at military installations. Treasury reimbursed the banks \$16.7 million for operating losses reported by the overseas banking facilities during 1972-74, and additional undetermined costs were incurred by the Department of Defense for logistic support provided free to the banks.

We recommended that the Congress (1) consider transferring the responsibility for program funding and management from Treasury to Defense and (2) require the administering agency to submit an annual appropriation request covering anticipated expenses. We also recommended that the administering agency consider certain actions to minimize banking facility losses and to improve its oversight of the facilities.

Treasury and Defense generally agreed with our recommendations and undertook a joint review of all aspects of the banking program in December 1975. (ID-76-29, Dec. 12, 1975.)

Impact of Foreign Direct Investments: Case Studies in North and South Carolina

Foreign investment in the United States increased after 1972, reaching \$21.7 billion by the end of 1974. Although the United States has traditionally pursued an open door policy toward such investments, reliable studies of their impact on State and local communities are lacking.

We identified several potential benefits in North and South Carolina from these investments—increases in employment, tax revenues, housing and retail sales, and general business activity. However, more reliable techniques are needed to measure these effects on individual American industries and local communities.

The Department of Commerce agreed to have its recently created Office of Foreign Investment in the United States do the research and analyses necessary to determine the feasibility of developing such measurement techniques. This research should provide additional insights into the type of information needed to determine more precisely what effect additional employment, local borrowing, real estate acquisitions, and related business activities have on resources,

environment, living standards, and community institutions. (ID-76-43, Apr. 26, 1976.)

Review and Evaluation of the Office of the Inspector General of Foreign Assistance

At the request of the Chairman of the House Committee on International Relations, we studied the Office of the Inspector General of Foreign Assistance, its functions, and the relevance and adequacy of its legislative mandate. We concluded that the organization has benefited the foreign assistance community but that certain actions were needed to improve its effectiveness and operations. We suggested that the Committee (1) monitor the organization's activities to ensure that it considered broad policy issues, not just matters covered by the various internal audit organizations, (2) recommend that the Secretary of State clarify the Inspector General's relationships within the Department and with other agencies, (3) review the organization's managerial staffing, and (4) urge the organization to allocate its expenses more equitably among program segments in the future. (ID-75-81, July 25, 1975.)

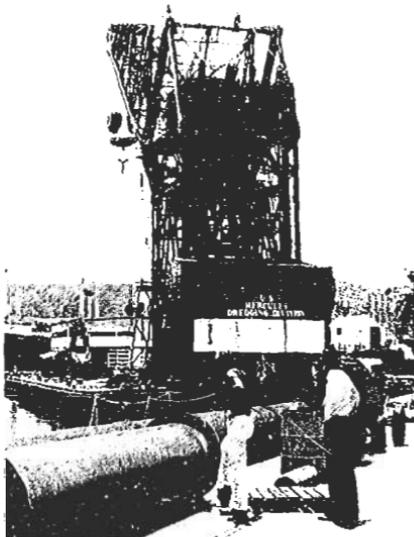
Review of U.S. Import Restrictions— Need to Define National Sugar Goals

With the expiration of the Sugar Act on December 31, 1974, the United States is not committed to either free trade in sugar or protection of its sugar industry. We felt, therefore, that the Congress must consider the need for a more precise policy, implemented either through new legislation or a new sugar program.

The challenge for those designing new policy is to strike a balance among the interests of U.S. industry, U.S. consumers, and foreign business. (ID-75-80, July 10, 1975.)

Audit Work in Process

At the end of the 15-month period, we were reviewing such trade and finance matters as (1) U.S. trade policy toward developing nations, (2) 1974 and 1975 Russian grain sales and related export policy matters, (3) adjustment assistance under the Trade Act of 1974, (4) technology transfer, (5) the Federal Government's role in competition between U.S. and foreign airlines, and (6) U.S. direct investment



GAO auditors Stephen F. McNeill and David Hernandez observe the floating crane "Hercules" in connection with the review of the Panama Canal's Capital Investment Program.

in the Andean Common Market countries of Latin America.

We were also examining the Agency for International Development loan program, Panama Canal organizations, and the financial statements of the Export-Import Bank, Overseas Private Investment Corporation, and Inter-American Foundation.

U.S. International Security Commitments Abroad

U.S. commitments to various security arrangements and international organizations, especially NATO, are a continuing concern. Since the end of U.S. military involvement in Southeast Asia, congressional and public interest has centered mainly on the burden sharing aspects of these commitments. Increasing executive emphasis has been placed on allied force improvements and equipment standard-

ization as the most practical form of burden sharing while the United States continues to bear a disproportionate share of the financial burden.

Need to Reexamine Some Support Costs Which the United States Provides to NATO

The United States, like all member nations, shares in the cost of operating NATO. In fiscal year 1974, the major NATO budgets totaled about \$481 million, of which the U.S. share was \$135 million, or about 28 percent.

The United States also provides \$325 million annually for additional support. This includes \$135 million for direct staffing, representation, and related support, which we believe could be reduced by consolidating or eliminating certain U.S. activities. The other \$190 million, which provides support to NATO and military assistance to member nations but is excluded from existing NATO budgets, could be reduced by increased sharing among members. Due to the improved economic condition of other NATO members, we recommended that the Departments of Defense and State seek a more equitable sharing of the \$190 million in costs.

We recommended that the Congress require all NATO-related costs, regardless of appropriation, to be identified in annual security assistance program presentations. We suggested appropriate legislative language to implement this policy. (ID-75-72, Aug. 25, 1975.)

Additional Costs to Station U.S. Forces in Europe

The Jackson-Nunn amendment to the 1974 Department of Defense Appropriation Authorization Act (Public Law 93-155) required the executive branch to proportionately reduce U.S. forces deployed in Europe to the extent that the fiscal year 1974 balance-of-payments deficit was not fully offset. The amendment also required that substantial reductions in the U.S. cost burden be sought through appropriate arrangements with NATO and its individual members.

We previously reported to the Congress that the balance-of-payments deficit had been fully offset. However, we later learned that efforts to increase allied burden sharing as required by the amendment have resulted in only small reductions in the ad-

ditional costs of stationing U.S. forces in Europe. Further, the Defense Department understated these additional costs for fiscal year 1974 as \$440 million, while we estimated them to be as much as \$1.3 billion.

We recommended that the Congress consider whether the cost-sharing provision of the Jackson-Nunn amendment has been met and whether more detailed progress reporting is needed. (ID-76-32, Apr. 28, 1976.)

Multinational F-16 Aircraft Agreements

Our classified study to the Chairman of the Senate Committee on Appropriations analyzed the multinational F-16 aircraft agreements between the United States and a consortium of European countries (Belgium, Denmark, Norway, and the Netherlands). The program is a cooperative effort to design, develop, produce, and deploy F-16 aircraft in the United States and Europe.

The agreements leading up to the F-16 program appeared to generally comply with existing statutes and congressional requirements and will aid the U.S. economy. We found no evidence to support charges that the United States made "ill-considered" concessions in order to prevail over foreign competition. Investigating an allegation that the Department of Defense agreed to buy Belgian machine guns, we found only that the Secretary of Defense had promised to give favorable consideration if the weapon met U.S. Army requirements and was competitive in price. (ID-76-12, Sept. 2, 1975.)

Progress and Outlook for U.S. Security Assistance to the Republic of Korea

In a classified report to the Congress, we reported that U.S. advisors had helped the Republic of Korea make impressive gains toward attaining security assistance objectives.

A plan begun in 1971 called for the United States to contribute \$1.5 billion over a 5-year period to modernize Korea's armed forces by funding operation, maintenance, and investment costs. Studies prepared after August 1971 showed that Korea was economically capable of assuming an increased share of its defense costs. On the basis of fieldwork in 1973, we had recommended that:

- Korea assume more of the cost of modernizing its armed forces,
- Grant aid be replaced by foreign military sales, and
- Military equipment be delivered in the future only if Korea can financially maintain the equipment at mutually agreed levels of readiness.

U.S. officials then tried again to have Korea assume a greater share of its defense costs. As a result, Korea's reliance on grant aid has been reduced. At the time of our followup work, the Korean Government was funding a greater share of its defense costs through foreign military sales and commercial purchases. This shifting from grant aid to foreign military sales and the assumption of operations and maintenance costs by the Koreans should save the United States over \$200 million.

Despite this progress, problems in logistical support for U.S.-furnished defense articles and in overall logistical planning still exist. (ID-76-28, June 18, 1976.)

Audit Work in Process

At the end of the 15-month period we were reviewing such commitments as U.S. participation in the Sinai early warning system and NATO funding for collocated operating bases in Europe.

Military Assistance and Support of Other Nations

Since World War II, the United States has been a major supplier of defense articles and services to eligible countries, principally through the U.S. security assistance program. Under this program, both grants and sales of defense articles and services were made. In recent years, the transition has been made from a predominantly grant aid security assistance program to a foreign military sales cash and credit program. In 1975 for example, grant aid accounted for about 5 percent of a \$10 billion security assistance program; commercial sales of defense articles and services amounted to about \$602 million. Preliminary 1976 statistics show this transition is continuing.

For the security assistance program, the Congress carefully examined grant security assistance authorizations and expenditures and enacted a series of

restrictions on the use of the funds. However, legislative restraint and oversight of the foreign military sales program were much less stringent.

The International Security Assistance and Arms Export Control Act of 1976 (Public Law 94-329, June 30, 1976) greatly increased congressional oversight responsibility for arms sales. From now on, the Congress and the public will receive more comprehensive data on transfers of defense articles and services and the focus of such transfers will be on controlling the volume and type of items sold. Also, commercial sales will be brought more directly under Government control.

Excess Defense Articles and Their Role in the Military Assistance Program

The use of excess defense articles in the military assistance program has declined from a peak of about \$408 million in acquisition costs for fiscal year 1970 to about \$85 million for fiscal year 1974, despite an available inventory worth about \$12 billion at June 30, 1974.

Reducing or terminating grant military aid does not create special problems for the Department of Defense in disposing of excess articles, because such articles are only a small part of the grant program. Alternatively, Defense could sell the excess items to foreign countries, scrap them, or keep them in inventory for possible future use. (ID-76-8, Sept. 12, 1975.)

Foreign Military Sales—A Growing Concern

We reported to the Congress that the rapid growth in U.S. foreign military sales—from \$1 billion in fiscal year 1967 to almost \$10 billion in 1975—has raised questions over program operation and direction. Attempts to place in perspective the key issues of the foreign military sales program are described in the report. It includes a summary of our recent reviews which identified opportunities for management improvements of foreign military assistance and sales activities. (ID-76-51, June 1, 1976.)

Audit Work in Process

Work in process at the end of the 15-month period included reviews of the (1) military assistance training program, (2) status of defense articles intended for or

salvaged from Cambodia, Laos, and Vietnam, (3) U.S. force levels, in Korea, (4) new U.S. security arrangements with the Philippines, and (5) opportunities to reduce U.S. military costs in Japan.

In our continuing surveillance of foreign military sales, we are reviewing sales to Saudi Arabia and congressional control over sales.

Conduct of Foreign Affairs

The Department of State is concerned with promoting and protecting U.S. interests outside the United States, the impact of political development on foreign policy, and the management and operation of U.S. Embassies and consulates in foreign countries.

Seizure of the Mayaguez and Crisis Management

At the request of the Chairman, Subcommittee on International Political and Military Affairs, House International Relations Committee, we reviewed aspects of the Cambodian seizure of the S.S. *Mayaguez*; on May 12, 1975, including diplomatic and military efforts to secure the ship's release and crisis management operations of the U.S. Government during the incident. We issued three reports in response to this request.

System to Warn U.S. Mariners of Political/Military Hazards: S.S. Mayaguez, a Case Study

Considerable delay occurred in warning mariners of danger after the Cambodian seizure of the S.S. *Mayaguez*, partly because the State Department failed to promptly inform the office responsible for issuing warnings. The *Mayaguez* seizure followed earlier incidents in the same area. The report recommended improvements in corrective measures then being implemented. (ID-76-33, Feb. 11, 1976.)

The Seizure of the Mayaguez—A Case Study of Crisis Management

Because we were denied access to records of the National Security Council, the report analyzed only the implementation of decisions reached during Council meetings. The report praised the general efficiency, effectiveness, and valor of the U.S. Armed

Forces during the incident. However, it noted that some available methods were not used to get better evidence on the crew's location, that some information on the crew's location that reached the decision-makers was inaccurate or incomplete, that little weight was given to several indications that the Cambodians might have been working out a political solution, and that the Marines carried out the assault on Koh Tang Island with inaccurate estimates of Cambodian strength because available accurate estimates did not reach them. In retrospect, the Marine assault and bombing of the mainland did not bring about the release of the crew; rather, the Cambodians appear to have been influenced by the earlier sinking of gunboats and related air activity. The report recommended that the Congress consider (1) supporting "a satellite hot line" linking world capitals and (2) establishing review groups after certain crises, to assess the Government's performance and to identify ways to better handle future crises. (ID-76-45, May 11, 1976.)

Executive-Legislative Communications and the Role of the Congress During International Crises

A survey disclosed that most Members of Congress believe the Congress must assume a more assertive role in the management of international crises and that improved ways must be found to obtain prompt, meaningful information during crises. The report suggests that the Congress should experiment with new types of arrangements for cooperating with the executive branch. (ID-76-78, Sept. 3, 1976.)

An Assessment of Selected U.S. Embassy-Consular Efforts to Assist and Protect Americans Overseas

At the request of the Chairmen of the Subcommittee on Political and Military Affairs, House Committee on International Relations, and the Subcommittee on Refugees and Escapees, Senate Committee on the Judiciary, we reviewed the laws, regulations, and actions taken in recent crises to protect Americans abroad.

We concluded that, although consular personnel in most instances did much on behalf of Americans overseas, assistance and protection in crises and

emergencies can be improved. We made recommendations to the Secretary of State for improving policies, procedures, and regulations to provide greater protection and assistance to U.S. citizens and their property in emergencies. (ID-76-4, Dec. 4, 1975.)

Suggestions to Improve Management of Radio Free Europe/Radio Liberty

The Board for International Broadcasting was established in 1973 to oversee Radio Free Europe and Radio Liberty. These Government-financed Radios provide five East European countries and the Soviet Union with an alternative to local broadcasts. The Board, operating informally with strong congressional mandate, has promoted changes in the Radios. Future improvements, however, may be difficult unless the Board defines its role, clarifies its responsibilities, and establishes formal regulations to govern its operations with the Radios.

We recommended to the Chairman of the Board a number of actions required to clarify Government relations with the Radios. We also recommended steps to promote economy and efficiency of the Radios—forming a single corporation for day-to-day operations, relocating most of the programing activities to the United States, and restructuring the personnel compensation and benefits program.

The Board concurred and said it was working with the Radios to fulfill our recommendations. (ID-76-55, June 25, 1976.)

Improvement Needed in Language Training and Assignments for U.S. Personnel Overseas

The Department of State and the United States Information Agency are required by law to designate Foreign Service Officer positions which require knowledge of a foreign language and to fill them with personnel proficient in that language.

In a followup review of our report to the Congress of January 1973, we found that the Department and the Agency had made certain improvements in their language training programs and assignment procedures but further improvement was possible. We are recommending that the Department and the Agency take further steps to improve language-designated positions. (ID-76-19, June 16, 1976.)

Audit Work in Process

Audit work in process at yearend included reviews of (1) assistance for resettling Soviet refugees, (2) the New York session of the Law of the Seas Conference, (3) U.S. educational and cultural exchange programs, (4) management of U.S. missions abroad, and (5) U.S. consulate functions, organization, and staffing requirements.

Arms Control and Nuclear Proliferation Activities

Arms control includes all unilateral and multilateral government actions to regulate the levels and kinds of armaments in order to reduce the likelihood or the severity of armed conflicts. The Arms Control and Disarmament Agency, the Departments of State and Defense, and the Energy Research and Development Administration are all vitally involved in completing arms control arrangements (i.e., Mutual and Balanced Force Reduction and Strategic Arms Limitation Talks), monitoring arms transfers, and evaluating the arms control impact of certain military programs. Moreover, these agencies, in their arms control activities, are addressing the potential for nuclear weapons proliferation resulting from the development of peaceful nuclear technology—an urgent concern to U.S. nuclear cooperation and safeguards policymakers. We have issued several reports on nuclear proliferation and continue to review arms control and disarmament efforts.

Assessment of U.S. and International Controls Over the Peaceful Uses of Nuclear Energy

This report to the Congress assessed (1) international safeguards for preventing the diversion of nuclear materials to non-peaceful purposes, (2) the physical security of nuclear materials and equipment transferred abroad, (3) U.S. export controls over nuclear materials and technology, and (4) Government policy options for deferring nuclear proliferation. We reported weaknesses in U.S. and international controls over peaceful nuclear cooperation and recommended improvements to the Departments of State and Commerce, Arms Control and Disarmament Agency, Nuclear Regulatory Commission, and En-

ergy Research and Development Administration. We also suggested that the executive branch seek agreement with other nations for improving international nuclear safeguards, physical security, and nuclear export policies. (ID-76-60, Sept. 14, 1976.)

Role of the International Atomic Energy Agency in Safeguarding Nuclear Material

At the request of the Chairman, House Committee on International Relations, we reported on the International Atomic Energy Agency's technical and political problems in carrying out its safeguards program, as well as its inadequate authority and funding. We noted the need for more advanced measuring instrumentation, a more equitable apportionment of Agency safeguards costs among member nations, and stronger sanctions against nations diverting nuclear material to military uses. (ID-75-65, July 3, 1975.)



International Division auditor Joe Murray observes International Atomic Energy Agency inspector taking a physical inventory of plutonium rods.

U.S. International Nuclear Safeguards Rights—Are They Being Effectively Exercised?

In a classified report to the Chairman, House Committee on International Relations, we noted that the United States has almost completely phased out its own nuclear safeguards inspections abroad in favor of international safeguards, but has not received assurances that these safeguards are adequate. We suggested that the Committee review with executive branch officials the need for greater assurances of the effectiveness of international safeguards, the need to clarify the circumstances under which the United States could reinstate its own safeguards over nuclear materials furnished abroad, and the rationale for providing large amounts of nuclear material abroad, through international organizations, without reserving U.S. safeguards rights. (ID-76-21, Feb. 9, 1976.)

Progress Report on U.S. Negotiations of Middle East Nuclear Agreements

Another classified report to the Chairman, House Committee on International Relations, dealt with the negotiations between the United States and Egypt, Israel, and Iran on agreements which would enable the United States to provide these countries with nuclear reactors and materials. We analyzed the added safeguards and security provisions proposed by the United States and raised several issues to be considered when the final agreements were submitted for congressional review and approval. (ID-76-41, Mar. 19, 1976.)

Audit Work in Process

Audit work in process included reviews of (1) peaceful nuclear export policies of major supplier nations, (2) alternate methods of financing International Atomic Energy Agency activities, and (3) Federal programs and activities to develop U.S. arms control and disarmament policy.

CHAPTER FIFTEEN

CLAIMS SETTLEMENT AND ADJUDICATION

Responsibilities

The Claims Division settles and adjudicates claims and demands by or against the United States and assists the Department of Justice in its prosecution or defense of suits to which the United States is a party. The division also reviews, evaluates, and reports on the claim settlement and debt collection activities of Government agencies and assists them in improving their effectiveness in these activities.

The Claims Division carried out the above functions with a staff of about 155 professional, technical, and clerical personnel. The Director is Daniel P. Leary, and the Deputy Director is John P. Gibbons.

Payment Claims

Government agencies are responsible for paying obligations incurred in connection with their operations. Two classes of claims must be adjudicated by GAO before payment can be made or denied: (1) those which involve doubtful questions of law or fact and (2) those in which the law specifically prohibits payment by the agency before adjudication by GAO.

Claims against the United States may arise in many types of Government transaction and may be made by private citizens; Government personnel, both civilian and military; business entities; and State and foreign governments. The categories of claims include Government contracts; compensation due civilian and military personnel, including overtime and premium pay; quarters and cost-of-living allowances; travel; transportation of household effects; per diem; allowances on changes of official station; retirement pay; compensation due deceased civilian officers, employees, and members of the Armed Forces and the National Guard; and miscellaneous claims by Government personnel and public creditors.

On July 1, 1975, we had on hand 2,821 claims against the United States. During the 15-month period ended September 30, 1976, we received 12,218 claims and settled 11,314 claims for \$155.1 million. As of September 30, 1976, 3,725 claims remained on hand. We took final action on 878 additional claims which were barred because of the applicable statute of limitations on filing claims with GAO.

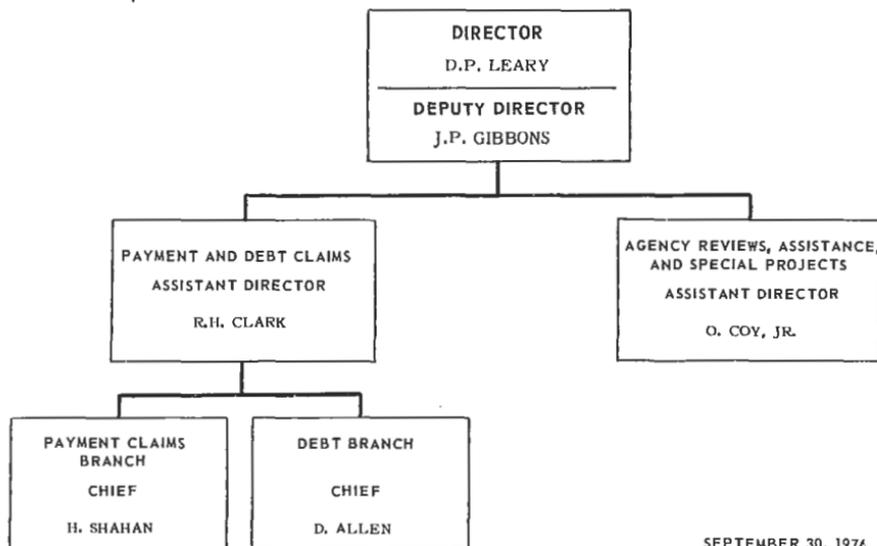
Debt Claims

Government agencies are responsible for collecting debts arising from their activities. The agencies may, however, report to GAO for further collection action valid debts which they cannot collect or for which they cannot obtain compromises or suspend or terminate collection actions. Agencies may also submit debt claims when there is doubt as to the amount due the legal liability of the parties involved, or the action to be taken. We also adjudicate disputed claims against debtors when such action is requested by the debtors, their representatives, or the agencies concerned.

With respect to debts referred to GAO for collection, we attempt to locate debtors with unknown addresses, obtain current financial information on debtors, and issue letters of explanation and demands for payment. Debtors who cannot pay the entire amount of their debts at one time may pay monthly installments commensurate with their ability to pay. When we cannot obtain voluntary payment of a debt, the case is referred to the Department of Justice for suit, provided the debtor's current financial status warrants such action.

On July 1, 1975, 41,017 claims by the United States were on hand or under referral to the Department

CLAIMS DIVISION



SEPTEMBER 30, 1976

of Justice. During the 15 months we disposed of 66,646 debt cases and collected over \$7.5 million.

On September 30, 1976, 47,873 claims were on hand or under referral to the Department of Justice. Of these, 13,582 claims representing accounts receivable of \$11.3 million were under collection in GAO, and 2,253 claims representing \$0.5 million were under collection in Justice.

We have the authority to arrange compromise settlements on claims which do not exceed \$20,000, exclusive of interest. Compromise offers involving claims for larger amounts are referred to the Attorney General with our recommendations for disposition. Compromise settlements accepted by GAO are final and conclusive on the debtor and on all U.S. officials, agencies, and courts. We made 512 compromise settlements in which \$258,538 was accepted in liquidation of debts totaling \$673,917.

Agency heads are authorized to waive claims for erroneous payments of pay and allowances for certain claims involving less than \$500. Only GAO can waive claims for more than this amount. On the basis of

reports of investigation and recommendations submitted by agencies, we grant waiver whenever collection of the claims would be against equity and good conscience and not in the best interests of the United States. These criteria are generally met by a finding that the erroneous payments of pay or allowances occurred because of administrative error and that there is no indication of fraud, misrepresentation, fault or lack of good faith on the part of the claimant.

We processed 1,563 requests for waiver of erroneous payments of pay or allowances totaling \$2,507,000. We granted waiver requests for the full amount in 983 cases, amounting to \$1,519,000, and denied 452 requests totaling \$705,000. In the remaining 128 cases, waiver was granted in part for \$177,000 and denied in part for \$106,000.

Special Projects

We initiated several special projects to improve internal processing efficiency. Automating and stream-

lining claim processes is leading to more economical, effective, and timely resolution of claims.

Special Justice Referral Group

Over half of the debt claims cases referred to GAO during the 15-month period were claims resulting from overpayments of educational assistance allowances by the Veterans Administration (VA). In June 1976, we established a Special Justice Referral Group to speed up the processing of these claims. The group was established in conjunction with VA's agreement that its office in St. Paul, Minnesota, would take final collection action on cases that do not meet minimum requirements for referral to the Department of Justice. This agreement is consistent with our increased emphasis on the agencies' role in collecting claims arising from their activities.

Because the Special Justice Referral Group has been allowed to focus on VA education cases that may be referred to the Department of Justice, it has been able to process the cases in a very timely manner. The group issues one demand to the debtor which encourages the debtor to telephone or write to our Office to arrange for repayment. If an adequate response is not received, the claim is prepared for prompt referral to the Department of Justice for enforced collection.

Automation

By September 30, 1976, we had finished converting to microfilm the major part of about 10 million

manually maintained records used to relate claimants' names, case numbers, and case locations.

In addition to establishing this static microfilm file on settled cases, all active cases since March 1976—about 72,000—have been put into a computerized system with on-line capability. This computerized system enables prompt location of cases by name, social security number, or claim number, and provides us with the capability to produce management reports that are useful in evaluating inventory mix or changes and in making workload adjustments.

The design and programming for a fully automated accounts receivable and billing system was completed by September 30, 1976; system implementation is scheduled to begin by January 1977. We have about 16,000 active accounts receivable. These accounts are hard to maintain manually because they involve more than one paying party, varying interest rates, court costs and marshals' fees, irregular payments, and frequent delinquencies. Computerization will greatly improve our ability to maintain these accounts on a current and accurate basis.

When completed, the microfilming of certain records and computerization of the locator and accounts receivable systems are expected to provide annual savings of \$150,000 in labor and floor space requirements. An indirect benefit from the automation of selected operations is the opportunity to interface directly with other agencies' computerized systems. In addition, the experience we've gained in computerizing parts of our operations has improved our ability to help other agencies that have or are contemplating similar systems.



Special Justice Referral Group emphasizes prompt resolution of Veterans Administration debt claims. Left to right, Paula Foster, Kent Turner, Steve Hunsichen, and Theresa Doubleday.



E-aminers search card files, to associate correspondence with GAO claim number. These files, requiring over 3,000 square feet of floor space, are being put on microfilm which will be stored in a single cabinet requiring only eight square feet of floor space.



Marion McDonald performing similar search after conversion to microfilm. Note microfilm cartridges at lower left of picture. Each of these cartridges represents about 20,000 records.

Agency Reviews and Assistance

The Federal Claims Collection Act of 1966 and the

implementing Claims Collection Standards require agencies to promptly collect debts and, where appropriate, to explore compromises and suspend or termi-

nate the debts. Our experience with processing the debts referred to us by agencies has been that many can be collected, some can be compromised, and, for many others, collection action should be terminated. It seems that, if agencies' collection efforts were adequate, they could achieve these same results in most cases; moreover, fewer cases would be referred to us and those referred would be processed more efficiently.

Therefore, we are placing emphasis on the agencies' role in collecting claims and are working with them to strengthen the effectiveness of their claims processing systems. The typical approach by our Agency Reviews and Assistance Staff has been to analyze a sample of the claims received from an agency to identify areas in which improvements can be made and then bring the results of our examination to the attention of responsible agency officials through site visits, followup letters, and telephone contacts.

Veterans Administration

We are especially interested in the debt collection efforts of the Veterans Administration because over 80 percent of the total debt claims referred to the Claims Division were VA cases. Since January 1975, VA has been centralizing its debt collection operations at St. Paul, Minnesota. This centralization makes it possible for us to deal primarily with a single office rather than with 50 or more separate VA offices. We have worked closely with VA to develop criteria for referring debt claims to GAO and for termination and suspension of debt cases by VA. This criteria should sharply reduce the number of VA debt claims referred to us that lack potential for collection and, at the same time, avoid duplicative efforts by the two agencies. In addition, VA's use of the criteria has allowed us to establish a Special Justice Referral Group which is expediting the processing of cases referred from the St. Paul Office.

Military Services

Another large part of the debt cases referred to us are overpayments of pay and allowances by the mili-

tary services. We have been working with each of the major military finance centers, where debt collection efforts are already centralized, to strengthen their debt collection programs. As of September 30, 1976, the Navy was referring cases to GAO complete with certificates of indebtedness and all necessary supporting documents for referrals to the Department of Justice. We have reviewed these cases, made corrections where necessary, and provided feedback to Navy officials on their performances. Our favorable experience with the Navy has encouraged us to initiate similar arrangements with the other military finance centers. We hope to develop the capability in each of these finance centers to refer appropriate cases directly to the Department of Justice for enforced collection.

Office of Education

We have also continued working with the Office of Education, Department of Health, Education, and Welfare, to improve its debt collection operations on federally insured student loans. Its regional offices have huge inventories of defaulted student loans. Its reports show that, of defaults totaling \$287.7 million as of September 30, 1976, only \$25.1 million has been collected. Since few of these claims have been collected, terminated, or referred for legal action, collections personnel are faced with huge workloads and many cases are receiving little attention.

We will be making suggestions to the Office of Education to strengthen these collection efforts. In addition, OE, the Department of Justice, and GAO have cooperated in establishing a program under which appropriate debts can be referred at the regional level to U.S. attorneys for legal action. This program was underway in each OE region as of September 30, 1976; however, some regions have referred few cases for legal action despite their large inventories of defaulted loans. We will be working during fiscal year 1977 to improve the effectiveness of this regional level referral program and bring about needed improvements in OE's collection operations.

CHAPTER SIXTEEN

FIELD OPERATIONS

Responsibilities

The Field Operations Division, through its regional offices located in 15 U.S. cities, provides direct audit support throughout the continental United States for

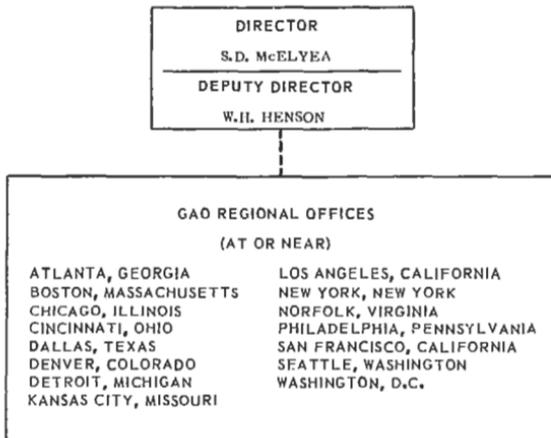
GAO's other operating divisions. Thus, the Division plays a major role in most of the audits and other work described in previous chapters of this report. In addition, it performs audits for 18 corporations and other organizations under the Government Corporation Control Act and similar legislation. The Division also audits and settles the accounts of military disbursing officers.

Approximately half of GAO's professional staff is assigned to the Field Operations Division's regional offices. This Division is directed by Stewart D. McElyea, Director, and Walter H. Henson, Deputy Director. The locations and managers of GAO regional offices, suboffices, and military audit staffs are shown in appendix 7.

Audits of Federal Corporations and Other Activities

The Government Corporation Control Act requires GAO to audit the financial transactions of Government corporations "in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General * * *."

FIELD OPERATIONS DIVISION



SEPTEMBER 30, 1976

Other laws provide similar audit responsibility for unincorporated business activities.

The corporations and other activities for which this division has audit and reporting responsibilities are:

Bureau of Engraving and Printing
 Bureau of Government Financial Operations
 Disabled American Veterans
 Federal Crop Insurance Corporation
 Federal Deposit Insurance Corporation
 Federal Home Loan Bank System
 Federal Home Loan Mortgage Corporation
 Federal Prison Industries, Incorporated
 Federal Savings and Loan Insurance Corporation
 Government National Mortgage Association
 Government Printing Office Revolving Fund

National Credit Union Administration
 Pennsylvania Avenue Development Corporation
 Rural Telephone Bank
 Saint Lawrence Seaway Development Corporation
 Student Loan Insurance Fund
 Tennessee Valley Authority
 Veterans Canteen Service

These audits consist primarily of examining the corporations' accounts and financial statements and related operations. During the 15-month period ended September 30, 1976, we prepared 16 reports to the Congress, expressing opinions on whether the agencies' financial statements presented fairly their financial positions and operating results.



Joseph Sternberg (Philadelphia regional office) and Thomas Sokoly (Chicago regional office) observing operations at the Peabody Coal Company's River King underground mine in Southern Illinois in connection with work for the Energy and Minerals Division.

We also reported, in response to questions received from a congressional committee, on accounting and other financial practices of the Panama Canal Company and the Canal Zone Government. (FOD-76-15, May 17, 1976.) Twelve additional reports of opinions on financial statements and recommendations for improving agencies' financial management activities were addressed to agency officials. These reports are included in the list of audit reports in appendix 2.

Audits of Organizations in the Canal Zone

Responsibility for the audit of the financial operations of the organizations in the Canal Zone was transferred from the Field Operations Division (Dallas regional office) to the Latin America Branch of GAO's International Division which was established during the period. Four reports were issued involving audits underway at the time of this transfer.

In examining the accounts and financial statements of the Panama Canal Company and Canal Zone Government for fiscal years 1975 and 1974, we recognized that the financial statements could be affected by uncertainties relating to future treaty negotiations between the United States and the Republic of Panama. (FOD-76-11, May 27, 1976.)

In our report to the Board of Directors of the Gorgas Memorial Institute of Tropical and Preventive Medicine, Inc. (FOD-76-5, Nov. 24, 1975), we reviewed the Institute's statement of assets, liabilities, and fund balances as of June 30, 1975, and the related statements of contributions, income, expenditures, and transfers of operating funds, and changes in fund balances for the year then ended. We were reimbursed for the cost of the audit, as required by the act of May 7, 1928 (22 U.S.C. 278a).

We studied electrical and hospital rates charged to military components and other U.S. Government agencies in the Canal Zone. We made several recommendations to the Governor of the Canal Zone and the President of the Panama Canal Company for revising certain ratemaking policies and procedures. Our recommendations have been accepted by the Canal organizations. (FOD-76-14, June 17, 1976.)

Federal Deposit Insurance Corporation and National Credit Union Administration

As in previous years, in our audit of the financial operations of the Federal Deposit Insurance Corpora-

tion, we did not have unrestricted access to bank examination reports and related documents of Corporation on the banks it insures. Because of this, we could not ascertain in connection with this audit:

- whether bank examinations were of adequate scope and reliability to identify all banks that should have been classified as problem banks;
- whether the Corporation had taken effective followup action on bank examiners' findings; and
- the significance of any possible adverse effects of problem banks on the Corporation's financial position.

The National Credit Union Administration took a position similar to the Corporation's—we were denied access to the closed section of the examination reports prepared on the credit unions it insures. As a result, we could not determine (1) whether the Administration had acted effectively on all findings disclosed by its examinations and (2) the significance of any possible adverse effect of problem credit unions on the financial position of the Administration.

Because of these serious obstacles, we could not express an overall opinion on the financial statements of the Federal Deposit Insurance Corporation and the National Credit Union Administration.

As in previous reports, we recommended that the Congress amend the Federal Deposit Insurance Act to clarify GAO's authority to have access to examination reports, files, and other records of the Corporation. (FOD-76-13, July 21, 1976.)

In our report on the National Credit Union Administration (FOD-75-18, July 14, 1975), we recommended that the Congress amend the Federal Credit Union Act to clarify GAO's access to credit union examination reports. We later met with Administration officials, and they agreed to give GAO access to all credit union examination reports.

Government Printing Office

In our examination of the Government Printing Office's accounts and financial statements for fiscal year 1975, we were unable to verify the balances of several accounts. We recommended that the Public Printer:

- Establish a system that would enable him to accurately account for accounts payable, prepaid subscriptions, and unearned income items.
- Establish procedures to develop actual cost data for use in computing the cost of publications sold.

With the exception of the accounts noted above, we concluded that individual amounts shown in the statements were presented fairly and in conformity with principles and standards of accounting prescribed by the Comptroller General.

The Public Printer agreed to resolve the matters noted in our report. (FOD-76-16, Sept. 7, 1976.)

Saint Lawrence Seaway Development Corporation

In auditing the Saint Lawrence Seaway Development Corporation's accounts and financial statements for calendar year 1975 (FOD-76-18, July 28, 1976),

we noted that the Corporation had projected that its revenue bond redemption schedule—as currently structured—would not be met beginning in 1978. The Corporation was studying various options, including legislative relief, to resolve this problem.

Because of the current rate of inflation, management also projected that the present Seaway toll levels would not support operating, maintenance, and capital expense requirements after the early 1980s. Except for deferring low-priority capital expenditures, the Corporation had not formulated a strategy for financing future Seaway operations. During future audits, we plan to monitor the Corporation's action to cope with its financial difficulties.

Disabled American Veterans

GAO is required by statute to examine the financial statements of the Disabled American Veterans—a



Government Printing Office employee explains printing operation to GAO staff members (left to right) Larry Korb, Janet Ferrell, Leo Sheelin, and Tom Muldoon.

FIELD OPERATIONS

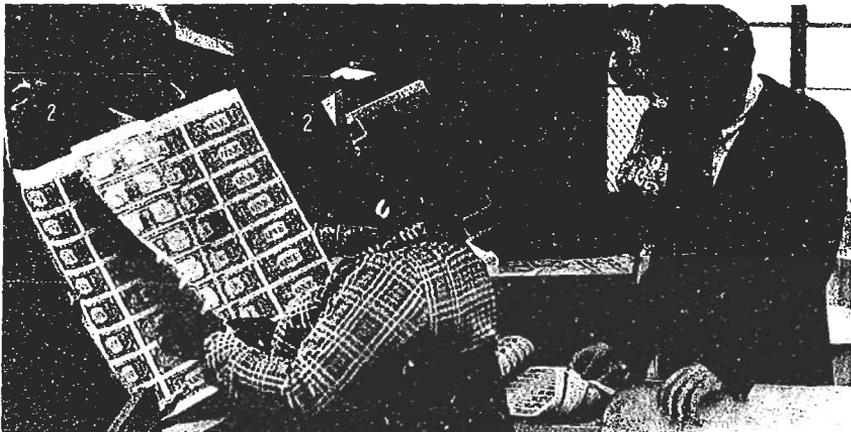
federally chartered organization. Two reports were sent to the National Commander covering our audits for calendar years 1974 and 1975. (FOD-76-3, Sept. 15, 1975, and FOD-76-21, Aug. 18, 1976.) We are reimbursed for the cost of these audits.

Audit Work in Process

At the end of the 15-month period, we were auditing the Treasury's Bureau of Engraving and Printing's accounts and financial statements for fiscal years 1974 and 1975. The Bureau manufactures U.S. paper currency, various public debt instruments, postage and internal revenue stamps, food coupons, and military payment certificates.

Audits of Military Pay and Allowances

Our staffs at the four military finance centers—Cleveland (Navy), Denver (Air Force), Indianapolis (Army), and Kansas City (Marine Corps)—tested the accuracy and legality of pay and allowance disbursements by military disbursing officers throughout the world. As a result of this work, military commanders were sent 97 reports on the accuracy of payments. These reports covered such subjects as erroneous leave and rental charges, travel and temporary lodging allowance payments, finance center operations, as well as the functioning of the services' Joint Uniform Military Pay Systems. These reports are included in the list of audit reports in appendix 2.



Merle Courtney and Jose Rodriguez observe Bureau of Engraving and Printing employee inspecting new currency.

Table 1

ANALYSIS OF STAFF CHANGES
JULY 1, 1975, TO
SEPTEMBER 30, 1976

	Professional	Other	Total
Employees on rolls July 1, 1975 . . .	3,800	1,690	5,490
Appointments	630	593	1,223
Transfers between categories	15	-15	0
Total	4,445	2,268	6,713
Separations:			
Retirements	30	31	61
Transfers to other agencies	151	328	479
Other reasons	122	700	822
Total separations	303	1,059	1,362
Employees on rolls September 30, 1976 ¹	4,142	1,209	5,351
¹ Includes:			
Permanent, full-time employees	4,121	1,067	5,188
Permanent, part-time employees	4	15	19
Students and other temporary employees	17	127	144

CHAPTER SEVENTEEN

ADMINISTRATION

Management Services

Office-wide responsibility for personnel management, staff development and upward mobility, budget administration and financial management, publishing and graphics, libraries, and other administrative services is centralized in our management services organization. This organization is headed by Clerio P. Pin, Director.

Personnel Management

The Office of Personnel Management is responsible for staff acquisition and training, employment policy guidance, and related personnel management services. The Director of the office is C. O. Magnetti.

Recruiting

As shown in table 2, which summarizes the composition of our staff, our recruiting programs are geared toward acquiring staff members from diverse academic disciplines.

Professional Staff

The two main recruitment programs used to fill GAO's professional staffing needs are the college recruiting program and the upper level recruiting program.

Table 2

COMPOSITION OF STAFF
(on rolls at September 30, 1976)

	Total
Professional:	
Accountants and auditors	2,701
Business administration/management	584
Attorneys	137
Actuaries and other mathematical scientists	106
Claims adjudicators/examiners	92
Engineers	28
Computer and information specialists	40
Economists and other social scientists	200
Personnel management specialists	32
Transportation specialists	17
Other	205
Total professional staff	4,142
Other:	
Administrative and clerical	1,152
Wage board	57
Total other staff	1,209
Total	5,351

ADMINISTRATION

We meet most of our professional staffing needs by recruiting graduates from colleges and universities. During the 15-month period, we visited 181 colleges and hired 469 quality graduates. We also conducted two summer intern programs at the college level—one for second-year law students and one for graduate students participating in 2-year master's degree programs.

Through the upper level recruiting program, we acquire the services of experienced professionals from both the public and private sectors. We employed 117 experienced professionals at upper grade levels.

Support Staff

We hired 215 permanent employees and 339 temporary employees for our support staff. Many secretaries and technicians were graduates of 2- or 4-year college programs, while others were employed through cooperative work programs negotiated between GAO and various educational institutions.

Personnel Development

The goal of our personnel development is to provide GAO's staff members with technical, supervisory, and management training. Intensive training programs are conducted for both professional and support services staff members. The program for the professional staff includes such courses as management-minded supervision, program results/effectiveness reviews, productive organizational communications, supervising human resources, strategies for managerial effectiveness, preparing effective presentations, introductory and intermediate writing workshops, producing organized writing and effective reviewing, the art of dictation, operational auditing, and specialized ADP courses.

The program for the support services personnel is designed to train staff in general and specialized skills so they can assist managers and the professional staff. The courses offered to them are on such subjects as typing, shorthand, correspondence procedures, English style practices, report processing, eliminating errors, seminar for secretaries, and communications and human relations.

Professional Attainment

Twenty-six percent of our professional staff now have advanced degrees, including 1,036 master's degrees and 49 doctoral degrees. Also, 642 staff members are CPAs, 41 others have passed the CPA

examination and are completing their experience requirements, and 152 have been admitted to practice law in various jurisdictions.

Personnel Operations

The personnel operations staff monitors and interprets personnel laws, regulations, and executive orders and develops internal policies and guidance. Programs cover position classification, wage administration, merit promotion, suggestion awards, labor-management relations, appeals and grievances, health and retirement programs, an array of employee benefits, personnel security, and counseling services.

This year a new General Counseling Service was established to work with employees suffering from personal, behavioral, or interpersonal problems affecting their performance.

Staff Development

The increasing diversity and complexity of GAO's responsibilities has placed increased importance on developing functional expertise, supervisory capability, and versatility in our professional staff members. To meet these increasing responsibilities while giving all staff members an opportunity to further their career objectives, the Office of Staff Development has started a career management system for professional staff members. A similar system for all

Table 3
ADVANCED DEGREES—
GAO PROFESSIONAL STAFF

Field	Master's	Doctoral
Accounting	179	—
Business administration/management	370	7
Finance	79	—
Public administration	104	6
Economics	61	13
International/foreign affairs	29	1
Mathematical science	24	1
Social science	36	4
Operations research	16	—
Personnel management	17	—
Political science	12	6
Engineering	12	2
Computer and information science	20	—
Education	13	2
Other	64	7
Total	1,036	49

Table 4
DISTRIBUTION OF STAFF

Division or Office	Professional	Other	Total
Comptroller General's Office	5	5	10
Special Staff Services	9	11	20
General Counsel	141	99	240
Management Services	4	6	10
Organization and Management Planning	9	3	12
Administrative Services	-	227	227
Controller	10	80	90
Librarian	-	29	29
Personnel Management—includes secretarial assignments	31	89	120
Staff Development—includes entry-level and upward mobility programs	237	48	285
Assistant Comptroller General (Policy and Program Planning)	1	2	3
Policy	9	2	11
Program Planning	6	3	9
Internal Review	12	2	14
Banking Task Force	21	-	21
Assistant Comptroller General (Special Programs)	7	3	10
Community and Economic Development	222	45	267
Energy and Minerals	97	19	116
Federal Personnel and Compensation	83	14	97
Financial and General Management Studies	185	32	217
General Government	145	28	173
Human Resources	230	52	282
Logistics and Communications	159	30	189
Procurement and Systems Acquisition	145	32	177
Program Analysis	82	21	103
Joint Financial Management Improvement Program	6	3	9
International	141	27	168
Europe	48	5	53
Far East	41	6	47
Latin America	9	2	11
Field Operations	1,957	219	2,176
Claims	90	65	155
Total	4,142	1,209	5,351

other staff members is in the planning stage and will be a priority during the next fiscal year.

William D. Martin, Jr., is the Director of the office.

Requirements and Assignments

A methodical reassignment program—an integral part of the new career management system—gives staff members the opportunity to (1) obtain diverse experience in evaluating Federal agencies' and departments' programs and (2) broaden their perspectives of GAO operations. Staff members may also choose to remain in a functional area for extended periods to develop their expertise. The needs of both

GAO and the individual staff member are considered when reassignments are made.

During the 15-month period, approximately 480 assignments and reassignments of professional staff members were made. Assignments are intended to match individual needs with requirements of the Office to the extent practicable.

This office is responsible for satisfying requests for professional GAO staff members to assist congressional committees in various ways, especially in evaluating Federal programs and in developing or revising legislation. Only the best-qualified staff members are assigned to these positions to maintain the highly professional reputation which GAO has earned in

dealing with the Congress. During the 15-month period 73 staff members were detailed to assist congressional committees. (See app. 4.)

We also began an outreach program for new staff members employed at the higher grade levels which supplements their formal orientation. Its main thrust is counseling new employees about their assimilation and adjustment problems.

Entry-level Professional Program

During their first year with GAO, professional audit staff members are introduced to (1) the way the Office makes its reviews, (2) required standards and procedures, and (3) acceptable methods and formats for communicating the results. During the first year, professional staff members participate in two training assignments in different divisions or offices. During these assignments, on-the-job training is provided and they are introduced to varied supervisory and management approaches. To supplement the on-the-job training, new staff members are also given 16 days of classroom training. About 180 staff members participated in this program in Washington headquarters.

Staff and Organization Development

GAO's broad interests require a variety of skills and talents. Additional training and reinforcement of our staff members' knowledge in the fields of management science, personnel administration, and behavioral science have proven to be worthwhile endeavors which improve GAO's effectiveness. The office provides tuition assistance for training to develop individuals' skills, knowledge, and abilities, so they can carry out their official duties or prepare for future assignments. The developmental opportunities include college and university graduate and undergraduate programs, as well as special executive programs at institutions such as Penn State, Dartmouth, and the Industrial College of the Armed Forces.

Our office, along with the Office of Personnel Management, continually assesses our internal training programs and develops new programs to meet the changing needs of GAO and the staff.

We have increased the opportunities for employees in lower grade jobs by helping to design new developmental positions, thereby expanding our current upward mobility program. We will continue to identify upward mobility needs and respond by establishing appropriate bridges to additional pro-

fessional positions and restructuring established positions.

We are publishing a career planning guide which will provide support staff employees with specific information and qualification requirements for available positions within GAO.

Career counseling services for support staff personnel are available within the office. Position opportunities and requirements, training regulations and resources, interviewing techniques, and other information pertinent to career planning are covered.

The Comptroller General established a career management committee to provide top-level policy guidance for the office's GS-14/15 appraisal/assessment project. In addition, efforts are underway to improve and revise the performance appraisals and career ladder definitions for staff in grades GS-9 through GS-13. These projects have been integrated into one project—the development of a career management system for professional staff. This system will be designed to insure the maximum development and use of GAO's most important resource, its staff, by:

- Matching employees' capabilities with Office needs.
- Providing procedures which clarify developmental needs and advancement requirements.
- Encouraging counseling for superior performance.
- Providing a process for selecting the most qualified candidates for supervisory/managerial positions.
- Rewarding staff members who do excellent work.

The first phase of this system, GAO's competitive selection process, was implemented on October 1, 1976. Also, performance appraisal and potential assessment forms have been developed and will be integral elements in this process. The next two elements of the career management system to be developed are the performance improvement program and the executive development program. We estimate these programs will be operating by the end of fiscal year 1977.

Upward Mobility Program

Our Upward Mobility Program gives employees—in lower graded positions with limited opportunities to advance—a bridge to a variety of permanent professional and paraprofessional positions, including management analyst, management auditor, claims adjudicator, budget analyst, computer technician, editor, and personnel specialist.

During the 15-month period, 21 employees were selected through the competitive process to participate in the program. Besides receiving on-the-job training and careful counseling, most participants are enrolled in college-level courses which they attend both during and after duty hours. GAO pays all education-related expenses for these individuals. Thirteen employees completed program requirements and "crossed over" to permanent professional positions.

Office of Controller

The Office of Controller is responsible for budgeting, accounting, and management information systems. The Controller is Jack L. Green. His office is divided into three branches:

- Systems Management.
- Budget and Financial Planning.
- Management and Accounting Information Systems.

The Systems Management Branch implemented a new ADP travel and miscellaneous payments system, initiated an automatic posting system, and converted to a positive payroll system. These changes are expected to greatly improve the timeliness and usefulness of financial information.

Also, we expect to complete an automatic personnel action system and to begin final development of a cost system that will combine travel, payroll, and other costs with our project time system, to provide useful management information.

Office of Administrative Services

This office provides many of the services which enable GAO to operate efficiently.

Facilities Management Branch

The Facilities Management Branch, in keeping with GAO's long-range space improvement and utilization plan, as approved by the Congress, continued to modernize and improve GAO's physical office environment, with appropriate emphasis on providing a safe and healthful working environment for all GAO employees in conformance with the Occupational Safety and Health Act of 1970. A security program encompassing all aspects of both physical security and adherence to security policies and procedures in handling and storing classified documents

was more fully developed and refined. A property management system that takes into account all property with an estimated value exceeding \$300 was implemented.

Procurement and Services Branch

The Purchasing Section entered into nearly 6,800 purchasing actions to satisfy the agency's nationwide needs and nearly 176 purchasing transactions for the Cost Accounting Standards Board. This section also monitors the receipt of purchases, maintains accountability records, and carries out property management and disposal activities. The contracts group processed 160 contract and interagency agreement transactions.

The Travel Services Section carries out local, national, and international travel functions. It also arranges for storage, transport, and warehouse handling of personal effects and household goods of GAO staff members who change duty stations.

An Office Appliance Repair Section and a Laborer Section also provide necessary services for the Washington offices.

Records Management and Services Branch

The Directives and Forms Section continued to make progress in converting the Comptroller General's orders and other issuances to directives in the GAO Operations Manual—the one source for internal administrative policies and procedures. A total of 69 publications were issued during 1976.

The Records Management and Analysis Section issued a revised Title 8 (Records Management) of the *GAO Policy and Procedures Manual for Guidance of Federal Agencies*. The revised Title 8 incorporated the improvements made during fiscal year 1975 in the management of GAO records in other agencies. The Records Management and Analysis Section also answered 675 requests from Government agencies and private individuals for information from and copies of Government records. This section also received and filed 2,102 confidential financial statements of Senators and certain officers and employees of the Senate, as required by Senate Rule 44.

A high priority was placed on expanding distribution and mail operations to assure economical, rapid handling of reports. Comprehensive reporting systems were developed to monitor timeliness, quality, and efficiency. Several procedural changes were made which have increased the workload of the sections but which have also had a positive effect on reducing

ADMINISTRATION

the amount of time supervisors spend on monitoring work flow. The Mail and Messenger Section, which provides mail delivery and special services throughout the GAO building, the Arthur Building, the Bicentennial Building, the Washington regional office, and some 80 audit sites in the Washington area, processed nearly 10 million pieces of internal GAO mail and over 2 million pieces of Postal Service mail during the year. Turnaround time on requests received in the Distribution Section greatly improved, and over 90 percent of all requests are now being filled within 2 workdays. Over 900 audit reports were distributed by the section during the year. Microfiche has also added new dimensions to the workload in the Distribution Section. The microfiche is used to produce additional copies of audit reports as needed, and is also used in filling some requests from libraries and colleges which have the capability for using microfiche.

Publishing and Graphic Services Branch

The Publishing and Graphic Services Branch has agencywide responsibility for GAO's publications program. Included in its responsibilities are the editing, illustrating, printing, duplicating, and microfilming functions. The branch is divided into three sections.

Editorial Services is responsible for editing, typing, and proofing all GAO audit reports and other publications. In fiscal year 1976 and the interim period, the section processed 1,042 audit reports and approximately 75 other publications, including such items as the annual report, *The GAO Review*, newsletters, and pamphlets. The section also helps regional offices and audit sites write audit reports and assists OPM in writing workshops for auditors.

Illustrating Services is responsible for filling GAO's visual information needs. It performs such varied tasks as designing publications and exhibits and preparing visual media for use in briefings. The section also provides photographic services. In fiscal year 1976 and the interim period it produced approximately 11,000 different pieces of work in these categories.

Printing Services provides GAO with in-house printing, copying, and microfilming services and also procures outside printing when necessary. In the last 15 months, over 111,000,000 units were produced, either through the in-house printing plant, GPO, or outside contractors. Printing is responsible for managing all of GAO's copiers and the micrographics unit.

The micrographics area is in the process of filming all GAO audit reports and annual reports issued since 1921.

Office of Librarian

The Office of Librarian provided the following assistance to GAO staff members needing information from both the Law Library and the new Technical Library (completed in July 1975):

- Reference and research assistance.
- Computerized literature searches in support of GAO audit responsibilities. Librarians accessed more than 35 highly specialized data bases so that abstracts of current literature could be given to GAO staff members upon request.
- The circulation of library-owned materials grew considerably during the 15-month period. More than 3,000 periodicals and 1,200 monographs were circulated or routed monthly.
- Interlibrary loans for staff members when the GAO libraries did not own requested materials.
- Publication of the *Literature Limelight*, a monthly accessions list, continued to alert GAO staff members to new publications in their fields of interest.

Equal Employment Opportunity

During the past 15 months our employment profile steadily improved as we recruited more minority persons and women. Figures adjusted to reflect the October 1975 transfer of 416 employees to the General Services Administration showed that the total workforce grew by 294 persons. The increase in the number of minority men and women was 96 (32.7 percent). For white women the gain was 125 (42.5 percent). On September 30, minority persons represented 16.1 percent of all employees, 1 percent over the previous year.

The most noticeable improvement was at the GS-11 level. Minority persons accounted for 7.7 percent of all employees in this grade in 1975; this figure jumped to 16.7 percent in 1976. White women, comprising 18.5 percent of all employees, now account for 16 percent of all GS-11 personnel, compared to 10 percent in 1975. Most of this increase has resulted from our GS-7/9 recruitment program for 1973 and 1974, and the career ladder progression of employees.

Expenditures for the EEO and Upward Mobility Programs in 1976 were about \$750,000, compared to a projected \$1,000,000 for 1977. During fiscal year 1976 a cost accounting system was developed which will catalog actual equal opportunity program expenditures by project area. In 1977 the system will have the capability to perform cost-benefit analyses.

An employee training program on functional racism and discriminatory behavior was launched in 1976. Several volunteers from various divisions and offices are being trained to present the course and guide class discussion among employees at their own work locations using video tape modules. It is expected that, using this approach, about 1,200 employees can receive training next year.

The Federal Women's Program was strengthened with the appointment of a program coordinator in each regional office and the creation of a Women's Advisory Committee. Committee members to represent the various headquarters divisions and offices were elected by secret ballot.

Special activities presented for headquarters employees included an auditorium program and feminist workshops commemorating International Women's Year. A 5-day film festival was held in conjunction with National Black History Month. During Hispanic Heritage Week a portable, bilingual audiovisual exhibit was displayed to stimulate the interest of Spanish-speaking people in GAO careers.

Program Planning

The Office of Program Planning, under the direction of John D. Heller, Director, advises and assists the Comptroller General on GAO-wide program planning matters. The office advises the Comptroller General on long-range objectives, budget formulation, resource requirements, and overall direction-of-effort planning. It also assists the Program Planning Committee, monitors and evaluates the operational plans and performance of GAO divisions and offices, and promotes effective planning throughout GAO

by guiding and counseling individual divisions and offices in developing their plans.

Policy

The Office of Policy, directed by Donald J. Horan, Director, advises and assists the Comptroller General on policy formulation, guidance, and review concerning all GAO functions.

It (1) develops auditing and reporting policies, standards, and procedures for guiding the operating divisions, (2) conducts or sponsors research in auditing theory, objectives, practices, and techniques, (3) furnishes policy advice on auditing and reporting problems, and (4) reviews proposed reports for the Comptroller General's signature. It also advises and assists in developing operating policies and guidance for GAO's legislative, legal, claims, career development, and administrative activities.

Internal Review

The Office of Internal Review, directed by Lloyd G. Smith, is responsible for reviewing the operations and performance of all divisions and offices in GAO. Reports prepared by the office on its reviews and examinations are submitted directly to the Comptroller General and the Deputy Comptroller General.

Information Officer

The Information Officer, Roland Sawyer, is GAO's contact point for the media and general public.

Services include assistance in preparing summaries and titles of audit reports; preparation of the *Monthly List of GAO Reports* which the Comptroller General sends to the Congress as required by the Legislative Reorganization Act of 1970; publication of the *GAO Management News*, a weekly information bulletin for the GAO staff; and coordination of speeches for the Comptroller General.

NUMBER OF AUDIT REPORTS ISSUED DURING THE 15 MONTHS ENDED SEPTEMBER 30, 1976¹

Subject	Addressee				
	Total	Congress ²	Committees ³	Members	Agency officials ⁴
Agriculture	22	5	7	4	6
Automatic Data Processing	11	5	1	-	5
Budget	48	36	8	4	-
Commerce and Transportation	120	27	30	28	35
Community and Regional Development	31	11	3	9	8
Education, Manpower, and Social Services	49	10	7	22	10
Financial Management and Information Systems	39	5	5	-	29
General Government	171	35	55	53	28
General Science, Space, and Technology	28	4	17	1	6
Health	83	23	18	17	25
Income Security	41	5	13	16	7
International Affairs	68	29	23	5	11
Law Enforcement and Justice	28	10	4	5	9
Multigency	8	2	3	3	-
National Defense	418	56	89	90	183
Natural Resources, Environment, and Energy	151	30	44	31	46
Revenue Sharing and General Purpose Fiscal Assistance	30	5	9	-	16
Veterans Benefits and Services	34	3	7	7	17
	1,380	301	343	295	441

¹ A detailed list of these reports is contained in appendix 2. Substantially identical reports have been counted as one report.

² Reports submitted to the Congress are addressed to the President of the Senate and the Speaker of the House of Representatives. Copies are sent to the Director, Office of Management and Budget; the Senate and House Committees on Appropriations and Government Operations; the appropriate legislative committees in the Senate and the House; Members of Congress from the districts in which the activities reported on are located;

others in the Congress, as requested; the President of the United States, as appropriate, the agencies reported on; and others directly affected.

³ Includes reports addressed to officers of the Congress.

⁴ Comprises reports addressed to heads of departments or agencies, to other officials at department or agency headquarters, to department or agency officials at regional or other local offices, or to commanding officers at military installations.

AUDIT REPORTS ISSUED DURING THE 15 MONTHS ENDED SEPTEMBER 30, 1976

	Reference	Addressee and date issued			
		Congress	Committees	Members	Agency officials
AGRICULTURE					
Letter answering questions on ways to boost food production (request of Senator John Glenn)					7-15-75
Letter in response to request inquiring if actions of Farmers Home Administration constitute an impoundment of budget authority (request of Senator James Abourezk)					1-19-76
Agricultural Research and Services:					
Personnel management improvements initiated or needed to help Farmers Home Administration meet its expanded missions. Department of Agriculture (request of Chairmen, Subcommittees on Rural Development and on Agricultural Credit and Rural Electrification, Senate Committee on Agriculture and Forestry).	RED-76-16			9-10-75	
Review of allegations concerning Farmers Home Administration's self-help housing program in Lowndes County, Alabama. Department of Agriculture (request of Chairman, Subcommittee on Reports, Accounting and Management, Senate Committee on Government Operations).	RED-76-61			1-22-76	
Assessment of the national grain inspection system. Agricultural Marketing Service, Foreign, and Agricultural Research Service, Department of Agriculture (request of Chairmen, Subcommittee on Foreign Agricultural Policy, Senate Committee on Agriculture and Forestry and House Committee on Agriculture).	RED-76-71			2-12-76	
World Food Program shipping issue. Department of Agriculture (request of Congressman Harold D. Long).	ID-76-40			1-21-76	
Meat and Poultry label review and approval process. Animal and Plant Health Inspection Service, Department of Agriculture.					12-4-75
Agricultural research—its organization and management. Department of Agriculture.	RED-76-92				4-9-76
Budget Impoundment:					
Potential impact of the Congressional Budget and Impoundment Control Act of 1974 on authorizing committees and GAO (request of Herman E. Talmadge, Chairman, Committee on Agriculture and Forestry, U.S. Senate).	OPA-76-3			1-15-76	
Farm Income Stabilization:					
Some problems impeding economic improvement of small farm operators: What the Department of Agriculture needs to do.	RED-76-2	8-15-75			
What the Department of Agriculture has done and needs to do to improve agricultural commodity forecasting and reports.	RED-76-6	8-27-75			

AUDIT REPORTS ISSUED DURING THE 15 MONTHS ENDED SEPTEMBER 30, 1976—Continued

	Reference	Addressee and date issued		
		Congress	Committees	Members	Agency officials
AGRICULTURE—Continued				
Farm Income Stabilization—Continued				
Audit of Federal Crop Insurance Corporation, fiscal year 1975. Department of Agriculture.	FOD-76-B	1-22-76		
Alleviating agricultural producers' crop losses: what should the Federal role be? Agricultural Stabilization and Conservation Service, Commodity Credit Corporation, and Federal Crop Insurance Corporation, Department of Agriculture.	RED-76-91	5- 4-76		
Supplemental information on assessment of the national grain inspection system. Agricultural Marketing Service, Foreign Agricultural Service, and Agricultural Research Service, Department of Agriculture (request of Senator Dick Clark).	CED-76-132			7-16-76
Followup letter recommending that Commodity Credit Corporation adopt self-insurance. Department of Agriculture.	RED-76-12			8- 6-75
The fertilizer situation—past, present, and future. Department of Agriculture.	RED-76-14			9- 5-75
Review of allegations of losses on Farmers Home Administration's sales of certificates of beneficial ownership. Department of Agriculture.	RED-76-109			5-21-76
Proposals for improved identification requirements for food stamp recipients. Marketing and Consumer Services, Department of Agriculture.				6-17-76
Food:				
Grain reserves: A potential U.S. food policy tool. Department of Agriculture (Chairman, Senate Select Committee on Nutrition and Human Needs).	OSP-76-16		3-26-76	
Food Stamps:				
Identification of food stamp issues, Department of Agriculture (to selected congressional committees).	OSP-76-10		1-28-76	
Public Opinion Survey:				
To provide an analysis of responses to a public opinion survey questionnaire on Farmers Home Administration, Department of Agriculture (request of Committee on Agriculture and Forestry, U.S. Senate).	OPA-76-10		12-9-75	
Rural Housing and Public Facilities:				
Examination of the Rural Telephone Bank's financial statements for fiscal years ended June 30, 1975 and 1974. Department of Agriculture.	FOD-76-9	1-26-76		
AUTOMATIC DATA PROCESSING				
Current and potential uses of computer-output-microfilm.				2-10-76
Potential savings in the leasing of certain automatic data processing equipment at the National Security Agency.	LCD-76-123			6- 2-76
Data base management practices at selected Government agencies.	LCD-76-121			7- 7-76
Automatic Computer Actions:				
Improvements needed in managing automated decision-making by computers throughout the Federal Government.	FGMSD-76-5	4-23-76		

AUDIT REPORTS ISSUED DURING THE 15 MONTHS ENDED SEPTEMBER 30, 1976—Continued

	Reference	Addressed and Date Issued		
		Congress	Committees	Members Agency officials
AUTOMATIC DATA PROCESSING—Continued				
Computer-related Crimes:				
Computer-related crimes in Federal programs	FGMSD-76-27	4-27-76		
Food Stamp Program:				
Control weaknesses in the District of Columbia Food Stamp System.				8-13-75
General Services Administration:				
GSA's program providing systems analyst and programmer services to other Federal agencies.				4- 7-76
Grant Programs:				
Opportunity for savings of large sums in acquiring computer systems under Federal grant programs.	FGMSD-75-34	7-24-75		
Mini-computers:				
Uses of mini-computers in the Federal Government: trends, benefits, and problems.	FGMSD-75-53	4-22-76		
Security:				
Managers need to provide better protection for Federal automatic data processing facilities.	FGMSD-76-40	5-10-76		
Utilization and Management:				
Summary of GAO followup of computer utilization and management at the Government Printing Office (Joint Committee on Printing).	FGMSD-76-58		5-27-76	
BUDGET				
Progress in improving fiscal, budgetary and program-related information for the Congress.	OPA-76-1	8-29-75		
Budgetary definitions: glossary of terms for use by Federal agencies in providing fiscal, budgetary, and program-related data and information to the Congress.	OPA-76-8	11- -75		
GAO staff study—proposed budget classifications, functions and subfunctions, fiscal year 1978.	OPA-76-32	2-20-76		
An analysis of the 4½-percent interest rate limitation on long-term Treasury debt.	OPA-76-26	4-16-76		
The President's budget for 1977 and its implications for rural development.	OPA-76-42	4-21-76		
Progress in improving fiscal, budgetary, and program-related information for the Congress.	PAD-76-64	8-30-76		
Letter responding to questions on GAO participation in the design and development of procurement and grant information systems as part of its duties under title VIII of Budget Act of 1974 (request of Chairman Lee Metcalf, Senate Committee on Government Operations).				7-16-75
Letter answering questions regarding effective coordination of revenue and appropriation decisions (request of Chairman Brock Adams, House Committee on Budget).				7-18-75
Letter in response to inquiry if supplementary information on D76-42, D76-43, and D76-44 was required by the President under the act (request of Chairman Brock Adams, House Committee on Budget).				10-24-75
Analysis of Defense manpower costs (request of Senate and House Budget Committees).	OPA-76-17			12-18-75

AUDIT REPORTS ISSUED DURING THE 15 MONTHS ENDED SEPTEMBER 30, 1976—Continued

	Reference	Addressed and date issued			Agency officials
		Congress	Committees	Members	
BUDGET—Continued					
GAO staff study—proposed budget classifications, functions and subfunctions—fiscal year 1978 (request of House Committee on the Budget).	OPA-76-32	. . . . .		2-20-76	
Congressional Budget and Impoundment Control Act of 1974; its impact on the authorizing committees and GAO (request of Senator Talmadge, Chairman, Senate Agriculture and Forestry Committee).	OPA-76-29	. . . . .		4-19-76	
Letter answering questions in response to D76-42 included in President's second fiscal year 1976 special message (request of Senator Alan Cranston).		. . . . .			8-14-75
Letter in response to request for amount of money derived from taxes for last 3 years for Idaho (request of Senator Steve Symms).		. . . . .			10-30-75
Cost savings attributable to P.L. 93-608 (request of Congressman Jack Brooks).	OPA-76-7	. . . . .		11-25-75	
Letter in response to request for GAO's views and comments on the use of the Federal Financing Bank in the synthetic fuels loan guarantee program and its budgetary effects (request of Congressman Hechler).		. . . . .			9-30-76
Impoundment:					
Comments on the third fiscal year 1976 special message transmitted by the President on September 10, 1975, pursuant to the Impoundment Control Act of 1974.	OSP-76-6		9-26-76		
GAO views on possible lapsing of HUD budget authority (request of Chairman, Subcommittee on HUD-Independent Agencies, Senate Committee on Appropriations).		. . . . .		5- 6-76	
GAO views on HEAV's progress in utilizing funds required to be made available by congressional rejection of proposed rescission (request of Chairman, Subcommittee on Long-Term Care, House Select Committee on Aging).		. . . . .		6-15-76	
Presidential Impoundments:					
Letter report to Speaker of the House and President of the Senate. Subject: unreported rescission, Department of Agriculture, Youth Conservation Funds.	ACG-76-1		7- 9-75		
Letter report to Speaker of the House and President of the Senate. Subject: release of Youth Conservation Funds.	ACG-76-3		7-16-75		
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's first special impoundment message, fiscal year 1976.	ACG-76-2		7-17-75		
Letter report to Speaker of the House and President of the Senate. Subject: unreported rescission, HUD section 202 housing direct loan program.	ACG-76-4		8- 6-75		
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's second special impoundment message, fiscal year 1976.	ACG-76-5		8-12-75		
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's third special impoundment message, fiscal year 1976.	OSP-76-6		9-26-75		
Letter report to Speaker of the House and President of the Senate. Subject: release of funds (D76-49).	ACG-76-6		11- 3-75		

AUDIT REPORTS ISSUED DURING THE 15 MONTHS ENDED SEPTEMBER 30, 1976—Continued

	Reference	Addressed and date issued			Agency officials
		Congress	Committees	Members	
BUDGET—Continued					
Presidential Impoundments—Continued					
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's fourth special impoundment message, fiscal year 1976.	ACG-76-7	11-		4-75	
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's fifth special impoundment message, fiscal year 1976.	ACG-76-8	11-		5-75	
Letter report to Speaker of the House and President of the Senate. Subject: release of funds (R76-1, R76-2, and R76-3).	ACG-76-9	11-		6-75	
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's sixth special impoundment message, fiscal year 1976.	ACG-76-10	11-		7-75	
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's seventh special impoundment message, fiscal year 1976.	ACG-76-11	12-		12-75	
Letter report to Speaker of the House and President of the Senate. Subject: release of funds and status of impoundments (rescission proposals submitted in second fiscal year 1976 Presidential special message).	ACG-76-12			12-15-75	
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's eighth special impoundment message, fiscal year 1976.	ACG-76-13	1-		6-76	
Letter report to Speaker of the House and President of the Senate. Subject: release of funds (D76-68, 69, 70, 72, 73, 74, 79, 80, 81, 82, and 83).	ACG-76-14	1-		9-76	
Letter report to Speaker of the House and President of the Senate. Subject: release of funds (D76-13A).	ACG-76-15			1-15-76	
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's ninth special impoundment message, fiscal year 1976.	ACG-76-16			1-29-76	
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's tenth special impoundment message, fiscal year 1976.	ACG-76-17			2-20-76	
Letter report to Speaker of the House and President of the Senate. Subject: GAO comments on the President's eleventh special impoundment message, fiscal year 1976.	ACG-76-18			2-27-76	
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Indian natural resources—opportunities for improved management and increased productivity—part I: forest land, rangeland, and cropland. Bureau of Indian Affairs, Department of the Interior (request of Chairman, Senate Committee on Interior and Insular Affairs).	RED-76-8	8-15-75	
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Relocation of Bryan, Texas, Post Office. U.S. Postal Service (request of Congressman Olin Teague).	GGD-76-81			4-12-76
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Review of Postal Service's evaluation of an alternative mail processing system proposal. U.S. Postal Service (request of Senator Paul Laxalt).				9-1-76
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Increased attention needed to insure that bridges do not create navigation hazards. Department of Transportation.	CED-76-103		8-25-76	
Increased cost of implementing commuter ferry system on San Francisco Bay. Department of Transportation (request of Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee).	RED-76-40		11-11-75	
Updated information on the commuter ferry system for the San Francisco Bay. Department of Transportation (request of Chairman, Subcommittee on Government Activities and Transportation, House Committee on Government Operations).	CED-76-131		8- 3-76	
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Progress and problems in giving rural areas first priority when locating Federal facilities. Multiagency, Department of Agriculture.	CED-76-137	9- 7-76			
Information on the new community of Soul City, North Carolina. Multiagency (request of Senator Jesse Helms and Congressman L. H. Fountain).	RED-76-50 RED-76-52	. . . . .		12-18-75	
Review of certain aspects of the Chicago Model Cities Program. Department of Housing and Urban Development (request of Congressman Ralph H. Metcalfe).	RED-76-66	. . . . .		2- 3-76	
Review of the Redevelopment Agency of the City of San Bernardino, California. Department of Housing and Urban Development (request of Senator Alan Cranston and Congressman George E. Brown, Jr.).	RED-76-78	. . . . .		3-16-76	
Review of nonmetropolitan discretionary grant funds for western Missouri. Department of Housing and Urban Development (request of Congressman Jerry Litton).	RED-76-87	. . . . .		3-29-76	
Review of matters relating to the operations of two HUD-supported projects in Pennsylvania. Department of Housing and Urban Development (request of Congressman Daniel J. Flood).	RED-76-89	. . . . .		4- 8-76	
Disposition of property by the Greensboro Redevelopment Commission. Department of Housing and Urban Development (request of Senator Robert Morgan).	RED-76-99	. . . . .		4-21-76	
Review of HUD's rehabilitation loan program. Department of Housing and Urban Development.	RED-76-77	. . . . .			3- 8-76
Cost of the section 8 lower income housing assistance program. Department of Housing and Urban Development (request of Chairman, Subcommittee on HUD-Independent Agencies, House Committee on Appropriations).	RED-76-85	. . . . .			3-12-76
Need to establish controls over operating funds generated through allowances for future maintenance expenses at HUD-supported housing projects. Department of Housing and Urban Development.		. . . . .			6- 7-76
Disaster Relief and Insurance:					
Examination of financial statements of the National Flood Insurance Program, fiscal year 1974. Department of Housing and Urban Development.	RED-75-395	9-17-75			
Examination of financial statements pertaining to insurance operations of the Federal Housing Administration—fiscal year 1975. Department of Housing and Urban Development.	RED-75-22	9-22-75			
Formidable administrative problems challenge achieving national flood insurance program objectives. Department of Housing and Urban Development.	RED-76-91	4-22-76			

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Need for State and local governments to have greater roles in providing temporary and permanent housing to disaster victims. Department of Housing and Urban Development.	RED-76-58			12-31-75
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Examination of financial statements for the year ended December 31, 1974. Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Savings and Loan Insurance Corporation.	FOD-76-1	1-19-76		
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Training educators for the handicapped: a need to redirect Federal programs. Office of Education, Department of Health, Education, and Welfare.	HRD-76-77	9-28-76		
Request for information on cosmetology accrediting commission. Education Division, Department of Health, Education, and Welfare (request of Congressman Alan Steelman).	MWD-76-13			8-29-75

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Disapproval of Seattle, Washington, school district applications for emergency school aid funds. Office of Education, Department of Health, Education, and Welfare (request of Congressman Joel Pritchard).	MWD-76-106		4-	7-76
Student enrollment and attendance in the Boston public school system are substantially accurate. Education Division, Department of Health, Education, and Welfare (request of Congressman James A. Burke).	HRD-76-146		7-16-	76
Career education: status and improvements needed. Office of Education and National Institute of Education, Department of Health, Education, and Welfare.	MWD-76-81			1-27-76
Expenditure of administration flow-through funds by State of New Mexico. Education Division, Department of Health, Education, and Welfare.	MWD-76-103			3-12-76
Higher Education:				
Assessing the Federal program for strengthening developing institutions of higher education. Education Division, Department of Health, Education, and Welfare.	MWD-76-1	10-31-75		
Operation of the State Student Incentive Grant Program. Education Division, Department of Health, Education, and Welfare.				5- 7-76
Allstate business college's administration of the Basic Education Opportunity Grant Program. Education Division, Department of Health, Education, and Welfare.				7-12-76
Manpower Training:				
Progress and problems in allocating funds under titles I and II—Comprehensive Employment and Training Act. Employment and Training Administration, Department of Labor.	MWD-76-22	1-	2-76	
Staff study on the Eisenhower Memorial Tunnel (request of various committees).	PSAD-76-85		2-17-76	
Public service employment in Delaware under title VI of the Comprehensive Employment and Training Act. Employment and Training Administration, Department of Labor (request of Congressman Pierre S. du Pont).	MWD-76-61			1-23-76
Using Comprehensive Employment and Training Act funds to rehire laid-off employees in Toledo, Ohio. Employment and Training Administration, Department of Labor (request of Congressman Delbert L. Latta).	MWD-76-84			3-19-76
Formulating plans for comprehensive employment services—a highly involved process. Employment and Training Administration, Department of Labor (request of Senator Gaylord Nelson).	HRD-76-149			7-23-76
Survey of procurement training within the Department of Defense civilian career program for training personnel.	PSAD-76-33			10-10-75

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	Reference	Addressed and date issued			Agency officials
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Report on allegations of improprieties in the award of grants and contracts by the National Institute of Education, Education Division, Department of Health, Education, and Welfare (request of Chairman, Select Subcommittee on Education, House Committee on Education and Labor, and Congressman J. J. Pickle).	MWD-76-9 MWD-76-10		8-29-75	
Administration of the science education project "Man: A Course of Study" (MACOS). National Science Foundation (request of Chairman, House Committee on Science and Technology).	MWD-76-26	. . . . .		10-14-75	
Representation of peer review comments for the National Science Foundation's "Individualized Science and Instructional System" project. National Science Foundation (request of Chairman, Subcommittee on Science, Research, and Development, House Committee on Science and Technology).	MWD-76-78	. . . . .		1-12-76	
Certain information pertaining to selected aspects of the operations of the National Endowment for the Humanities. National Foundation on the Arts and Humanities (request of Chairman, Special Subcommittee on Arts and Humanities, Senate Committee on Labor and Public Welfare).	GGD-76-56	. . . . .		2-13-76	
Coordination needed in the award of financial aid to Indian students. Education Division, Department of Health, Education, and Welfare (request of Senator Henry M. Jackson).	MWD-76-14	. . . . .			9- 8-75
Evaluation of the migrant student record transfer system. Office of Education, Department of Health, Education, and Welfare (request of Congressman Albert H. Quie).	MWD-76-21	. . . . .			9-16-75
Review of Fayette County community action agency expenditure of Federal funds in the administration of the Headstart Program. Office of Education, Department of Health, Education, and Welfare (request of Congressman Thomas E. Morgan).	B-130515	. . . . .			11-18-75
Refund policies of basic grants and other student aid programs. Education Division, Department of Health, Education, and Welfare.		. . . . .			3-11-76
Mark-sense processing of basic grant application. Education Division, Department of Health, Education, and Welfare.	MWD-76-110	. . . . .			3-15-76
Personnel management practices of the National Institute of Education. Education Division, Department of Health, Education, and Welfare.	HRD-76-166	. . . . .			8-13-76
Social Services:					
ACTION's progress toward meeting the goals of its establishment.	MWD-76-4		3-15-76		
More can be learned and done about the well-being of children. Social and Rehabilitation Service, Department of Health, Education, and Welfare.	MWD-76-23		4- 9-76		

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Complaint concerning processing procedures and results by EEOC Boston District Office, Equal Employment Opportunity Commission (request of Senator Edmund S. Muskie).	MWD-75-102		7- 1-75
Information on the implementation of sections 503 and 504 of the Rehabilitation Act of 1973 (Public Law 93-112). Multiagency (request of Congressman Christopher Dodd).	MWD-76-20		8-14-75
More assurances needed that colleges and universities with government contracts provide equal employment opportunity. Others (request of Congressman Ronald V. Dellums).	MWD-75-72		8-25-75
Citizens' Advisory Council on the Status of Women's (CACSW) activities on behalf of the Equal Rights Amendment (ERA). Multiagency (request of Senator Harrison A. Williams, Jr.).	MWD-76-43		10-14-75
Activities of project REACH, Inc. Department of Labor (request of Congressman James F. Hastings).	MWD-76-51		1-16-76
How Federal programs affect migrant and seasonal farmworkers in the Connecticut River Valley. Employment and Training Administration, Department of Labor (request of Senator Lowell P. Weicker and Congressmen William R. Cotler and Robert N. Giaimo).	MWD-76-65		2-27-76
The Federal equal employment program for northeast Oklahoma construction projects is weak. Department of Labor and other agencies (request of Congressman James R. Jones).	MWD-76-86		5-28-76
More action needed to insure that financial institutions provide equal employment opportunity. Others (request of Senator William Proxmire).	MWD-76-95		6-24-76
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Why NASA's property accounting and control system should be improved. National Aeronautics and Space Administration.	FGMSD-75-27	1-	16-76	
Alleged overobligations of funds at the Army Electronics Command (request of Chairman, House Committee on Appropriations).	FGMSD-76-2	9-	8-75

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Timekeeping procedures used at the Federal Correctional Institution, Terminal Island, California. Department of Justice (request of Chairman, Government Information and Individual Rights Subcommittee, House Government Operations Committee, and Senator John V. Tunney).	FGMSD-76-31 FGMSD-76-32			11-26-75	
Violations of the Anti-deficiency Act and other financial management problems at the Equal Employment Opportunity Commission (request of Chairman, Subcommittee on State, Justice, Commerce, the Judiciary, and Related Agencies, Senate Committee on Appropriations).	FGMSD-76-12			4- 5-76	
Survey of cost accounting system at Navy Regional Medical Center, San Diego, California.					7- 8-75
Deficiencies in the Military Sealift Command's tariff rate structure. Department of the Navy.	FGMSD-73-51				7-29-75
Review of conformity of system operations with system design approved by the Comptroller General. Railroad Retirement Board.	FGMSD-73-50				7-30-75
Review of conformity of operations with design approved by the Comptroller General of the industrial fund accounting system for printing and duplicating services. Department of the Air Force.	FGMSD-76-4				8-18-75
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Review of centralized travel advances and travel voucher processing system at National Finance Center. Department of Agriculture.	FGMSD-76-38				1-19-76
Opportunities for improvements in operating contractor-held property management system. Department of Labor.	FGMSD-76-39				3- 3-76

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Opportunities for savings in interest costs through more timely collection of insurance premiums. Department of Housing and Urban Development.	FGMSD-76-54				5- 5-76
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Recovery of costs for providing technical assistance training in Iran. Department of Defense.	FGMSD-76-64				7-13-76
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Interim report on accounting and information systems used to evaluate cost and workload in military hospitals. Department of Defense.	FGMSD-76-70				8-23-76
Opportunities for improving computerized payroll processing operations. Department of Health, Education, and Welfare.	FGMSD-76-68				8-24-76
Improvements needed in accounting system operations. White House Office (request of Counsel to the President of the United States).	FGMSD-76-34				9- 2-76
Financial Issues:					
The Government can save more under the composite check program. Department of the Treasury.	FGMSD-76-11	11-10-75			
Report on certain accounting and other financial practices of the Panama Canal Company and the Canal Zone Government (request of Chairmen, House Committee on Merchant Marine and Fisheries and Subcommittee on the Panama Canal).	FOD-76-15		5-17-76		
Survey of cash management practices at six agency offices in Chicago, Illinois, area. Departments of Army, Labor, and State; the Social Security Administration; Veterans Administration; and U.S. District Court.					4- 7-76
Survey of extent and frequency of internal auditing of financial reports and accounting systems. Multiagency.	FGMSD-76-43 FGMSD-76-44				6-18-76
Internal Audits:					
Need for greater audit coverage of internal financial areas. Department of Labor.	FGMSD-76-67				6-25-75
Need to avoid duplicative financial audits of the Comprehensive Employment and Training Act subgrantees. Department of Labor.	FGMSD-76-81				8-27-76
Review and Approval of Accounting Systems:					
Status, progress, and problems in Federal agency accounting during fiscal year 1975.	FGMSD-76-13	10-23-75			
Improvements needed in accounting systems and suggestions for their accomplishment. District of Columbia Government (request of Chairman, House Committee on the District of Columbia Government).	FGMSD-76-42		2-27-76		

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Evaluation and analysis to support decisionmaking (exposure draft).	OPA-76-9	12-	9-75	
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Evaluating Federal programs: an overview for the congressional user.	PAD-76-30	8-31-	76	
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Congressional Sourcebook: Federal Information Sources and Systems.	PAD-76-23	9-30-	76	
GAO information resources and services (request of House Commission on Information and Facilities).	OPA-76-4		11-	4-75
Discussion of information needs, Senate Committee on Labor and Public Welfare (request of Chairman, Senate Committee on Labor and Public Welfare).			12-18-	75
Survey of executive long-range planning and policy analysis activities—preliminary presentation of questionnaire responses (request of House Committee on Science and Technology and Merchant Marine and Fisheries).	OPA-76-19		1-	15-76
Letter requesting critical analysis and impact statement on 17 rescissions and 11 deferrals (request of Chairman John B. Breckinridge, Congressional Rural Caucus).			1-30-	76
Agencies' policies and practices in publishing and distributing telephone directories in Washington, D.C., area (request of Chairman, Subcommittee on Reports, Accounting and Management, Senate Committee on Government Operations).	LCD-76-111		3-	5-76
Effects of proposed rules and legislative actions on competition (request of Edward M. Kennedy, Chairman, Subcommittee on Administrative Practice and Procedure, Senate Committee on the Judiciary).	OPA-75-8		5-	17-76
Letter answering question regarding how additional consumer involvement could make Federal agencies more responsive to the needs of the American consumer—proposed consumer representation plans (request of Chairman B. S. Rosenthal, Subcommittee on Commerce, Consumer, and Monetary Affairs, House Committee on Government Operations).			7-	15-76
Arrangements under which executive branch officials are provided access to Air Force executive aircraft (request of Staff Director, Commission on the Operation of the Senate).	LCD-76-238		8-	16-76
Preparation of House Document on executive branch information resources (request of Chairman, House Commission on Information and Facilities).	PAD-76-72		9-	30-76
Inquiry concerning nonaward of a cash bonus for suggestion made under incentive awards system (request of Rep. Thomas N. Downing).	LCD-75-446		7-	3-75
Letter on current status of the current GAO program relating to certain budgetary matters with the Budget Act of 1974 (request of Congressman Charlie Rose, Committee on House Administration).			7-	25-75
Letter in response to request of whether the National Socialist White People's Party receives any Federal grants (request of Congressman Lester Wolff).			7-	28-75

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				8- 1-75
Letter in response to request for information for understanding of budget deficit and comments on OSHA and EPA (request of Congressman David Emery).				
Relocation of the Food and Drug Administration District Office from Newark to East Orange, N.J. (request of Senator Harrison A. Williams, Jr.).	LCD-76-301			8- 5-75
Letter in response to request for any studies GAO has done on behavior of Alaskan brown bear, primate teeth, etc. (request of Congressman Larry Pressler).				8-11-75
Letter in response to questions whether Institute for Family Research & Education, Syracuse University, is federally funded (request of Congressman Steve Symms).				8-13-75
Letter in response to inquiry as to whether HEW's delay in reimbursing expenditures is a deferral under section 1012 (request of Senators Philip Hart and Robert Griffin and 19 State of Michigan Congressmen).				10-16-75
Letter in response to questions about certain payments for former President Nixon for office expenses and pension (request of Senator Jacob Javits).				10-18-75
Letter in response to request for information on waste in buying new film when constituent alleged rejuvenation would suffice (request of Senator Ted Stevens).				10-30-75
Letter reiterating information furnished previously in regard to information on film rejuvenation (request of Senator Ted Stevens).				11-24-75
Letter in response to the request if Ethiopia was granted \$100 million to improve television coverage (request of Senator Warren Magnuson).				2-17-76
Government's responsibilities concerning St. Mary's Garden Apartments located on Navy-owned land (request of Rep. Robert E. Bauman).	LCD-76-328			2-27-76
Letter in response to functions of Committee of Police and Minorities, and how much Government agencies spend on paper clips (request of Congressman Floyd Spence).				3- 2-76
Letter in response for total amount of Federal dollars sent to each congressional district in Pennsylvania (request of Senator Richard Schweiker).				3-15-76
Letter in response to request for federally funded projects in third congressional district in Wisconsin in 1974 (request of Representative Alvin Baldus).				4-29-76
Letter replying to request regarding an inquiry of Winfred Shattuck regarding need for more detailed accounting by American businesses (request of Senator Kennedy).				6- 3-76
Letter in response to request regarding an inquiry from Mrs. Emina Simon regarding expenditures for a recent trip by Secretary of Agriculture Butz (request of Senator Williams).				6- 7-76
Letter in response to request regarding letter to Darrell L. Apple concerning cost to the Government of advertising in the white and yellow pages of the telephone directory (request of Senator Symington).				6-21-76

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Letter disclosing information regarding concern of constituent Albert Turick over grant of \$428,352 to the American Museum of Natural History to study "Physiological Correlates of Sexual Behavior of Cats" (request of Senator Williams).					7-29-76
Letter in response to request regarding request from Mr. J. M. Redding for an inventory of money spent by the Federal Government in Dona Ana County, New Mexico (request of Senator Domenici).					8-17-76
Letter in response to request regarding request of Mr. F. Austin Natterer, for the amount of gasoline used by the Federal Government in sending private and official planes to Europe (request of Congressman P. G. Rogers).					8-27-76
Central Fiscal Operations:					
Materials sent by Treasury Department to the American Economic Association. Department of the Treasury (request of Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee).	GGD-75-106				7-18-75
Information on consolidation of bank regulatory agencies. Department of the Treasury (request of Chairman, Senate Committee on Banking, Housing, and Urban Affairs).	GGD-76-42				12-5-75
Use of jeopardy and termination assessments by the Internal Revenue Service. Department of the Treasury (request of Joint Committee on Internal Revenue Taxation).	GGD-76-14				7-16-76
Central Personnel Management:					
Better evaluation needed for Federal civilian employee training. Civil Service Commission.	FPCD-75-120				8-12-75
Effectiveness of the financial disclosure system for the Civil Aeronautics Board employees needs improvement (request of Representatives John E. Moss and Benjamin S. Rosenthal and Senator Lee Metcalf).	FPCD-76-6				9-16-75
Improvements needed in the Federal Maritime Commission's financial disclosure system for employees (request of Senator Lee Metcalf and Representative John E. Moss).	FPCD-76-16				10-22-75
Personnel management in the Small Business Administration.	FFCD-76-10				11-28-75
Department of the Interior improves its financial disclosure system for employees.	FPCD-75-167				12- 2-75
Financial disclosure system for employees of the Food and Drug Administration needs tightening. Department of Health, Education, and Welfare (request of Representatives John E. Moss and Benjamin S. Rosenthal and Senator Lee Metcalf).	FPCD-76-21				1-19-76
Policy of paying cost-of-living allowances to Federal employees in nonforeign areas should be changed. Civil Service Commission.	FPCD-75-161				2-12-76
Problems with the financial disclosure system of the Federal Aviation Administration. Department of Transportation (request of Representatives John Moss and Benjamin Rosenthal and Senator Lee Metcalf).	FPCD-76-50				8- 3-76

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Central Personnel Management—Continued				
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Grievance arbitration awards made under the Federal Labor Relations Program, Department of Labor, Department of Defense, and Civil Service Commission (request of Chairman, Subcommittee on Manpower and Civil Service, House Committee on Post Office and Civil Service).	FPCD-76-14		10-17-75	
Areas where there may be wasteful or inefficient use of Federal employees. Department of Agriculture, Small Business Administration, Department of Commerce, and Department of Housing and Urban Development (request of Chairman, Senate Committee on Government Operations).	FPCD-76-47		3-19-76	
Activities of the Civil Service Revolving Fund, Civil Service Commission. (Issued to the Chairmen, Senate and House Committees on Post Office and Civil Service).	FPCD-76-56		6-25-76	
Relationship between certain Civil Service Commission employees and Kepner-Tiergoe, Inc. (request of Representative John E. Moss).	FPCD-75-154			7-18-75
Alleged improper personnel practices at the Law Enforcement Assistance Administration, Department of Justice (request of Representative John E. Moss).	FPCD-75-159			8-19-75
Inquiry concerning a contract let by the Selective Service System to Mr. Kenneth J. Coffey (request of Representative William A. Steiger).	FPCD-76-17			9-30-75
Alleged improper personnel practices at the Drug Enforcement Administration, Department of Justice (request of Representative John E. Moss).	FPCD-76-27			12-19-75
Certain aspects of the performance of the Federal Employees Appeals Authority since it was established in July 1974. Civil Service Commission (request of Senator Frank E. Moss).	FPCD-76-33			1- 2-76
Divestiture of conflicting interest by employees of the U.S. Geological Survey, Department of the Interior (request of Representative John E. Moss).	FPCD-76-37			2- 2-76
Planning, controlling, and propriety of employee training in Region VIII, Department of Health, Education, and Welfare (request of Representative Patricia Schroeder).	FPCD-76-31			3- 4-76
Answers to questions on certain activities surrounding the tenure of the Director, Bureau of the Census, Department of Commerce (request of Representatives John E. Moss and Patricia Schroeder).	GGD-76-57			4-15-76
Allegations concerning discriminatory practices with respect to advancement and promotion within the Federal Aviation Administration (request of Representative Lester L. Wolff).	FPCD-76-70			6-25-76

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Central Personnel Management—Continued				
Race and sex profiles of the employees of Region IX, Office of Education, Department of Health, Education, and Welfare (request of Representative Ronald V. Dellums).	FPCD-76-60		7-23-76	
Report on alleged merit system abuses at the U.S. Customs Service. Department of the Treasury and Civil Service Commission (request of Representative John E. Moss).	FPCD-76-74		8- 4-76	
Problems in personnel management in Federal Indian agencies. Civil Service Commission, Department of Health, Education, and Welfare, and Department of the Interior (request of Representative Larry Pressler).	FPCD-76-75		9-29-76	
Review of selected operational areas at the Federal Executive Institute. Civil Service Commission (request of Representative John E. Moss).	FPCD-76-87		9-27-76	
Improvements needed in the upward mobility program of the Department of Health, Education, and Welfare.	FPCD-75-163		7-15-75	
Procedures and practices of the Office of the Assistant Secretary of Labor (for Labor-Management Relations) for handling unfair labor practice complaints under Executive Order No. 11491. Department of Labor.	FPCD-75-165		8- 8-75	
Survey of Department of Agriculture's personnel management information system.	FPCD-76-23		12-16-75	
Program to locate former employees and pay the unclaimed benefits in the Civil Service Retirement Fund. Civil Service Commission.	FPCD-76-11		1-21-76	
Federal employees' assignments under the mobility program of the Intergovernmental Personnel Act of 1970. Civil Service Commission.	FPCD-76-32		2-23-76	
Time taken to complete national agency security checks and inquiries on employees entering the Federal service. Civil Service Commission.	FPCD-76-69		6-18-76	
Civil Service Commission actions and procedures do not help ex-offenders get jobs with the Federal Government.	FPCD-76-67		7- 1-76	
Management information needs of the equal employment opportunity program of the Federal Government. Civil Service Commission.	FPCD-76-71		9- 3-76	
Upward mobility program of the General Services Administration.	FPCD-76-84A		9-13-76	
The pay setting process at the U.S. Government Printing Office.	FPCD-76-164		9-14-76	
Department of Agriculture:				
Department of Agriculture's proposal to acquire equipment for its Washington Computer Center (request of Chairman, Subcommittee on Agriculture, and Related Agencies, Senate Committee on Appropriations).	LCD-76-120		4-16-76	
Executive Direction and Management:				
Need for a comparability policy for both pay and benefits of Federal civilian employees. Civil Service Commission, Office of Management and Budget, and Department of Labor.	FPCD-75-62	7-	1-75	

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Executive Direction and Management—Continued					
Fundamental changes are needed in Federal assistance to State and local governments. Office of Management and Budget and other Federal agencies.	GGD-75-75	8-19-75			
Federal white-collar pay systems need fundamental changes. Civil Service Commission and Office of Management and Budget.	FPCD-76-9	10-30-75			
Classification of Federal white-collar jobs should be better controlled. Office of Management and Budget and Civil Service Commission.	FPCD-75-173	12- 4-75			
Part-time employment in Federal agencies. Office of Management and Budget and Civil Service Commission.	FPCD-75-156	1- 2-76			
The integrated grant administration program—an experiment in joint funding. Office of Management and Budget, General Services Administration, and other Federal agencies.	GCD-75-90	1-19-76			
The executive pay problem is becoming increasingly critical. Office of Management and Budget and Civil Service Commission (issued to the Chairman, Senate and House Post Office and Civil Service Committees).	FPCD-76-2	. . . . .	7-15-75		
Case study of Department of Labor and Office of Management and Budget activities under the Federal Reports Act (request of Chairman, Senate Committee on Government Operations).	GGD-75-85	. . . . .	7-24-75		
Executive branch actions on recommendations of the Commission on Government Procurement (request of Chairman, House Committee on Government Operations).	PSAD-76-39	. . . . .	12-19-75		
Federal assistance for Presidential transitions: recommendations for changes in legislation (request of Senate Committee on Appropriations).	GGD-76-29	. . . . .	12-24-75		
Alternative arrangements of workdays and workhours for Federal employees. Office of Management and Budget and Civil Service Commission.	FPGD-75-147	. . . . .	. . . . .	. . . . .	4- 9-76
Federal Personnel:					
Federal Energy Administration's personnel turnover rates for calendar year 1975 (request of Senator Patrick J. Leahy).	OSP-76-23	. . . . .	. . . . .	. . . . .	5-24-76
General Property and Records Management:					
More improvement needed in equipment management practices in Government laboratories. General Services Administration, Department of Defense, and civil agencies.	PSAD-76-37	12- 3-75			
Use of Government excess personal property by non-Federal entities (request of Chairman, Subcommittee on Government Activities and Transportation, House Committee on Government Operations).	LCD-76-207	. . . . .	9-15-75		
Potential 23-percent savings when purchasing from GSA (request of Congressman Robert H. Michel).	PSAD-76-16	. . . . .	. . . . .	. . . . .	9- 2-75
Investigation of Royal Silver Manufacturing Company bids for Government contracts for toileware (request of Senator William D. Hathaway).	PSAD-76-40	11-26-75

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Acquisition of public buildings by leasing and purchase contracting.	LCD-76-304	4-16-76			
Practices in providing cleaning and guarding services in Federal buildings (request of Chairman, Senate Committee on Appropriations).	LCD-75-337		8-16-75		
Protection of stockpiled opium (request of Chairman, Joint Committee on Defense Production).	LCD-76-307		9- 8-75		
Procedures and assumptions used in making present-value cost comparisons for alternative methods of acquiring Federal buildings (request of Chairman, Subcommittee on Buildings and Grounds, Senate Committee on Public Works).	LCD-75-345		11- 4-75		
Operations of General Services Administration's General Supply Fund (request of the Senate and House Committees on Appropriations).	LCD-76-421		3-19-76		
Review of selection procedures for acquiring architect-engineer services (request of Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee).	LCD-75-335		7-21-76		
Review of procedures used to dispose of the U.S. Naval Auxiliary Landing Field, Charlestown, Rhode Island (request of Chairman, Subcommittee on Energy and Power, House Committee on Interstate and Foreign Commerce).	LCD-76-342		7-29-76		
Discrepancy in the Government-owned property transferred in the Laguna Niguel exchange (request of Chairman, Subcommittee on Legislation and National Security, House Committee on Government Operations).	LCD-76-344		8-17-76		
Comments on suggestion by Treasury that GSA not intervene in utility rate cases (request of Rep. John E. Moss).	LCD-76-303			8-11-75	
Travel expenses of the Administrator of General Services (request of Rep. James C. Cleveland and Senator Philip A. Hart).	LCD-76-308 LCD-76-309			8-22-75	
Planned consolidation of the Defense Contract Administration Services regional offices (request of Rep. Leo J. Ryan).	LCD-76-321			2- 3-76	
Assessment of the General Services Administration's actions in leasing the Palomar Financial Building in San Diego, California. General Services Administration (request of Senator John V. Tunney).	LCD-76-326			2-17-76	
Government-owned and leased property in San Antonio, Texas. General Services Administration (request of Rep. Henry B. Gonzalez).	LCD-76-324			3- 1-76	
Leasing practices of GSA in the Denver area. General Services Administration (request of Rep. Patricia Schroeder).	LCD-75-333			4-16-76	
GSA leased space in Santa Maria, California (request of Rep. Robert J. Lagomasino).	LCD-76-335			4-19-76	

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Present and potential use of the Federal building at Laguna Niguel, California (request of Rep. Charles H. Wilson).	LCD-76-336			6-22-76	
Implementation of recent laws dealing with A/E selection and acquisition of space, General Services Administration and Department of Defense (request of Rep. Albert H. Quie).	LCD-75-334			7-21-76	
GAO's decision concerning lease of office and parking space in Santa Maria, California, to USA (request of Rep. Robert J. Lagomarsino).	LCD-76-348			9-10-76	
Savings resulting from transfer of inactive District records to GSA's Records Center.					3- 5-76
Opportunities for reducing office copier costs in multi-agency Federal buildings.	LCD-76-109				3- 9-76
Military departments' procedures for preventing duplicate payment of transportation bills.					3-10-76
Potential for consolidation of Corps of Engineers and GSA motor pools in Kansas City.	LCD-76-222				3-12-76
Determination and evaluation on various improvements of motor pool operations of GSA.	LCD-76-223				5-25-76
Government Operations:					
Request for views on H.R. 6408, 6416, and 7936, 94th Congress (request of Congressman Jack Brooks, Committee on Government Operations).	OPA-76-18		11-26-75		
Government Printing Office:					
Examination of financial statements, Government Printing Office, fiscal year 1974.	FOD-75-15	7-11-75			
Substantial improvements needed in the Government Printing Office's services to Federal departments and agencies.	LCD-75-437	12-29-75			
Examination of financial statements, Government Printing Office, fiscal year 1975.	FOD-76-16	9- 7-76			
Handling of furniture and equipment during move of Public Documents Division (request of Chairman, Committee on House Administration).	LCD-75-450		7-25-75		
Pricing of publications sold to the public (Chairman, Joint Committee on Printing).	LCD-76-404		8-25-75		
Complaints by Wellington Publications, Inc., about GPO's procurement procedures (request of Senator J. Glenn Beall, Jr.).	LCD-76-409			11-19-75	
Report to the Assistant Public Printer, Management and Administration, on the adequacy of audit trails within GPO's automated Publication Receipt and Control System.					8- 8-75
Law Enforcement and Justice:					
Examination of financial statements of Federal Prison Industries, Inc., fiscal year 1974. Department of Justice.	FOD-76-2	9- 8-75			
Examination of financial statements of Federal Prison Industries, Inc., fiscal year 1975. Department of Justice.	FOD-76-12	5-17-76			

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Law Enforcement and Justice—Continued					
Report to the Associate Commissioner on the audit of financial statements for fiscal year 1974. Federal Prison Industries, Inc.					8-14-75
Report to the Associate Commissioner on the audit of financial statements for fiscal year 1975. Federal Prison Industries, Inc.					4-15-76
Legislative Functions:					
Audit of the United States Capitol Historical Society for the year ended January 31, 1975.	GGD-76-31	12-10-75			
Audit of the House Beauty Shop, calendar year 1974	GGD-75-110			8-19-76	
Audit of financial transactions of the Sergeant at Arms for fiscal year 1975. U.S. House of Representatives.	GGD-76-18			10-31-75	
Audit of the Senate Recording Studio Revolving Fund for fiscal year 1975 (request of the Sergeant at Arms, U.S. Senate).	GGD-76-23			11- 6-75	
Audit of the House Recording Studio Revolving Fund for fiscal year 1975 (request of the Clerk, U.S. House of Representatives).	GGD-76-25			11- 7-75	
Activities of the Office Equipment Service for fiscal year 1975. House of Representatives (request of the Clerk, U.S. House of Representatives).	GGD-76-43			1- 8-76	
Cash accountability for the House Finance Office. House of Representatives (request of the Clerk, U.S. House of Representatives).	GGD-76-48			1- 9-76	
Audit of the Stationery Revolving Fund, fiscal year 1975. House of Representatives (request of the Clerk, U.S. House of Representatives).	GGD-76-53			2-19-76	
Examination of records of the Finance Office, fiscal year 1976. House of Representatives (request of the Clerk, U.S. House of Representatives).	GGD-76-52			3- 1-76	
Audit of the House of Representatives' Restaurant Revolving Fund, July 7, 1974, to July 5, 1975 (request of the Chairman, Committee on House Administration, House of Representatives).	GGD-76-68			4- 1-76	
Audit of the United States Senate Restaurant's Revolving Fund, June 30, 1974, to June 28, 1975 (request of the Architect of the Capitol).	GGD-76-69			4- 1-76	
Suggestion for management improvement in the legislative branch. Environmental Protection Agency (request of Chairman, House Committee on Rules).	RED-76-104			5-12-76	
Review of Senate travel voucher audit procedures (request of Chairman, Subcommittee on Reports, Accounting, and Management, Senate Committee on Government Operations).	GGD-76-86			5-21-76	
Audit of the House Beauty Shop, calendar year 1975. Legislative branch (request of the Clerk of the House of Representatives).	GGD-76-88			8- 2-76	
Comparative study of pay for the Capitol Police Force and various other Federal police forces. Legislative branch (request of the Chairman, Subcommittee on Personnel and Police, House Committee on Administration).	GGD-76-96			8- 2-76	

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Audit of the Senate Recording Studio for the 9-month period ended March 31, 1976. Legislative branch (request of the Sergeant at Arms, U.S. Senate).	GGD-76-99			9- 8-76	
Expenses incurred for deactivating former President Richard M. Nixon's residence at Key Biscayne, Florida (request of Rep. John E. Moss and others).	LCD-75-348 LCD-75-354				7-15-75
Review of property acquisition. Architect of the Capitol.					7-10-75
Review of billing procedures for steam. Architect of the Capitol.	B-161145				9- 4-75
Accountability of Library of Congress Disbursing Officer (request of Librarian of Congress).	GGD-76-62				3- 9-76
Other General Government:					
Extending the Government's policy of self-insurance in certain instances could result in great savings.	PSAD-75-105	8-26-75			
Examination of financial statements of the Panama Canal Company and the Canal Zone Government for fiscal years 1975 and 1974.	FOD-76-11	5-27-76			
Summaries of conclusions and recommendations on the operations of civil departments and agencies. Multi-agency (Chairmen, House and Senate Committees on Appropriations).	MVD-76-57		1-	9-76	
Response to questions relating to Federal R & D expenditures and the national economy (request of Chairman, Subcommittee on Domestic and International Planning and Analysis, House Committee on Science and Technology).	PSAD-76-162		7-	30-76	
Review of protective services provided cabinet officers and other officials. Department of the Treasury (request of Congressman John E. Moss).	GGD-76-38			1-	7-76
Improvements needed in controls over commemorative medals and in administration of grants-in-aid. American Revolution Bicentennial Administration.					7-22-75
Exigency procurement abuses. General Services Administration.	PSAD-76-5				8-14-75
Review of personal services contracts at ACTION.	PSAD-76-99				3-11-76
Limited review of the National Institute of Education's contracting procedures and employee financial disclosure reporting system. Department of Health, Education, and Welfare.	PSAD-76-138				5-10-76
Implementation of life-cycle cost technique in civilian agencies. General Services Administration.	PSAD-76-160				7-23-76
Report to Assistant Director, Administration, on the examination of financial statements of the Bureau of Engraving and Printing Fund for fiscal years 1975 and 1974.					8- 9-76
Shortage of Processed Material:					
Impact of shortages of processed materials on programs of vital national interest.	PSAD-76-14	2-27-76			

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Need to revise deposit system on alcohol and tobacco excise tax payments. Internal Revenue Service, Department of the Treasury (request of Joint Committee on Internal Revenue Taxation).	GGD-75-112 GGD-76-4	8-	1-75	
Proposed changes in estate taxation. Internal Revenue Service, Department of the Treasury (request of the Joint Committee on Internal Revenue Taxation).	GGD-76-1	. . . . .	10-20-	75	
No apparent need to regulate commercial preparers of income tax returns. Internal Revenue Service, Department of the Treasury (request of Joint Committee on Internal Revenue Taxation).	GGD-76-8	. . . . .	12-	8-75	
Internal Revenue Service assistance to taxpayers in filing Federal income tax returns. Department of the Treasury (request of Joint Committee on Internal Revenue Taxation).	GGD-76-49	. . . . .	4-	1-76	
Audit of fiduciary income tax returns by the Internal Revenue Service. Department of the Treasury (request of Joint Committee on Internal Revenue Taxation).	GGD-76-33	. . . . .	4-16-	76	
Multiagency:					
Further actions needed to centralize procurement of automatic data processing equipment to comply with objectives of Public Law 89-306.	LCD-74-115	10-	1-75		
Greater emphasis on competition is needed in selecting architects and engineers for Federal projects.	LCD-75-313	7-	21-76		
Ways to improve management of federally funded computerized models.	LCD-75-111	8-	23-76		
Rental charges for the Kansas City weapons facility (report to the Subcommittee on Public Works, House Committee on Appropriations).	LCD-76-330	. . . . .	7-14-	76	
Greater control by Congress needed over real property exchanges—the San Antonio case (report to the Committee on Government Operations, House of Representatives).	LCD-76-343	. . . . .	7-28-	76	
IRS' use of commercial teleprocessing service (request of Senator Harry F. Byrd, Jr.).	LCD-76-106	. . . . .	. . . . .	9-15-75	
GENERAL SCIENCE, SPACF. AND TECHNOLOGY					
A study on the very large array (VLA) radiotelescope (request of Congressman Olin E. Teague, House Committee on Science and Technology).	OPA-76-16	. . . . .	7-	9-75	
Request for agency budget presentations for use in making congressional funding decisions (request of Congressman K. Hechler, House Committee on Science and Technology).	OPA-76-3	. . . . .	9-19-	75	
Review of the 1974 Project Independence evaluation system (request of the House Committee on Science and Technology).	OPA-76-20	. . . . .	4-21-	76	
Development of a unified Federal R & D classification structure. House Committee on Science and Technology and Subcommittee on HUD-Independent Agencies, Senate Committee on Appropriations (self-initiated).	9-11-75

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Collection and Dissemination of Data:				
Observations on collection and dissemination of scientific, technical, and engineering information. National Technical Information Service, Department of Commerce (request of Chairman, Subcommittee on Government Information and Individual Rights, House Committee on Government Operations, and Subcommittee on Domestic and International Scientific Planning and Analysis, House Committee on Science and Technology).	GGD-76-66 GGD-76-75		3-19-76	
Communications:				
Advanced record system and the need for separate communications networks by other civil agencies.	LCD-76-122			4-16-76
Department of the Air Force:				
Reconfiguration of the INFORM radio network in Europe.				8- 4-75
Department of Defense:				
DOD's planning and engineering for the Defense communications system.				7-22-76
Earth Science:				
Opportunities for improved management of the Antarctic Research Program. National Science Foundation.				7-21-76
General Science and Basic Research:				
Opportunities for improved management of the Research Applied to National Needs (RANN) Program. National Science Foundation (request of Chairman, Special Senate Subcommittee on the National Science Foundation, Senate Committee on Labor and Public Welfare).	MWD-75-84		11- 5-75	
Response to questions concerning technology assessment (request of Chairman, House Committee on Information and Facilities).	PSAD-76-64		12-30-75	
Information and issues concerning deep ocean mining environmental study (DOMES)—Phase I. Department of Commerce (request of Chairman, Subcommittee on Minerals, Materials, and Fuels, Senate Committee on Interior and Insular Affairs).	PSAD-76-135		9-21-76	
Geographical distribution of Federal science funds to colleges and universities (request of Senator James B. Pearson).	PSAD-76-94			4-16-76
Manned Space Flight:				
Status and issues relating to the Space Transportation System. National Aeronautics and Space Administration.	PSAD-76-73		4-21-76	
Multiagency:				
Need to control Federal warning system proliferation.	LCD-76-105		4- 9-76	
Economies available through consolidating or collocating Government land-based, high-frequency communications facilities.	LCD-76-113		7- 6-76	

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GENERAL SCIENCE, SPACE, AND TECHNOLOGY—Con.				
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Issues discussed in our report "The United States Should Recover Full Costs of Reimbursable Satellite Launches" (request of Chairman, Senate Committee on Aeronautical and Space Sciences).	LCD-76-104	9-25-75	
Analysis of the rental agreement between the Navy and the National Aeronautics and Space Administration for space at Bay St. Louis, Mississippi (Chairman, House Science and Technology Committee).	LCD-76-337	. . . . .	5-25-76	
Further opportunities to improve radio spectrum management in the Federal sector.	LCD-74-122	. . . . .		10-21-75
National Aeronautics and Space Administration:				
Methodology used in lease-versus-purchase decision for tracking and data relay satellite system (request of Chairman, Senate Committee on Aeronautical and Space Sciences).	LCD-76-127	. . . . .	7-15-76	
Space Science, Applications, and Technology:				
Need for improved reporting on major unmanned satellite projects. National Aeronautics and Space Administration.	PSAD-75-90	. . . . .	7-25-75	
Staff study of the space telescope project. National Aeronautics and Space Administration (request of Chairman, Subcommittee on HUD-Independent Agencies, Senate Committee on Appropriations).	PSAD-76-66	. . . . .	1- 9-76	
Staff study on the land satellite (LANDSAT) project. National Aeronautics and Space Administration (request of Chairman, Subcommittee on HUD-Independent Agencies, Senate Committee on Appropriations).	PSAD-76-74	. . . . .	1-30-76	
Staff study on the SEASAT-A project (request of Chairman, Subcommittee of HUD-Independent Agencies, Senate Committee on Appropriations).	PSAD-76-76	. . . . .	2-25-76	
Acquisition and utilization of wind tunnels by the National Aeronautics and Space Administration (request of Chairman, House Committee on Science and Technology).	PSAD-76-133	. . . . .	6-23-76	
Civil aviation research and development programs and facilities. Department of Transportation (request of Chairman, House Committee on Science and Technology).	PSAD-76-146	. . . . .	7-29-76	
Supporting Space Activities:				
Review of NASA's decision to locate lunar sample curatorial facility at Johnson Space Center (request of Chairman, Senate Committee on Aeronautical and Space Sciences).	PSAD-76-130	. . . . .	4-27-76	
Telecommunications and Radio Spectrum Use:				
Cable television and regulatory policy. Federal Communications Commission (request of Chairman, Subcommittee on Communications, House Committee on Interstate and Foreign Commerce).	CED-76-124	7-16-76	

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Discussion of information needs—proposed formats for information collection from selected agencies of the Department of Health, Education, and Welfare (request of Senate Committee on Labor and Public Welfare).	OPA-76-33	5-25-76	
Health Care Services:				
Deficiencies in determining payments to prepaid health plans under California's Medicaid program. Social and Rehabilitation Service, Department of Health, Education, and Welfare.	MWD-76-15		8-29-75	
Management of the civilian health and medical program of the uniformed services needs improvement. Department of Defense.	MWD-76-48		11-21-75	
Effectiveness of grant programs aimed at developing health maintenance organizations and community health networks. Social Security Administration, Department of Health, Education, and Welfare.	MWD-75-98		11-21-75	
How States plan for and use Federal formula grant funds to provide health services. Department of Health, Education, and Welfare.	MWD-75-85		12- 9-75	
Progress, but problems of developing emergency medical services systems. Health Resources Services Mental Health, Department of Health, Education, and Welfare.	HRD-76-150		7-13-76	
Tighter controls needed over payments for laboratory services under Medicare and Medicaid. Social Security Administration, Department of Health, Education, and Welfare.	HRD-76-121		8- 4-76	
Recruiting and retention of Federal physicians and dentists: problems, progress and actions needed for the future. Veterans Administration.	HRD-76-162		8-30-76	
Summary of selected operational data of public health service hospitals. Department of Health, Education, and Welfare (request of Chairman, Subcommittee on Labor-Health, Education, and Welfare, Senate Committee on Appropriations).	MWD-76-3	. . . . .	7- 7-75	
Proposed coordination between the Medicare and the Federal employees health benefits programs. Department of Defense (request of Chairman, House Committee on Post Office and Civil Service).	MWD-75-99	. . . . .	8- 4-75	
Consequences of allowing proprietary health facilities to be reimbursed for taxes as a cost of doing business. Social and Rehabilitation Service, Department of Health, Education, and Welfare (request of Chairman, Subcommittee on Health, Senate Committee on Finance).	MWD-76-24	. . . . .	9- 8-75	
Performance of the Social Security Administration compared with that of private fiscal intermediaries in dealing with institutional providers of Medicare services. Social Security Administration, Department of Health, Education, and Welfare (request of Chairman, House Ways and Means Committee).	MWD-76-7	9-30-75	

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Health Care Services—Continued				
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Information on psychiatric benefits under the civilian health and medical programs of the uniformed services. Department of Defense (request of Chairman, Permanent Subcommittee on Investigations, Senate Committee on Government Operations).	MWD-76-55	11-14-75	
Information on 1976 health insurance premium rate increases for Federal Employees Health Benefits Program. Civil Service Commission (request of Chairman, Subcommittee on Retirement and Employee Benefits, House Committee on Post Office and Civil Service).	MWD-76-76	. . . . .	11-18-75	
History of the rising costs of the Medicare and Medicaid programs and attempts to control these costs: 1966-1975. Social and Rehabilitation Service, Department of Health, Education, and Welfare (request of Chairman, Human Resources Task Force, House Committee on the Budget).	MWD-76-93	. . . . .	2-11-76	
Comparison of costs of Medicare carriers. Social Security Administration, Department of Health, Education, and Welfare (request of Chairman, House Committee on Government Operations).	MWD-76-87	. . . . .	3- 1-76	
North Carolina's Medicaid insurance agreement: contracting procedures need improvement. Social and Rehabilitation Service, Department of Health, Education, and Welfare (request of Chairman, Subcommittee on Health, Senate Committee on Finance).	HRD-76-139	. . . . .	7- 1-76	
Stronger measures needed to insure that medical diathermy devices are safe and effective. Food and Drug Administration, Department of Health, Education, and Welfare (request of Chairman, Senate Committee on Government Operations).	HRD-76-153	. . . . .	9- 2-76	
Termination of Tulane University Health Surveyor program. Department of Health, Education, and Welfare (request of Chairman, Subcommittee on Health and Long-Term Care, Senate Select Committee on Aging).	HRD-76-170	. . . . .	9-17-76	
Effects of certain policies and procedures of Blue Cross and Blue Shield of greater New York on reasonable charge reductions under part B of Medicare. Social Security Administration, Department of Health, Education, and Welfare (request of Congresswoman Elizabeth Holtzman).	MWD-76-12	. . . . .		8- 1-75
Grants for development of health maintenance organizations in region IV. Department of Health, Education, and Welfare (request of Senator Ernest Hollings).	MWD-76-41	. . . . .		10-21-75
Reasonable charge reductions and related matters under part B of Medicare. Social Security Administration, Department of Health, Education, and Welfare (request of Congresswoman Elizabeth Holtzman).	MWD-76-92		2- 2-76

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Delays in processing Medicare part B payments to program participants in Florida. Social Security Administration, Department of Health, Education, and Welfare (request of Senator Lawton Chiles).	MWD-76-94			3-19-76	
Review of claims processing of BC/BS of Florida for the FEHB program. Civil Service Commission (request of Congressman James A. Haley).	MWD-76-123			5- 5-76	
Administration of Federal assistance programs—a case study showing need for additional improvements. Health Resources Services Mental Health, Department of Health, Education, and Welfare.	HRD-76-91			7-28-76	
Review of delays in discharging patients from hospitals to other health care facilities. Social and Rehabilitation Service, Department of Health, Education, and Welfare.					7- 3-75
Review of propriety of Medicaid billings by outpatient clinics in New York City. Social and Rehabilitation Service, Department of Health, Education, and Welfare.					10- 8-75
Improvements needed in the provision of drugs to military health care beneficiaries. Department of Defense.	MWD-76-27				10-28-75
Need for controls over quality of laboratory services under the Federal employees health benefits program. Social Security Administration, Department of Health, Education, and Welfare.	MWD-76-71				12-22-75
Need for controls over quality of laboratory services under the civilian health and medical program of the uniformed services, Department of Defense. Social Security Administration, Department of Health, Education, and Welfare.	MWD-76-69				12-23-75
Indirect cost reimbursements to trustees of health and hospitals of the City of Boston, Inc. Social and Rehabilitation Service, Department of Health, Education, and Welfare.					1- 6-76
Survey of management of medical equipment and supplies in the services. Department of Defense.	MWD-76-75				1-15-76
Federal employees need better information for selecting a health plan. Civil Service Commission.	MWD-76-83				1-26-76
Medicaid program overbilling made by New York State. Social and Rehabilitation Service, Department of Health, Education, and Welfare.					5-24-76
Need for compliance with Medicaid utilization review requirements. Social and Rehabilitation Service, Department of Health, Education, and Welfare.	MWD-76-137				6- 1-76
Conversion of conditional PSROs. Health Resources Services Mental Health, Department of Health, Education, and Welfare.	HRD-76-138				6-17-76
Need to identify and reduce Medicaid and Medicare administratively necessary hospital days. Social and Rehabilitation Service, Department of Health, Education, and Welfare.	HRD-76-142				6-29-76

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Deinstitutionalization of the mentally disabled in Maryland (Washington). Department of Health, Education, and Welfare.				7- 7-76
Improvements needed in efforts to help the mentally disabled return to or remain in the communities in Massachusetts. Department of Health, Education, and Welfare.				7- 8-76
Deinstitutionalization of the mentally disabled in Oregon. Department of Health, Education, and Welfare.				7-16-76
Community placement of the mentally disabled in Michigan (Detroit). Department of Health, Education, and Welfare.				7-19-76
Health Planning and Construction:				
Further action needed to make all public buildings accessible to the physically handicapped. Department of Defense; Department of Health, Education, and Welfare; Department of Housing and Urban Development; and General Services Administration.	FPCD-75-166		7-15-75	
Circumstance surrounding approval of mortgage insurance for Cedars of Lebanon Hospital. Department of Health, Education, and Welfare (request of Chairman, House Committee on Banking, Currency, and Housing).	MWD-76-17		10-31-75	
Review and analysis of Department of Health, Education, and Welfare's response to GAO study of health facilities construction costs (request of Senator Jennings Randolph).	HRD-76-157			8-20-76
Improvements needed in Community Services Administration's grantee self-evaluation system.	HRD-76-151			7-20-76
Health Research and Education:				
Better controls needed over biomedical research supported by the National Institutes of Health. Department of Health, Education, and Welfare.	HRD-76-58		7-22-76	
Selected ADAMHA grant activities. Department of Health, Education, and Welfare (request of Chairman, Subcommittee on Reports, Accounting, and Management, Senate Committee on Government Operations).	MWD-76-79		1-26-76	
Termination of project SEARCH by NCHSR. Department of Health, Education, and Welfare (requests of Congressmen Lloyd Meeds and Alphonzo Bell).	MWD-76-100 (Meeds) MWD-76-101 (Bell)			3- 9-76
Grant and contract activities of the National Center for Health Services Research. Department of Health, Education, and Welfare (request of Senator William Proxmire).	MWD-76-80			4- 6-76
Review of administration of title X family planning programs in region VIII. Department of Health, Education, and Welfare (request of Congresswoman Timothy E. Wirth).	HRD-76-155			8- 2-76

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Health Research and Education—Continued				
Comprehensive cancer centers: their locations and role in demonstration. National Institutes of Health, Department of Health, Education, and Welfare.	MWD-76-98			3-17-76
NIDA grantee financial management activities. Department of Health, Education, and Welfare.	MWD-76-120			4- 6-76
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Federal fire safety requirements do not insure life safety in nursing home fires. Social and Rehabilitation Service, Department of Health, Education, and Welfare.	MWD-76-136	6-	3-76	
Improvements needed in the managing and monitoring of patients' funds maintained by skilled nursing facilities and intermediate care facilities. Social and Rehabilitation Service, Department of Health, Education, and Welfare (request of Chairman, Subcommittee on Long-Term Care, Senate Special Committee on Aging).	MWD-76-102		3-18-76	
Comparative costs for equivalent services of home health care and institutionalization in nursing homes or hospitals. Social and Rehabilitation Service, Department of Health, Education, and Welfare (request of Congressman Edward I. Koch).	MWD-76-30			9-17-75
Increased compliance needed with nursing home health and sanitary standards. Social and Rehabilitation Service, Department of Health, Education, and Welfare.	MWD-76-8			8-18-75
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The urban rat control program is in trouble. Department of Health, Education, and Welfare.	MWD-75-90	9-	29-75	
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Worker protection must be insured when employers request permission to deviate from safety and health standards. Occupational Safety and Health Administration, Department of Labor.	MWD-76-19	12-	31-75	
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Alcohol abuse is more prevalent in the military than drug abuse. Department of Defense.	MWD-76-99	4-	8-76	
Inequalities in the preventive health services offered to Federal employees. Health Resources Services Mental Health, Department of Health, Education, and Welfare.	MWD-76-62	6-	14-76	
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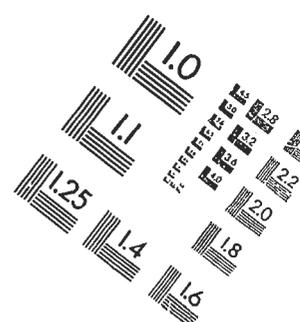
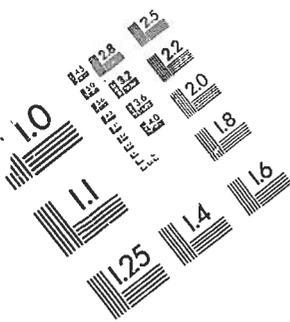
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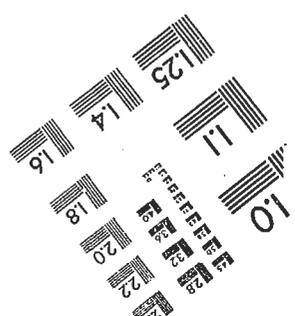
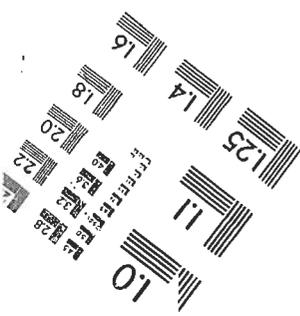
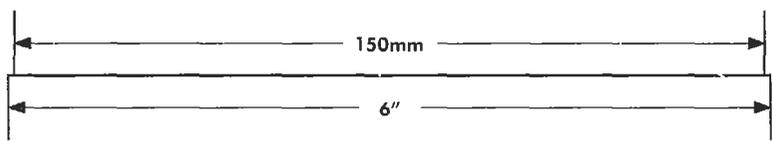
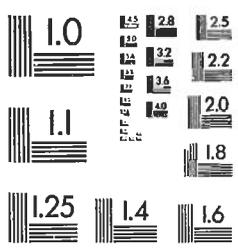
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IMAGE EVALUATION
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FBI domestic intelligence operations—their purpose and scope: issues that need to be resolved. Department of Justice.	GGD-76-50	2-24-76			
More effective action needed to control abuse and diversion in methadone treatment programs. Drug Enforcement Administration, Department of Justice.	GGD-76-51	3- 9-76			
U.S. Marshals Service—actions needed to enhance effectiveness. Department of Justice.	GGD-76-77	7-27-76			

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Snuugglers, illicit documents, and schemes are undermining U.S. controls over immigration. Department of Justice.	GGD-76-83	8-30-76			
Federal drug enforcement: strong guidance needed. Drug Enforcement Administration, Department of Justice (request of Chairman, Permanent Subcommittee on Investigations, Senate Committee on Government Operations).	GGD-76-32			12-18-75	
Occupational taxes on the alcohol industry should be repealed. Bureau of Alcohol, Tobacco, and Firearms, Department of the Treasury (request of Joint Committee on Internal Revenue Taxation).	GGD-75-111			1-16-76	
Comments on Attorney General's March 10, 1976, Guidelines on Internal Security Investigations. FBI, Department of Justice (request of Chairman, Subcommittee on Civil and Constitutional Rights, House Committee on the Judiciary).	GGD-76-79			3-29-76	
Cost study of Immigration and Naturalization Service's regional office relocation from Richmond to Dallas. Department of Justice (request of Senator Harry F. Byrd, Jr., and all House of Representative Members from Virginia).	GGD-76-26 GGD-76-27				11-11-75
Relocating employees from San Pedro to Los Angeles. U.S. Customs Service, Department of the Treasury (request of Congressmen Glenn M. Anderson, Alphonzo Bell, Charles H. Wilson, and Mark W. Hannaford).	GGD-76-65				3- 1-76
Review of salaries and training standards of guard category personnel of Federal agencies. Department of Justice (request of Senator Charles Percy).	GGD-76-82				5- 5-76
Aliens are illegally entering the U.S. mainland through Puerto Rico and the U.S. Virgin Islands. Immigration and Naturalization Service, Department of Justice.	GGD-76-5				9- 8-75
Opportunities to improve effectiveness of the Federal Gun Control Program. Bureau of Alcohol, Tobacco, and Firearms, Department of the Treasury.					10-31-75
System of internal controls over receipts, disbursements, and property at the Atlanta and Chicago district offices. U.S. Marshals Service, Department of Justice.					2-27-76
A limited review of the Immigration and Naturalization Service's alien removal program. Department of Justice.					6-17-76
Law Enforcement Assistance:					
Conditions in local jails remain inadequate despite Federal funding for improvements. Law Enforcement Assistance Administration, Department of Justice.	GGD-76-36	4- 5-76			
State and county probation: systems in crisis. Law Enforcement Assistance Administration, Department of Justice.	GGD-76-87	5-27-76			
Federal funding provided to 10 police departments for intelligence activities. Law Enforcement Assistance Administration, Department of Justice (request of Chairman, Permanent Subcommittee on Investigations, Senate Committee on Government Operations, and Senator Charles H. Percy).	GGD-76-20 GGD-76-21			11- 6-75	

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Equipment systems improvement programs could be better managed. Law Enforcement Assistance Administration, Department of Justice.	GGD-76-45				1-20-76
Law enforcement planning. Department of Justice.					4-23-76
Correct procedures for collection of funds from participants of halfway houses. Department of Justice.					5- 4-76
MULTIAGENCY					
Better followup systems needed to deal with recommendations by study commissions in the Federal Government. Department of the Interior.	RED-76-33	12- 4-75			
Manufacturing technology—a changing challenge to improved productivity.	LCD-75-436	6- 3-76			
Report on prohibition against the use of travel agents by Federal employees (request of Chairman, Subcommittee on Activities of Regulatory Agencies, House Committee on Small Business).	LCD-76-227		4- 2-76		
Inquiry about fees charged to the public when searching and copying is required for fulfilling requests for information (request of Chairman, Subcommittee on Reports, Accounting, and Management, Senate Committee on Government Operations).	LCD-76-428		4-12-76		
Work performed and underway by GAO Federal regulatory activities January 1, 1973, through April 30, 1976. Multi-agency (request of Senate Committee on Government Operations and Commerce).	CED-76-122		7-20-76		
Public affairs costs of the Department of Health, Education, and Welfare, and the Department of Agriculture (request of Rep. Matthew J. Rinaldo).	LCD-75-452			9-30-75	
Federal Government's advertising costs (request of Rep. Edwin D. Eshleman).	LCD-76-415			10- 6-75	
Questioning the practice of reprinting reports on one side of a sheet of paper instead of utilizing both sides (request of Sen. Clifford P. Case).	LCD-76-463			9-30-76	
NATIONAL DEFENSE					
Improvements needed in the Navy's fleet modernization program.	LCD-76-406	3-15-76			
Army's programs for procuring ammunition and modernizing ammunition plants (request of Chairman, House Committee on Appropriations).	LCD-75-441		9-22-75		
Military Airlift Command's expenditure for manpower not needed for current workloads (request of Chairman, Senate Committee on Appropriations).	LCD-76-217		2- 2-76		
Continuing problems with U.S. military equipment pre-positioned in Europe (report to the Joint Economic Committee).	LCD-76-453 LCD-76-441 (Secret)		7-27-76		

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Survey of message distribution function at military telecommunications centers.	LCD-76-107				12- 4-75
Survey of distribution of automotive tires within the U.S. Government.					12-10-75
Review of airport equipment and support requirements.					2-20-76
Improvements needed in managing the Army's field level equipment modification program.	LCD-76-435				5- 4-76
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Observations for improving depot-level maintenance construction in the Department of Defense.	LCD-76-432				6- 7-76
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Productivity of military below-depot maintenance—repairs less complex than provided at depots—can be improved.	LCD-75-422	7-29-75			
Millions could be saved annually and productivity increased if military support functions in the Pacific were consolidated.	LCD-75-217	8-26-75			
Single manager needed to obtain cost and fuel savings in spectrometric oil analysis program.	LCD-75-431	8-27-75			
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Equipment shortages: a result of emergency support of U.S. Allies.	LCD-75-426	11 19-75			
Navy aircraft overhaul depots could be more productive.	LCD-75-432	12-23-75			
The F-15 is an example of how weapon systems support cost can be reduced.	LCD-76-403	1-22-76			
Defense Supply Agency could reduce war reserve requirements for medical items.	LCD-76-405	3- 5-76			
Developing equipment needs for Army missions requires constant attention.	LCD-75-442	5-10-76			
Improvements needed to prevent unnecessary construction of reserve forces facilities.	LCD-75-309	6-11-76			
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Improvements needed in operating and maintaining waste water treatment plants.	LCD-76-312	6-18-76			
Savings possible through better management of quarters for enlisted personnel.	LCD-76-327	6-28-76			
Major cost savings can be achieved by increasing productivity in real property management.	LCD-76-320	8-19-76			
Computers and U.S. military readiness in Europe.	LCD-76-110	8-25-76			
Improvements needed in Defense's efforts to use work measurement.	LCD-76-401	8-31-76			
Alleged use of military aircraft for other than official purposes (Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee).	LCD-76-201			9- 5-75	
Inquiry into western Pacific military construction activities (request of Chairman, House Committee on Appropriations).	LCD-76-325			2-26-76	

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Comprehensive review and analysis of military airlift requirements over the next 5 years (request of Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee).	LCD-76-224	3- 2-76	
The Department of Defense can improve its free-asset management (report to the House Committee on Armed Services).	LCD-76-414	. . . . .	3- 3-76	
Adoption of a single method of shipping household goods overseas—pros and cons (report to the House Committee on Appropriations).	LCD-76-225	. . . . .	5- 6-76	
Policies and scope of air installation compatible use zones program (report to the House Committee on Appropriations).	LCD-76-329	. . . . .	5-21-76	
Analysis of the flying-hour programs of the military services (request of Chairman, Senate Committee on Appropriations).	LCD-76-427	. . . . .	5-23-76	
Department of Defense stock funds' declining financial position (request of Chairman, Senate Committee on Appropriations).	LCD-76-433	. . . . .	6-16-76	
Programs for procuring conventional ammunition and modernizing and expanding ammunition plants (report to the House Committee on Appropriations).	LCD-76-149	. . . . .	7-30-76	
Evaluation of the phasedown of the Pueblo Army Depot (request of Sen. Floyd K. Haskell and Rep. Frank E. Evans).	LCD-75-344	. . . . .	7- 3-75	
Evaluation of the Navy's ordnance facility at Seal Beach, California (request of Rep. George E. Brown, Jr.).	LCD-75-330	. . . . .	7-10-75	
The use of and need for Fort Story, Virginia (request of Rep. G. William Whitehurst).	LCD-75-346	. . . . .	8-26-75	
Examination of the announced closure of Frankford Arsenal (request of Rep. William A. Barrett).	LCD-76-305	. . . . .	9-23-75	
Inquiry into the relocation of the armed services recruiting offices in Las Cruces, New Mexico (request of Rep. Harold Runnels).	LCD-76-306	. . . . .	11- 7-75	
The announced relocation of the Naval Oceanographic Office (request of Rep. Marjorie S. Holt).	LCD-76-315	. . . . .	11-20-75	
Planned realignment of the Air Force communications service (request of Senator Bob Dole).	LCD-76-314	. . . . .	11-26-75	
Retention and accuracy of military flight records (request of Rep. Les Aspin).	LCD-76-212	. . . . .	1- 9-76	
Disestablishment of the Air Force Special Weapons Center (request of Senator Joseph M. Montoya).	LCD-76-323	. . . . .	3-17-76	
Inquiry into allegations made by the General Contractors' Association of Sacramento, Inc. (request of Rep. John E. Moss).	LCD-76-322	. . . . .	3-18-76	
Current status of DOD's study of land needs in Hawaii (request of Rep. Patsy T. Mink).	LCD-76-340	. . . . .	6-23-76	
DOD's utilization screening of excess contractor-held material (request of Sen. William Proxmire).	LCD-76-239	. . . . .	9-28-76	
Survey of the world-wide military command and control system (WWMCCS).	LCD-75-116		7-21-75

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Information concerning the Military Affiliate Radio System (MARS).	LCD-76-103			9-24-75
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Survey concerning the potential duplication of communications activities on military installations.	LCD-76-118			3- 1-76
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Survey of DOD's sealtit readiness program.	LCD-76-220			3-19-76
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Opportunities for improving management of ammunition components.	LCD-76-431			4-16-76
Duplicate finding for transportation of foreign military sales material.				5-13-76
Need for improved direction and control over packaging activities within DOD.	LCD-76-221			5-18-76
Opportunities for the Navy to reduce its requirements for avionics testing stations.	LCD-76-440			6-14-76
Navy should reconsider planned acquisition of two multi-mission ships.	LCD-76-209			6-21-76
Assessment of the overall management effectiveness in using the computer to support the Aberdeen mission at the Aberdeen Proving Ground.	LCD-76-125			6-30-76
Assessment of the Air Force's planning for the technology repair center concept.	LCD-76-429			7- 2-76
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Procurement of containerized shipping service to Puerto Rico, Hawaii, and Guam.	LCD-76-234			8- 4-76
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Department of Defense—Military:				
A case for providing pay-as-you-go privileges to military personnel for State income taxes. District of Columbia Government.	GGD-75-103	11-19-75		
Followup review of "Problems With U.S. Military Equipment Prepositioned in Europe" (request of Chairman, Joint Economic Committee).	LCD-76-417		12-22-75	
Summaries of conclusions and recommendations on Department of Defense operations (request of Chairmen, House and Senate Committees on Appropriations).	PSAD-76-68		1-26-76	

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Review of expenditures on the long path infra-red (LOPAIR) chemical agency alarm system. Department of Defense (request of Chairman, House Committee on Armed Services).	PSAD-76-158		8-31-76	
Letter report responding to questions relating to the long path infra-red (LOPAIR) chemical detector (request of Chairman, House Armed Services Committee).	PSAD-76-177		9-24-76	
Need for new on-base family housing at Camp Lejeune, North Carolina. Department of Housing and Urban Development (request of Congressman David N. Henderson).	CED-76-128			8-3-76
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Effective item entry control in the complex Government supply system can reduce costs.	LCD-75-420	11-20-75		
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Status and progress toward implementing a national supply system.	LCD-75-232	2-18-76		
Progress and problems of the Government's utility conservation program (request of Chairman, Subcommittee on Conservation, Energy, and Natural Resources, House Committee on Government Operations).	LCD-76-311		12-30-75	
The National Aeronautical Facilities Program: issues related to its cost and need (report to the House Committee on Appropriations).	LCD-75-329		3-23-76	
Military and civilian aircraft discharging fuel in flight (request of Rep. Ralph H. Metcalfe).	LCD-76-447			8-17-76
Lessons in management: problems in petroleum procurement and distribution in Southeast Asia.	LCD-76-215			3-15-76
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DOD and GSA's systems for buying and distributing automobile tires.				4-13-76
Department of the Air Force:				
Problems in developing the advanced logistics system.	LCD-75-101	6-17-76		
The Air Force could reduce war reserve requirements of spares and repair parts for combat-ready units.	LCD-75-444	8-27-76		
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Extension of nitrogen pipeline at Kennedy Space Center (request of Rep. Louis Frey, Jr.).	LCD-76-228			4-29-76
Air Force proposal to centralize its equipment allowance program (request of Rep. Charles W. Whalen, Jr.).	LCD-76-434			6-1-76
Follow-on of fuel savings and other benefits by diversion from chartered to scheduled overseas flights.	LCD-76-214			1-19-76
Failure by Air Force Logistics Command and San Antonio Air Logistics Center to properly screen on-hand assets and identify their availability to the Aeronautical Systems Division.	LCD-76-232			5-17-76
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Army's concept study for the establishment of the Harry Diamond Development Center (Members of Congress) (request of Senators Clifford P. Case and Harrison A. Williams, Jr., and Rep. James J. Howard).	LCD-76-402			7-24-75	
Adequacy of safety measures taken by the Army on transportation of hazardous material (request of Rep. Les Aspin).	LCD-76-202			9- 2-75	
Army's decision to terminate TNT production at the Joliet Army Ammunition Plant (request of Rep. Tim L. Hall).	LCD-76-413			10-14-75	
Plans to curtail the special weapons mission at the Savanna Army Depot (request of Reps. John B. Anderson and Tom Railsback).	LCD-76-410			11-10-75	
Plans to consolidate the Benet Laboratory, Watervliet, New York, into the Armament Development Center (request of Rep. Samuel S. Stratton).	LCD-76-418			11-19-75	
Review of contract for repair of National War College Building (request of Rep. Gladys N. Spellman).	LCD-76-319			11-24-75	
Proposed changes at the Oakland Army Base (request of Rep. Ronald V. Dellums).	LCD-76-216			2-11-76	
Certain aspects of the evaluation of the phasedown of the Pueblo Army Depot (request of Rep. Frank E. Evans).	LCD-76-331			3-29-76	
Army's study to reorganize AMC Headquarters (request of Rep. Joseph L. Fisher).	LCD-76-439			4-22-76	
Army plans to realign the armament community (request of Rep. Edward Mezvinsky and others).	LCD-76-440			8- 3-76	
Army's program for civilian marksmanship: its practices and procedures (request of Rep. Abner J. Mikva).	LCD-76-461			9-22-76	
Followup study of the economic and logistical impact resulting from the announced closure of Fort MacArthur.	LCD-76-302				8-13-75
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Improved inventory management could provide substantial economies for the Army.	LCD-76-205				11-21-75
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Problems of the foreign military sales program.					12-29-75
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Followup review of the Naval Petroleum Reserves (request of Rep. John E. Moss).	LCD-75-321				7-29-75
Acquisition of land for family housing in Mayport, Florida (request of Rep. Charles E. Bennett).	LCD-75-342				11-10-75
Navy's practices of discharging fuel at sea (request of Rep. Ralph H. Metcalfe).	LCD-76-420				12-12-75
Planned reduction in force at Crane Naval Ammunition Depot (request of Senator Vance Hartke).	LCD-76-423				3- 3-76
Relocation of Navy personnel to Bay St. Louis, Miss. (request of Senator Charles McC. Mathias, Jr.).	LCD-76-332				4-15-76
Interim report on certain aspects of Project Seafarer. Department of Defense (request of Rep. Philip E. Ruppe).	LCD-76-339				4-26-76
Followup review of Navy's actions to correct fuel dumping problems identified by GAO in LCD-76-420 report (request of Rep. Ralph H. Metcalfe).	LCD-76-462				9-30-76
Review of the management and use of bachelor and transient housing by the military services.					10- 6-75
Message distribution at Naval telecommunications centers.	LCD-76-101				10-10-75
Survey of computer-output-microfilm applications.					11- 6-75
Tugboat operations in the Navy.	LCD-76-419				11-24-75
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Corps of Engineers:					
Arrow Lock Corporation complaint regarding acceptance of questionable lockets for construction projects (request of Rep. Elizabeth Holtzman).	LCD-76-318				10-20-75
Investigation of alleged deficiencies in contracting for storm windows and storm doors in Alaska (request of Senator Mike Gravel).	LCD-76-316				10-30-75
Defense-related Activities:					
Does the Department of Defense have more test capacity than it needs? (request of Chairman, Senate Committee on Appropriations).	PSAD-76-75		3-	1-76	
Defense Supply Agency:					
Greater use of commercial distribution systems for minor, low-use supply items can reduce Defense logistics costs.	LCD-76-422	8-		9-76	
Observations concerning DSA's proposed procurement of Intel disk drives and controllers.					7-25-75

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Automated support of depot operations could be improved.	LCD-76-108		2-20-76
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Disposition of the functions of 375 employee positions eliminated in a reduction-in-force at Picatinny Arsenal. Department of the Army (request of Senator Clifford P. Case).	FPCD-76-11		9- 9-75
Reduction of civilian personnel at New London, Connecticut, Naval installations. Department of the Navy (request of Representative J. Dodd).	FPCD-76-22		11- 4-75
Review of Defense Contract Audit Agency decision to close its Milwaukee branch office. Department of Defense (request of Representatives Les Aspin, David Obey, Henry Reuss, and Clement Zablocki).	FPCD-76-30		12-22-75
Inquiry into replacement of Department of Defense research employees with contract personnel at Point Mugu, California (request of Senator John V. Tunney).	FPCD-76-52		4- 7-76
Inquiry into a reduction of research and development employees at the Naval Air Development Center, Johnsville, Pennsylvania. Department of the Navy (request of Senator Richard S. Schweiker).	FPCD-76-53		4- 7-76
Improvements needed in equal opportunity complaint systems for civilian employees at certain Army installations. Civil Service Commission and Department of the Army.	FPCD-76-1A FPCD-76-1B		8- 1-75
Reorganization of civilian personnel offices in the Federal Republic of Germany. Department of Defense.	FPCD-76-70		7- 9-76
Facilities and Construction:			
Policy changes and more realistic planning can reduce size of new San Diego naval hospital. Department of Defense (request of Chairman, Subcommittee on Military Construction, Senate Appropriations Committee).	MWD-76-117	4- 7-76	
Military Assistance:			
Assessment of overseas advisory effort of U.S. security assistance program. Departments of Defense and State.	ID-76-1	10-31-75	
Progress and outlook for U.S. Security Assistance to the Republic of Korea (Secret with unclassified digest). Departments of State and Defense.	ID-76-28	6-18-76	
U.S. monitoring of Defense articles provided to foreign countries. Departments of Defense and State (request of Chairman, House Committee on International Relations).	ID-76-9		8-15-75
Use and future availability of excess Defense articles in the military assistance program. Department of Defense (request of Chairman, House Committee on International Relations).	ID-76-8		9-12-75
Observations and discussion on presence of U.S. military assistance advisory groups in selected countries (Secret). Departments of Defense and State (distributed to 8 selected congressional committees).	ID-76-10		1- 6-76

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Investigation of transport by U.S. military aircraft of helicopters from Italy to Iran. Department of Defense (request of Congressman Garner E. Shriver).	ID-75-79			7- 2-75
Evaluation of Defense-Maritime Administration study, "Adequacy of the U.S. Shipbuilding Industry as a Mobilization Base" (request of Congressman Paul N. McCloskey, Jr.).	PSAD-76-50			12-30-75
Use of dogs in experiments at Edgewood Arsenal, Maryland (request of Congressman Les Aspin).	PSAD-76-80			3-12-76
Transfer and conversion program of Hawk missile units in Korea (Secret). Departments of Defense and State.	ID-76-24			11-14-75
Validity of Hewlett-Packard claims for exemption from submission of cost or pricing data. Secretary of Defense.	PSAD-76-62			1- 2-76
Opportunities to realize a reduction in ocean transportation costs by shipping candy in dry seawans during the wintertime.				1-21-76
Packing and ocean transportation charges for personal property of persons assigned to MARGs should be borne by foreign government. Procedures for loss and damage to foreign military sales material should be developed.				1-26-76
Use of commercial versus Government facilities for storing household goods of military personnel.	LCD-76-210			1-28-76
Marine Corps' failure to charge for training provided under Foreign Military Sales and the Military Assistance Program. Department of Defense (request to Director, Defense Security Assistance Agency).	B-165731			7-15-76
Military Pay:				
Report to the Army Finance and Accounting Center on the need to strengthen controls over payment of basic allowance for subsistence during periods of absence on temporary duty.				7-10-75
Report to the Commander, Air Force Accounting and Finance Center, Denver, Colorado, on the audit of military dependent travel claims.				8-20-75
Accuracy of payments made to members of the Indiana National Guard.				8-29-75
Report to the Director, Military Pay Systems Division, Navy Accounting and Finance Center, Washington, D.C., on underpayments of quarters allowance to members without dependents during periods of temporary duty performed in connection with change of stations.				9-25-75
Need to improve military members' perceptions of their compensation. Department of Defense.	EPCD-75-172			10-10-75

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Report to the Director, Military Pay Systems Division, Navy Accounting and Finance Center, Washington, D.C., on accuracy of rents charged to Navy personnel occupying inadequate Government housing.				10-23-75
Temporary lodging allowance payments to military personnel. Department of Defense.	FPCD-76-18			10-31-75
Military recreational activities should be considered as benefits in computing military compensation. Department of Defense.	FPCD-76-29			3- 3-76
Report to the Commander, Air Force Accounting and Finance Center, Denver, Colorado, on payment of readjustment pay to reserve officers involuntarily separated from active duty.				3-19-76
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Feasibility of consolidating military chaplain schools. Department of Defense (request of Chairman, House Committee on Appropriations).	FPCD-76-123		7-1-75		
Observations on personnel reductions at major military headquarters in Hawaii. Department of Defense (request of Chairmen, Senate and House Committees on Appropriations).	FPCD-76-19		11-4-75		
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Comparative study of attrition rates at military academies and civil institutions. Department of Defense (request of Senator Barry Goldwater).	FPCD-76-54			4-30-76	
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Need to direct cooperative forestry programs toward increasing softwood sawtimber supplies. Forest Service, Department of Agriculture (request of Chairman, Subcommittee on Conservation, Energy, and Natural Resources, House Committee on Government Operations).	RED-75-397			7-25-75
Observations on economic implications of pending forestry legislation. Forest Service, Department of Agriculture (request of Chairman, Senate Committee on Agriculture and Forestry).	CED-76-i23			6-15-76
Acreage limitations on mineral leases not effective. Bureau of Land Management, Department of the Interior (request of Chairperson, Subcommittee on Mines and Mining, House Committee on Interior and Insular Affairs).	RED-76-117			6-24-76
Review of Forest Service's proposed move of the St. Helens Rauger District Headquarters. Forest Service, Department of Agriculture (request of Congressman Don Bonker).	RED-75-392			7- 8-75
Forest Service efforts to change timber sale payment method. Department of Agriculture (request of Senator Pete V. Domenici).	RED-75-396			7-16-75
Information on Federal land exchanges with private citizens in New Mexico. Bureau of Land Management, Department of the Interior (request of Congressman Harold Runnels).	RED-76-83			4- 2-76
Damage done at Big Thicket National Preserve. National Park Service, Department of the Interior (request of Congressman Alan Steelman).	CED-76-143			9- 8-76

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Poor management of a nuclear light-water reactor safety project. Energy Research and Development Administration.	EMID-76-4		8-25-76		
Assessment of U.S. and international controls over the peaceful uses of nuclear energy. Department of State, Energy Research and Development Administration (request of Chairman, House Committee on International Relations).	ID-76-60		9-14-76		
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Selected aspects of nuclear power plant reliability and economics. Energy Research and Development Administration (request of Chairman, Subcommittee on Reports, Accounting, and Management, Senate Committee on Government Operations).	RED-76-7	8-15-75		
Analysis of the energy, economic, and budgetary impact of H.R. 6860 (request of Chairman Russell B. Long, Senate Committee on Finance).	OSP(OPA)-76-3	9-2-75		
Comments on proposed legislation to change basis for Government charge for uranium enrichment service. Energy Research and Development Administration (request of Chairman, Joint Committee on Atomic Energy).	RED-76-30	9-22-75		

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Review of allegations that coal shipped to ERDA's Y-12 plant, Oak Ridge, Tennessee, has contained large amounts of dirt. Energy Research and Development Administration (request of Chairman, Joint Committee on Atomic Energy).	RED-76-38	10-28-75	
Evaluation of the Administration's proposal for Government assistance to private uranium enrichment groups. Energy Research and Development Administration (request of Chairman, Joint Committee on Atomic Energy).	RED-76-36	. . . . .	10-31-75	
The economic and environmental impact of natural gas curtailment during the winter of 1975-1976. Federal Power Commission and Federal Energy Administration (request of Chairman, House Committee on Government Operations).	RED-76-39	. . . . .	10-31-75	
Followup on recommendations of report on outer continental shelf oil operations. U.S. Geological Survey, Department of the Interior (request of Chairman, Subcommittee on Conservation, Energy, and Natural Resources, House Committee on Government Operations).	RED-76-48	. . . . .	11-21-75	
Information on ERDA's hedge plans for building uranium enrichment capacity. Energy Research and Development Administration (request of Chairman, Joint Committee on Atomic Energy).	RED-76-55	. . . . .	11-28-75	
Implications of deregulating price of natural gas. Federal Power Commission (request of Chairman, House Committee on Government Operations).	OSP-76-11	. . . . .	1-14-76	
U.S. international nuclear safeguards rights—can they be more effectively exercised? (Confidential). Department of State, Energy Research and Development Administration (request of Chairman, House Committee on International Relations).	ID-76-21	2- 9-76	
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Progress report on U.S. negotiations of Middle East nuclear agreements. (Secret). Department of State, Energy Research and Development Administration (request of Chairman, House Committee on International Relations).	ID-76-41	3-10-76	
Comments on the administration's proposed synthetic fuels commercialization program. Energy Research and Development Administration (request of Chairman, Subcommittee on Energy Research, Development, and Demonstration (Fossil Fuels), House Committee on Science and Technology).	RED-76-82	3-19-76	

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Can the U.S. breeder reactor development program be accelerated by using foreign technology? Energy Research and Development Administration (request of Chairman, Joint Economic Committee).	RED-76-93		5- 6-76	
Comments on selected aspects of the administration's proposal for Government assistance to private uranium enrichment groups. Energy Research and Development Administration (request of Melvin Price, Vice-Chairman, Joint Committee on Atomic Energy).	RED-76-110		5-10-76	
This country's most expensive light-water reactor safety test facility. Energy Research and Development Administration and Nuclear Regulatory Commission (request of Chairman, Senate Committee on Government Operations).	RED-76-68 and RED-76-68A		5-26-76	
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Comments on the Energy Research and Development Administration's contract with TRW, Inc., for planning and analysis services (request of Chairman, Subcommittee on Energy Research, Development, and Demonstration (Fossil Fuels), House Committee on Science and Technology, and Chairman, Subcommittee on Conservation, Energy, and Natural Resources, House Committee on Government Operations).	EMD-76-11		9-21-76	
Evaluation of the publication and distribution of "Shedding Light on Facts About Nuclear Energy." Energy Research and Development Administration (request of Morris Udall, Chairman, Subcommittee on Energy and the Environment, House Committee on Interior and Insular Affairs, and Congressmen Mark Hannaford, George Miller, and James Weaver).	EMD-76-12		9-30-76	
Site selection procedures for the H-Coal Pilot Plant. Energy Research and Development Administration (request of Senator Henry Bellmon).	RED-75-394		7- 8-75	

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Commenting on proposed modifications to the Clinch River breeder reactor contract. Energy Research and Development Administration (request of Congressman John E. Moss).	RED-76-96				3-26-76
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Report on oil company requests to Federal regulatory agencies for waivers and/or modifications to regulations. Federal Power Commission (request of Representatives George Miller and John Moss).	OSP-76-25				6-15-76
Auditing procedures relating to political advertising. Federal Power Commission (request of Senator Adlai Stevenson).	EMD-76-2				7-16-76
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Highlights of the Japanese Aquaculture Program. National Oceanic and Atmospheric Administration, Department of Commerce (request of Chairman, Subcommittee on Fisheries and Wildlife Conservation and the Environment, House Committee on Merchant Marine and Fisheries).	CED-76-145		9-10-76	
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EPA's administration of a contract with the Lear Motor Corporation. Environmental Protection Agency (request of Chairman, Subcommittee on Conservation, Energy, and Natural Resources, House Committee on Government Operations).	RED-76-51		12- 5-75	
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Environmental Protection Agency transfer of pesticide laboratories from Beltsville, Maryland, and Washington, D.C., to Cincinnati, Ohio, should be reconsidered. Office of Pesticides (request of Senator Charles McC. Mathias, Jr., and Congresswoman Gladys Noon Spellman).	RED-75-388 RED-75-389			7- 1-75
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Fiscal year 1975 financial audit of commercial power operations in the Pacific Northwest, Bureau of Reclamation, Pacific Northwest region, Boise, Idaho. Department of the Interior.					1-23-76
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Equipment purchased for wastewater treatment purposes. District of Columbia Government (request of Chairman, Subcommittee on the District of Columbia, Senate Committee on Appropriations).	GGD-76-76	4-	7-76	
Revisions needed to New York City's emergency financial plan. Department of the Treasury (request of Chairman, Senate Committee on Banking, Housing, and Urban Affairs).	GGD-76-94	6-28-	76	
Analysis of the District's cost estimates for the renovation of Glenn Dale Hospital and the purchase of the Metropolitan Hotel. District of Columbia Government (request of Chairman, Subcommittee on the District of Columbia, Senate Committee on Appropriations).	GGD-76-95	7-15-	76	
Administrative and financial management weaknesses in the Office of Youth Opportunity Services. District of Columbia Government (request of Chairman, Subcommittee on the District of Columbia, Senate Committee on Appropriations).	GGD-76-92	8-	5-76	
Correction of water and sewer overcharges to northwest county customers. District of Columbia Government.					9-21-75
Housing issues which need consideration by the District Government. District of Columbia Government.					10-20-75
Department of Human Resources' plan to construct a new receiving home for juveniles. District of Columbia Government.					1-22-76
Supply management system of the Department of Human Resources. District of Columbia Government.					2- 9-76
Supply management system of the Department of Transportation. District of Columbia Government.					2-10-76
Supply management system of the District of Columbia public schools. District of Columbia Government.					2-24-76

AUDIT REPORTS ISSUED DURING THE 15 MONTHS ENDED SEPTEMBER 30, 1976—Continued

Reference	Addresses and date issued			Agency officials
	Congress	Committees	Members	
REVENUE SHARING AND GENERAL PURPOSE FISCAL ASSISTANCE—Continued				
Other General Purpose Fiscal Assistance—Continued				
How the District of Columbia might better manage its tax compliance program. District of Columbia Government.	GGD-76-46			3-12-76
Recommendations to improve urban renewal activities. District of Columbia Government.				5- 7-76
Administration of self-assessed taxes. District of Columbia Government.				5-17-76
Review of the administration of taxes in the District of Columbia which are self-assessed by the taxpayer. District of Columbia Government.				6- 7-76
Need to improve motor fleet management operations in various departments of the District of Columbia Government.				7- 9-76
Problems associated with the District's public schools payroll reporting system. District of Columbia Government.				8- 6-76
Information on the District's policies and procedures for administering its real property tax. District of Columbia Government.				8-13-76
Improvements could be made in the administration of the District's self-improvement through employment program. District of Columbia Government.				8-27-76
Apparent violation of Federal grant regulations. District of Columbia Government.	GGD-75-106			9- 8-76
Questionable need for two ambulances purchased with Federal grant funds. District of Columbia Government.				9-17-76
VETERANS BENEFITS AND SERVICES				
Education, training and rehabilitation activities—information requirements document. Veterans Administration, House and Senate Committees on Appropriations (self-initiated).				12-16-75
Hospital and Medical Care for Veterans:				
Veterans Administration program to provide alcoholism treatment often is insufficient: more action needed.	MWD-76-16	9-	2-75	
Potentially dangerous drugs missing in VA hospitals—different pharmacy system needed. Veterans Administration.	MWD-75-103	9-	30-75	
Cost to operate the Veterans Administration hearing aid program (request of Chairman, Subcommittee on Housing and Urban Development and Independent Agencies, Senate Committee on Appropriations).	MWD-76-52		12-	4-75
Time overruns and funding irregularities on contracts to construct medical research trailers at Brentwood Veterans Hospital in Los Angeles, California. Veterans Administration (request of Chairman, Subcommittee on Health and Hospitals, Senate Committee on Veterans Affairs).	MWD-76-68		2-	4-76

AUDIT REPORTS ISSUED DURING THE 15 MONTHS ENDED SEPTEMBER 30, 1976—Continued

	Reference	Addressed and date issued		
		Congress	Committees	Members	Agency officials
VETERANS BENEFITS AND SERVICES—Continued				
Hospital and Medical Care for Veterans—Continued				
Actions taken by VA on recommendations in GAO report on missing drugs in VA hospitals. Veterans Administration (request of Chairman, Subcommittee on Health and Hospitals, Senate Committee on Veterans Affairs).	MWD-76-125	. . . . .	5-10-76	
Comparison of VA pharmacy prescription costs with fee-basis pharmacy prescription costs. Veterans Administration (request of Congressman Bill Chappell).	MWD-76-46	. . . . .		12- 5-75
Review of the medical administration of the Denver VA hospital. Veterans Administration (request of Senator Floyd Haskell).	MWD-76-104	. . . . .		3- 4-76
Travel costs incurred by New Jersey veterans receiving medical care in out-of-state VA medical facilities. Veterans Administration (request of Congressman James J. Florio).	MWD-76-114	. . . . .		3-18-76
Review of the New Orleans VA hospital. Veterans Administration (request of Congressman W. Henson Moore).	MWD-76-119	. . . . .		4-14-76
Survey of the Veterans Administration's durable medical appliances activities.	MWD-75-104	. . . . .		7-21-75
Proposed cardiac catheterization laboratory at the Sepulveda, California, VA hospital. Veterans Administration.	MWD-76-29	. . . . .		9-17-75
Error in Veterans Administration's calculation of community nursing home rates in medical district-5.	MWD-76-50	. . . . .		10-24-75
VA community nursing home program. Veterans Administration.	MWD-76-97	. . . . .		3- 8-76
Survey of VA laboratory services under regionalization. Veterans Administration.	MWD-76-130	. . . . .		5-20-76
Dental treatment for ineligible veterans. Veterans Administration.		. . . . .		8- 5-76
Letter report to the Administrator of Veterans Affairs, Department of Health, Education, and Welfare (request of R. L. Roudebush).	HRD-76-160	. . . . .		8- 6-76
Survey of VA outpatient medical and dental program. Veterans Administration.		. . . . .		8-10-76
Income Security for Veterans:				
Disability retirement/compensation benefits received by general and flag-grade officers. Veterans Administration (request of Congressman Les Aspin).	MWD-76-47	. . . . .		11- 4-75
Veterans assistance program in the Philippines should be revised. Veterans Administration.	MWD-76-6	. . . . .		8- 4-75
Need to improve controls at VA regional offices to ensure timely correction of rejected transactions in the automated compensation and pension system. Veterans Administration.		. . . . .		9-11-75
Observations questioning reliability of controls in VA's compensation and pension computer system. Veterans Administration.	MWD-76-90	. . . . .		2- 6-76

AUDIT REPORTS ISSUED DURING THE 15 MONTHS ENDED SEPTEMBER 30, 1976—Continued

Reference	Addressed and date issued			Agency officials
	Congress	Committees	Members	
VETERANS BENEFITS AND SERVICES—Continued				
Other Veterans Benefits and Services:				
Need for four regional data processing centers for target system. Veterans Administration (request of Chairman, Subcommittee on HUD-Independent Agencies, House Appropriations Committee).	HRD-76-145		7-13-76	
Review of interim computer procurement by V.A. Veterans Administration (request of Congressmen John Moss and Charles Rose).	MWD-76-132			6- 1-76
Examination of financial statements of Disabled American Veterans National Headquarters, Service Foundation, and Life Membership Fund for year ended December 31, 1974 (to the National Commander).	FOD-76-3			9-15-75
Survey of national cemetery system. Veterans Administration.				11-18-75
Need to improve central management of VA procurement and supply functions. Veterans Administration.	MWD-76-133			6- 3-76
Examination of financial statements of Disabled American Veterans National Headquarters, and Life Membership Fund for year ended December 31, 1975, and the Service Foundation for the 8-month period ending August 31, 1975 (to the National Commander).	FOD-76-21			8-18-76
Veterans Education, Training, and Rehabilitation:				
Educational assistance overpayments, a billion dollar problem—a look at the causes, solutions, and collection efforts. Veterans Administration.	MWD-76-109	3-19-76		
Full use is not being made of the on-job training program as a source of employment and job training for veterans. Veterans Administration (request of Chairman, Senate Committee on Veterans Affairs).	MWD-75-94		7- 9-75	
Review of the effectiveness of VA's educational assistance program. Veterans Administration (request of Chairman, Senate Committee on Veterans Affairs).	HRD-76-158		8-11-76	
Implementation of certain provisions of Public Law 93-508. Veterans Administration (request of Chairman, Senate Committee on Veterans Affairs).	HRD-76-171		9-17-76	
Information on the attempted enrollment of several veterans in an external degree program. Veterans Administration (request of Congressman William F. Walsh).	MWD-76-88			2-10-76
Survey of VA vocational rehabilitation program. Veterans Administration.				6-30-76

LEGISLATION ENACTED DURING THE 15 MONTHS ENDED SEPTEMBER 30, 1976, RELATING TO THE WORK OF THE GENERAL ACCOUNTING OFFICE

Audits

Office of the Attending Physician

Public Law 94-59, July 25, 1975, 89 Stat. 269, Legislative Branch Appropriation Act, 1976, establishes in the Treasury of the United States a revolving fund for the Office of the Attending Physician into which all money received from drug sales or any other source is to be deposited. The fund is to be available without fiscal year limitation for the purchasing of drugs for resale by the Office of the Attending Physician.

The activities of the Office are subject to audit by the General Accounting Office and reports of the audits are to be furnished to the Speaker of the House, the President of the Senate, the appropriate committees of Congress, and the Clerk of the House. In this connection, the Comptroller General is provided access to such records as he may deem necessary.

The net profit established by the General Accounting Office audit, after restoring any impairment of capital, is to be transferred to the general fund of the Treasury. (89 Stat. 284)

Appropriated Fund Expenditure Prerequisite or Exemption

Public Law 94-116, October 17, 1975, 89 Stat. 581, Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1976; and Public Law 94-378, August 9, 1976, 90 Stat. 1095, Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1977, each contain a general provision that no funds appropriated by the act may be expended unless such expenditure is subject to audit by the General Accounting Office or is specifically exempt by law from such an audit. (89 Stat. 601, 90 Stat. 1110)

John F. Kennedy Center for the Performing Arts

Public Law 94-119, October 21, 1975, 89 Stat. 608, to authorize appropriations for services necessary to non-performing-arts functions of the John F. Kennedy Center, adds a new subsection 6(f) to the John F. Kennedy Center Act to authorize the General Accounting Office to regularly review and audit the accounts of the Kennedy Center for the Performing Arts, to determine the Center's ability to pay its share of future operating costs, and to assure that the cost-of-living formula fairly and accurately reflects the use of the building. (89 Stat. 608)

Loans to New York City

Public Law 94-143, December 9, 1975, 89 Stat. 797, New York City Seasonal Financing Act of 1975, establishes a New York City Seasonal Financing Fund to be administered by the Secretary of the Treasury for the purpose of making loans to the city or to a financing agent acting on behalf of the city with respect to its financial affairs.

No loan may be made for the benefit of any State or city unless the General Accounting Office is authorized to make audits, as may be deemed appropriate by either the Secretary of the Treasury or the General Accounting Office, of the records and transactions of the State or political subdivision. The General Accounting Office is to report the results of any audit to the Secretary and the Congress. (89 Stat. 799)

Pacific Island Trust Territory

Public Law 94-165, December 23, 1975, 89 Stat. 977, Department of the Interior and Related Agencies Appropriation Act, 1976; and Public Law 94-373, July 31, 1976, 90 Stat. 1043, Department of the Interior and Related Agencies Appropriation Act, 1977,

each contain a proviso for audit by the General Accounting Office of all financial transactions of the Trust Territory, including transactions of all agencies or instrumentalities established or used by the Trust Territory. The proviso states that the audit shall be made in accordance with the provisions of the Budget and Accounting Act, 1921, and the Accounting and Auditing Act of 1950. (89 Stat. 988, 90 Stat. 1053)

Foreign Gifts

Public Law 94-350, July 12, 1976, Foreign Relations Authorization Act, fiscal year 1977, 90 Stat. 823, adds a new section 20 to Public Law 885, 84th Congress, requiring that any gifts for foreigners involving any funds made available to meet unforeseen emergencies arising in the Diplomatic and Consular Service be audited by the Comptroller General. He is to report to the Congress to such extent and at such times as he determines necessary.

The General Accounting Office is also provided access to records pertaining to expenditures and necessary to facilitate the audit. (90 Stat. 827)

Urban Indian Health Services

Public Law 94-437, September 30, 1976, 90 Stat. 1400, Indian Health Care Improvement Act, provides at title V for the establishment of programs in urban areas to make health services more accessible to the urban Indian population.

Contracts are to be awarded to urban Indian organizations for this purpose by the Secretary of Health, Education, and Welfare acting through the Indian Health Service.

For each fiscal year during which an urban Indian organization receives or expends funds pursuant to a contract under this title, the organization is to report certain delineated information to the Secretary of Health, Education, and Welfare. The reports and records of the urban Indian organization with respect to the contract will be subject to audit by the Secretary and the Comptroller General of the United States. (90 Stat. 1412)

Access to Records

Community Mental Health Centers Program

Public Law 94-63, July 29, 1975, 89 Stat. 304, Special Health Revenue Sharing Act of 1975, revises

and extends the health revenue-sharing program, the family planning programs, the community mental health centers program, the program for migrant health centers and community health centers, the National Health Service Corps program, and the programs for assistance for nurse training.

The Comptroller General is provided access to records for the purpose of audit of recipients of assistance relating to the community mental health centers program under the provisions of section 240 of the Community Mental Health Centers Act, as amended by section 303 of the law. (89 Stat. 332)

Developmental Disabilities Services and Facilities Construction

Public Law 94-103, October 4, 1975, 89 Stat. 486, Developmentally Disabled Assistance and Bill of Rights Act, amends part A of the Developmental Disabilities Services and Facilities Construction Act to provide at section 105 for access to records of developmental disabilities services and facilities construction grant recipients by the General Accounting Office. (89 Stat. 498)

Ellender Fellowship to Disadvantaged Students

Public Law 94-277, April 21, 1976, 90 Stat. 399, extends through fiscal year 1980 a program of grants for Allen J. Ellender fellowships to disadvantaged secondary school students and their teachers to be made by the Commissioner of Education to the Close Up Foundation of Washington, D.C., to increase understanding of the Federal Government.

The law which established the grant program, Public Law 92-506, October 19, 1972, 86 Stat. 907, provided the Comptroller General access to records pertinent to any grant.

Medical Device Standards Contribution

Public Law 94-295, May 28, 1976, 90 Stat. 539, Medical Device Amendments of 1976, amends the Federal Food, Drug, and Cosmetic Act to provide for the safety and effectiveness of medical devices intended for human use. A new section 514 is added to the act which establishes performance standards for class II medical devices.

In connection with accepting an offer to develop a proposed performance standard for a device, the Secretary of Health, Education, and Welfare may agree to contribute to the offeror's development cost if the contribution is likely to result in a more satisfactory standard than would otherwise be developed.

The Secretary is to prescribe regulations governing the development of standards by persons whose offers are accepted. These regulations are to provide, among other things, that the Secretary and the Comptroller General be given access to records relevant to the development contributions for purposes of audit and examination. (90 Stat. 550)

Foreign Aid Programs

Public Law 94-330, June 30, 1976, 90 Stat. 771, Foreign Assistance and Related Programs Appropriations Act, 1976 and the period ending September 30, 1976, contains a provision for the General Accounting Office to have access to records of the Inspector General, Foreign Assistance, unless the President certifies that he has forbidden the Inspector General to furnish the records and gives the reason for doing so. (90 Stat. 779-780)

Coastal Energy Impact Program

Public Law 94-370, July 26, 1976, 90 Stat. 1013, Coastal Zone Management Act Amendments of 1976, provides that the Secretary of Commerce is to administer and coordinate a coastal energy impact program consisting of financial assistance in the form of grants, loans, and guarantees to meet the needs of coastal States and local governments resulting from specified activities involving energy development.

The Comptroller General is provided access for purposes of audit and examination to pertinent documents until 3 years after completion of programs for which grants were made, or repayment of loans or guarantees of indebtedness for which financial assistance was provided. (90 Stat. 1030)

Commerce Department— Ship Construction

Public Law 94-372, July 31, 1976, 90 Stat. 1042, Negotiated Shipbuilding Contracting Act of 1976, would extend to June 30, 1979, a provision contained in section 502 of the Merchant Marine Act, 1936,

to permit the Secretary of Commerce to accept a price for the construction of a ship which has been negotiated between a shipyard and a proposed ship purchaser if, among other things, the shipyard agrees that the Comptroller General shall, until the expiration of 3 years after final payment, have access to records of the shipyard or any of its subcontractors related to negotiating or performing any such contract. (90 Stat. 1042)

Land and Water Conservation

Public Law 94-422, September 28, 1976, 90 Stat. 1313, to amend the Land and Water Conservation Fund Act of 1965, as amended, to establish the National Historic Preservation Fund, and for other purposes, modifies in several respects section 6 of the Land and Water Conservation Fund Act pertaining to the allocation of funds by the Interior Secretary for the planning, acquisition, and development of outdoor recreation lands, but continues the Comptroller General's authority to have access to records of recipients of assistance under the act. (90 Stat. 1317)

Olympic Winter Games Financial Assistance

Public Law 94-427, September 28, 1976, 90 Stat. 1336, Olympic Winter Games Authorization Act of 1976, authorizes the Secretary of Commerce to provide financial assistance in the form of grants to the Lake Placid 1980 Olympic Games, Inc., or State, local, or other governmental agencies, for the purpose of assisting in the planning, design, and construction or improvement of winter game facilities in connection with the 1980 Olympic winter games to be held at Lake Placid, New York.

Until the expiration of 3 years after the completion of a facility or project, the Comptroller General is to have access to relevant records of recipients of financial assistance. (90 Stat. 1338)

Energy Policy and Conservation Act

Public Law 94-163, December 22, 1975, 89 Stat. 871, Energy Policy and Conservation Act, has as its purpose to increase domestic energy supplies and availability, to restrain energy demand, and to prepare for energy emergencies.

Part A, Energy Data Base and Energy Information, of title V of the law contains a provision at section 501 that the Comptroller General may conduct verification examinations to assess the accuracy, reliability, and adequacy of energy or financial information with respect to the books, records, papers, or other documents of

(1) any person who is required to submit energy information to the Federal Energy Administration, the Department of the Interior, or the Federal Power Commission pursuant to any rule, regulation, order, or other legal process of the Administration, Department or Commission;

(2) any person who is engaged in the production, processing, refining, transportation by pipeline, or distribution (at other than the retail level) of energy resources

(a) if the person has furnished, directly or indirectly, energy information (without regard to whether such information was furnished pursuant to legal requirements) to any Federal agency (other than the Internal Revenue Service), and
 (b) if the Comptroller General determines that such information has been or is being used or taken into consideration, in whole or in part, by a Federal agency in carrying out responsibilities committed to such agency; or

(3) any vertically integrated petroleum company with respect to financial information of such company related to energy resource exploration, development, and production and the transportation, refining, and marketing of energy resources and energy products.

The Comptroller General shall conduct such verification examinations if requested to do so by any duly established committee of the Congress having legislative or oversight responsibilities under the rules of the House of Representatives or of the Senate, with respect to energy matters or any of the laws administered by the Department of the Interior, the Federal Power Commission or the Federal Energy Administration. (89 Stat. 956)

To carry out his authority under section 501 the Comptroller General may sign and issue subpoenas, require any person to submit information, and administer oaths. He may enter and inspect any business premise or facility. He is provided access to any energy information within the possession of any Federal agency (other than the Internal Revenue Service) as is necessary to carry out his authority.

Reporting requirements are delineated and they include preparing and submitting to the Congress an annual report with respect to the exercise of the verification examination authority. The report is to specifically identify any deficiencies in energy information or financial information reviewed by the Comptroller General and discuss any action taken by the person or company examined to correct deficiencies. (89 Stat. 957-958)

Section 504 delineates penalty assessment for non-compliance with any general or special order of the Comptroller General and empowers the Comptroller General, through attorneys of his own selection, to bring civil action in the United States District Court for the District of Columbia. The section also establishes a procedure in case of refusal to obey a subpoena issued by the Comptroller General. (89 Stat. 959-960)

For the purpose of developing a reliable energy data base related to producing crude oil and natural gas, the Securities and Exchange Commission is to take steps to assure the development and observance of accounting practices to be followed in preparing accounts by persons engaged, in whole or in part, in the production of crude oil or natural gas in the United States.

The Securities and Exchange Commission is to consult with the Federal Energy Administration, the General Accounting Office, and the Federal Power Commission with respect to accounting practices to be developed. (89 Stat. 958)

Title I of the law, Matters Relating to Domestic Supply, provides for guarantee loans as incentives for the development of new underground coal mines and gives the General Accounting Office access to the records of recipients of the loans. (89 Stat. 877)

The General Accounting Office also has access to the records of recipients of Federal assistance with respect to the development and implementation of State energy conservation plans. (89 Stat. 935)

Part B, Energy Conservation Program for Consumer Products Other Than Automobiles; and part D, Industrial Energy Conservation, of Title III, Improving Energy Efficiency, each contain a statement that any information submitted under the part shall not be considered energy information as defined by section 11(c)(1) of the Energy Supply and Environmental Coordination Act of 1974 for purposes of any verification examination authorized by the Comptroller General under section 501 of this act. (89 Stat. 928, 938)

Railroad Revitalization and Regulatory Reform Act of 1976

Public Law 94-210, February 5, 1976, 90 Stat. 31, Railroad Revitalization and Regulatory Reform Act of 1976, has the purpose to improve the quality of rail services in the United States through regulatory reform, coordination of rail services and facilities, and rehabilitation and improvement financing.

The Railroad Rehabilitation and Improvement Fund is established to provide capital necessary to furnish financial assistance to railroads, to the extent of appropriated funds, for facilities maintenance, rehabilitation, improvements, and acquisition, and such other financial needs as the Secretary of the Treasury approves.

There is also established an obligation guarantee fund to be administered by the Secretary of the Treasury as a revolving fund in connection with the guarantee of obligations used to acquire or to rehabilitate and improve facilities or equipment.

The Comptroller General is authorized to audit the operations of the Fund and of the obligation guarantee fund in accordance with rules and regulations he may prescribe.

In this connection, the Comptroller General is provided access to records necessary to facilitate an audit including full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians.

The Comptroller General is also provided access to records of any person or entity which has entered into a financial transaction with or involving the Fund, the obligation guarantee fund, or the Secretary to the extent deemed necessary by the Comptroller General to facilitate an audit.

A report of each audit is to be made to the Congress. The report is to contain all information the Comptroller General deems necessary to inform the Congress of the financial operations and condition of the Fund and the obligation guarantee fund, and any recommendations he deems advisable. The report is to describe in detail any program, expenditure, or other financial transaction or undertaking observed which the Comptroller General deems to have been carried on or made without lawful authority or which is inconsistent with the purposes and provisions of the law. (90 Stat. 81)

Title III of the Regional Rail Reorganization Act of 1973 is amended by adding a new section 307 which provides that the Comptroller General is authorized to audit the programs, activities, and financial operations of the Consolidated Rail Corporation for any period during which (1) Federal funds are being used to finance any portion of its operations or (2) Federal funds have been invested. The audits are to be conducted under rules and regulations prescribed by the Comptroller General and he is to report to the Congress at such times and to such extent as he considers necessary to keep the Congress informed on the security of Federal funds and guarantees. The Comptroller General, to the extent appropriate, is to recommend how to achieve greater economy, efficiency, and effectiveness in programs, activities, and operations.

For the purpose of audit the Comptroller General is provided access to records belonging to or in use by the Corporation. (90 Stat. 99)

With respect to local rail service assistance the Comptroller General is provided access to records of recipients of financial assistance which pertain to the grants, contracts, or other arrangements.

The Secretary of Transportation and the Comptroller General are to regularly conduct, or cause to be conducted, a financial audit and a performance audit. Such audits may be conducted by independent certified or licensed public accountants and management consultants approved by the Secretary and the Comptroller General. (90 Stat. 132)

Rail service continuation financial assistance recipients are to keep records which fully disclose the amount and disposition of the proceeds of the assistance, the total cost of the project or undertaking in connection with which the assistance was used, the portion of the cost of the project supplied by other sources, and other records to facilitate an effective audit. The General Accounting Office is provided access to the records for purposes of audit. (90 Stat. 142)

Energy Conservation and Production

Public Law 94-385, August 14, 1976, 90 Stat. 1125, Energy Conservation and Production Act, provides in title I, the Federal Energy Administration Act Amendments of 1976, for an Office of Energy Information and Analysis within the Federal Energy

Administration which is to be responsible for establishing a National Energy Information System. The procedures and methodology of the Office are to be subject to an annual performance audit review conducted by a professional audit review team. The chairman of the team is to be designated by the Comptroller General. (90 Stat. 1138)

Title IV of the Energy Conservation in Existing Buildings Act of 1976 makes provision for grants to States and Indian tribal organizations for financial assistance in connection with projects for the weatherization of dwelling units, particularly where elderly or handicapped low-income persons reside.

The Comptroller General is provided access to pertinent records of any projects receiving financial assistance. (90 Stat. 1156)

Title IV also provides for the guarantee of loans, notes, bonds, or other obligations incident to energy conservation and renewable resources.

The Federal Energy Administrator is required to consult with the Secretary of the Treasury and the Comptroller General incident to terms and conditions for termination of a guarantee and assurances necessary to reasonably protect the interest of the United States when a guarantee is issued.

The Comptroller General is provided access to records of recipients of Federal assistance. (90 Stat. 1166)

For each fiscal year ending before October 1, 1979, the Comptroller General is to report to the Congress on the activities of the Federal Energy Administrator and the Secretary of Housing and Urban Development under title IV and amendments to other statutes made by this title.

Each report submitted by the Comptroller General is to include

- (1) an accounting, by State, of expenditures of Federal funds under each program authorized;
- (2) an estimate of the energy savings which have resulted;
- (3) an evaluation of the effectiveness of the programs in achieving the energy conservation or renewable resource potential available in the sectors and regions affected;
- (4) a review of the extent and effectiveness of compliance-monitoring of programs and any evidence as to the occurrence of fraud; and
- (5) recommendations with respect to improvements in the administration of programs and additional

legislation which is needed to achieve the purpose of the title. (90 Stat. 1168-1169)

Antirecessionary Program

Public Law 94-369, July 22, 1976, 90 Stat. 999, Public Works Employment Act of 1976, authorizes a local public works capital development and investment program and also establishes an antirecessionary program.

Title II of the law—Antirecession Provisions—requires the Secretary of the Treasury to make payments to State and local governments to coordinate budget-related actions by such governments with Federal Government efforts to stimulate economic recovery.

A statement of assurances is required prior to payment by the Secretary. Among the delineated items to be included in the statement is an assurance that the State or unit of local government will use fiscal, accounting, and audit procedures which conform to guidelines established by the Secretary of the Treasury after consultation with the Comptroller General, and that the Secretary and the Comptroller General will be provided access to records the Secretary may reasonably require for purposes of reviewing compliance with the title. (90 Stat. 1006)

The Comptroller General is to investigate the impact which emergency support grants have on the operations of State and local governments and on the economy. Within 1 year after enactment, he is to report the results of the investigation to the Congress together with an evaluation of the macroeconomic effect of the program and recommendations for improving the effectiveness of similar programs. (90 Stat. 1010)

The Congressional Budget Office and the Advisory Commission on Intergovernmental Relations are to conduct a study to determine the most effective means by which the Federal Government can stabilize the national economy during periods of rapid economic growth and high inflation through programs directed toward State and local governments. There are requirements for coordination and consultation with the Comptroller General and for including his opinions of the study in a report to the Congress on the results of the study. (90 Stat. 1010)

District of Columbia Government Financial Condition

Public Law 94-399, September 4, 1976, 90 Stat. 1205, provides for an independent audit of the financial condition of the government of the District of Columbia.

A temporary Commission on Financial Oversight of the District of Columbia is established to select, after consultation with the Comptroller General, persons for developing certain enumerated plans to improve the financial planning, reporting, and control system of the District of Columbia government.

The commission is authorized to utilize, on a reimbursable basis, the services and personnel of the General Accounting Office to assist in carrying out its functions under the act. (90 Stat. 1205)

The Comptroller General is to have full access to all documents produced under each contract entered for the development of a system improvement plan.

Contractors are required to report to the commission and the Comptroller General on progress in completing the contracts.

In the case of systems design plans, there are procedures stipulated for submission to the Comptroller General for approval, disapproval, or modification of the plans, for the Comptroller General to submit the plans as so approved, modified, or disapproved to the Congress for its consideration, and action.

The Comptroller General is to monitor the implementation of the plans so approved and report as he deems appropriate to the commission. (90 Stat. 1206-1208)

The commission is authorized to have undertaken by a certified public accountant licensed in the District of Columbia a balance sheet audit of the District's financial position.

The audit is to cover the financial position of the District of Columbia as of September 30, 1977, unless the commission, on or before August 1, 1977, is notified by the Comptroller General that such an audit as of that date is not practicable. The audit is then to be undertaken as of the date recommended by the Comptroller General.

The commission is also authorized to have undertaken an audit of the financial position and results of operations of the District of Columbia for each fiscal

year or years next following September 30, 1977, or the date recommended by the Comptroller General for the conduct of a balance sheet audit.

The results of each audit are to be submitted to the Congress, the President of the United States, the D.C. Council and Mayor and the Comptroller General.

The Mayor of the District of Columbia is to select, with the advice and consent of the D.C. Council, a qualified person to conduct audits for the fiscal years commencing October 1, 1979, and the next following 3 fiscal years.

The Comptroller General, among others, is also to receive these audit reports. (90 Stat. 1208-1209)

An appropriation is authorized for reimbursing the Comptroller General for services and personnel provided to assist the commission in carrying out its functions. No funds appropriated may be used for any payment as reimbursement to the GAO, or for expenses of the commission, in an amount greater than 50 per centum of the total amount of any such payment. (90 Stat. 1209)

The commission is to terminate 30 days after notification by the Comptroller General to the commission of the completion and implementation of all plans and designs or 30 days after final payment of all contracts entered, whichever occurs last. (90 Stat. 1210)

Physicians, Dentists and Health Care Personnel Pay Comparability

Public Law 94-123, October 22, 1975, 89 Stat. 669, Veterans Administration Physician and Dentist Pay Comparability Act of 1975, requires that the Comptroller General report to the Congress no later than August 31, 1976, on (1) an investigation of short-term and long-term problems facing the departments and agencies in recruiting and retaining qualified physicians and dentists, (2) an evaluation of the extent to which the implementation of a uniform system of pay, allowances, and benefits for all physicians and dentists employed in departments and agencies would alleviate or solve such recruitment

and retention problems, (3) an investigation and evaluation of such other solutions to recruitment and retention problems deemed appropriate, and (4) alternate suggested courses of legislative or administrative action and cost estimates. (89 Stat. 673)

No later than March 1, 1977, the Comptroller General is to report to the Congress on an investigation and analysis of recruitment and retention problems, both nationwide and geographically, of health care personnel other than physicians and dentists in the Department of Medicine and Surgery with respect to basic pay and premium and overtime rates. (89 Stat. 674)

There is delineated certain information to be included in the report on each investigation, evaluation, or analysis and also specific requirements as to whom the Comptroller General should consult in the course of these activities. (89 Stat. 673, 674, 675)

National Productivity and Quality of Working Life

Public Law 94-136, November 28, 1975, 89 Stat. 733, National Productivity and Quality of Working Life Act of 1975, establishes as an independent establishment of the executive branch of the Government the National Center for Productivity and Quality of Working Life.

A primary function of the Center is to develop and establish a national policy for productivity growth in the public and private sectors of the United States.

The Comptroller General is to audit, review, and evaluate the Center's implementation of the act's provisions.

Not less than 30 months nor more than 36 months after the effective date of the act, the Comptroller General is to submit a report to the Congress which is to contain, but not be limited to, an evaluation of the effectiveness of the Center's activities; an evaluation of the effect of the activities of the Center on the efficiency and effectiveness of affected Federal agencies in carrying out their assigned functions and duties under the act; and recommendations concerning any legislation deemed necessary for improving the implementation of the objectives of the act. (39 Stat. 742)

Accountable Officers— Relief From Liability

Public Law 94-157, December 18, 1975, 89 Stat. 826, Supplemental Appropriations Act, 1976, provides that the disbursing officer of the Library of Congress disburse funds appropriated for the Congressional Budget Office, and the Library of Congress provide financial management support as may be required and mutually agreed to by the Librarian of Congress and the Director of the Congressional Budget Office.

All vouchers certified for payment by certifying officers of the Library of Congress are to be supported with a certification by an officer or employee of the Congressional Budget Office duly authorized in writing by the Director to certify payments from appropriations of the Congressional Budget Office.

The Comptroller General is authorized to relieve the certifying officer of liability for any payment where he based his certification on official records and where he did not know or could not reasonably have ascertained the actual facts, or where the obligation was incurred in good faith, payment was not specifically contrary to a statute, and the United States received value for the payment.

The Comptroller General also has authority to relieve liability for overpayment for transportation services where the overpayment occurred because of administrative examination made prior to payment and did not include verification of transportation rates, freight classifications, or land grant deductions. (89 Stat. 836)

Nonnuclear Energy Information

Public Law 94-187, December 31, 1975, 89 Stat. 1063, to authorize appropriations to the Energy Research and Development Administration, adds a new section 17 to the Federal Nonnuclear Energy Research and Development Act of 1974 which requires the Administrator to establish and maintain a central source of information on all energy resources and technology.

The Administrator is required, upon request, to provide the information to the General Accounting Office and others when they need it to carry out their duties and responsibilities, but the information is not to be released to the public. (89 Stat. 1075)

Executive Salary Cost-of-Living Adjustment Act

Public Law 94-82, August 9, 1975, 89 Stat. 419, contains as title II the Executive Salary Cost-of-Living Adjustment Act which provides a mechanism for cost-of-living adjustment of Federal executive salaries.

The Comptroller General of the United States, the Deputy Comptroller General of the United States, and the General Counsel of the General Accounting Office are included in this adjustment process by an amendment to section 203(a), (b), and (c) of the Federal Legislative Salary Act of 1964. (89 Stat. 421)

Child Nutrition Program

Public Law 94-105, October 7, 1975, 89 Stat. 511, National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975, amends section 17 of the Child Nutrition Act of 1966 to require that the Secretary of Health, Education, and Welfare establish an advisory committee to determine and recommend in detail how, using accepted scientific methods, the health benefits of the special supplemental food program for pregnant or lactating women and nutritional-risk infants may best be evaluated and assessed. The committee's study is to consider the usefulness of the medical data collected and the methodology used by the Department of Agriculture and the Comptroller General prior to March 30, 1975. (89 Stat. 520)

Senate Sergeant-at-Arms Lease Agreement

Public Law 94-157, December 18, 1975, 89 Stat. 826, Supplemental Appropriations Act, 1976, requires the General Accounting Office to examine the terms of a proposed lease by the Senate Sergeant at Arms of the North Capitol Plaza Building and report to the Senate on its reasonableness, taking into account such factors as rental rates for similar space, advantages of proximity, and possible alternative arrangements. The examination is to occur prior to approval by the Senate. (89 Stat. 832)

Public Broadcasting Corporation

Public Law 94-192, December 31, 1975, 89 Stat. 1099, to provide long-term financing for the Corporation for Public Broadcasting, popularly titled "Public Broadcasting Financing Act of 1975," includes an amendment to section 396(i) of the Communications Act of 1934 requiring that officers and directors of the Corporation be available to testify before appropriate committees of the Congress concerning, among other things, reports by the Comptroller General on the audit of the financial transactions of the Corporation made pursuant to section 396(l) of the act. (89 Stat. 1100)

Appropriations for the General Accounting Office

Public Law 94-59, July 25, 1975, 89 Stat. 269, Legislative Branch Appropriation Act, 1976, provides an appropriation of \$135,930,000 for the General Accounting Office for salaries and expenses for fiscal year 1976, including not to exceed \$5,000 for special studies of governmental financial practices and procedures to be expended on certification of the Comptroller General; services of experts and consultants authorized under 5 U.S.C. 3109 at rates not to exceed the per diem rate equivalent for grade GS-18; hire of one passenger motor vehicle; advance payments in foreign countries; and travel benefits comparable with those granted to single employees of the Agency for International Development.

There is a proviso that this appropriation and appropriations for administrative expenses of any other department or agency which is a member of the Joint Financial Management Improvement Program (JFMIP) and the National Intergovernmental Audit Forum shall be available to finance the appropriate share of costs, including but not limited to the salary of the executive secretary and secretarial support of JFMIP and necessary travel expenses of non-Federal participants in the Forum. Payments to either the Forum or the JFMIP may be created as reimbursements to any appropriation from which costs involved are initially financed.

For the fiscal year transition period—July 1, 1976, through September 30, 1976—an appropriation of \$35,800,000 for salaries and expenses is provided the General Accounting Office, including not to exceed \$1,250 to be expended on the certification of the Comptroller General in connection with special studies of governmental financial practices and procedures. (39 Stat. 297-298)

Public Law 94-157, December 18, 1975, 89 Stat. 826, Supplemental Appropriations Act, 1976, provides the General Accounting Office an additional appropriation of \$1,292,000 for fiscal year 1976 for salaries and expenses. (89 Stat. 837)

Public Law 94-303, June 1, 1976, 90 Stat. 597, Second Supplemental Appropriations Act, 1976, provides additional appropriations for salaries and expenses of the General Accounting Office of \$967,000 for fiscal year 1976 and \$242,000 for the transition period July 1, 1976, through September 30, 1976. (90 Stat. 618)

The General Accounting Office is also provided additional appropriations of \$3,352,000 for fiscal year 1976 and \$1,106,000 for the fiscal year transition period to cover increased pay costs authorized by or pursuant to law. (90 Stat. 631, 645)

SUMMARY OF ASSIGNMENTS OF PERSONNEL TO CONGRESSIONAL COMMITTEES JULY 1, 1975, TO SEPTEMBER 30, 1976

Committee	Length of assignments		Tentative release date	Salary	Travel expenses ¹	Other expenses ²	Total cost
	From	To					
Senate							
Government Operations Committee:							
Investigation Subcommittee:							
Harris, Herbert (HRD)	5-4-76		5-3-77	\$4,901	-	\$416	\$5,317
Unger, Joseph (NYRO)	5-4-76		5-3-77	15,739	-	488	6,227
Labor and Public Welfare Committee:							
Lebo, John (HRD)	3-1-76	9-1-76		12,812	-	239	3,051
Zionbra, Gregory J. (HRD)	3-1-76	9-1-76		13,437	-	292	3,729
Rules and Administration Committee:							
Lawson, Gary (FGMS)	12-1-75		11-30-76	15,248	-	446	5,694
House							
House Administration Committee:							
Hama, Edward (GGD)	7-6-76	10-1-76		7,812	-	664	8,476
Ottenheimer, Ed (OSD)	7-12-76	10-1-76		13,162	-	269	3,431
Witte, Dave (WRO)	7-6-76	10-1-76		13,266	-	278	3,544
House Appropriations Committee:							
Surveys and Investigations Staff:							
Bushlow, Elliott H. (HRD)	11-24-75		11-23-76	7,916	-	675	8,621
Degnan, Frank (CEDD)	1-5-76		1-5-77	7,497	545	637	8,679
Desmond, Timothy D. (PSAD)	8-23-76		8-22-77	3,294	-	280	3,547
Guokas, Ralph J. (FGMS)	9-23-75			6,775	-	376	7,351
Heil, Jeffrey (LCD)	10-20-75		10-19-76	6,029	-	512	6,541
Hill, William A. (ID)	11-24-75		11-23-76	7,044	2,052	599	9,695
Hopp, Thomas W. (LCD)	9-27-76		9-26-77	352	-	30	382
Koner, Lottie (OPM)	3-1-76	8-6-76		927	-	79	1,006
Lynch, William C. (HRD)	7-19-76		7-19-77	5,551	-	472	6,023
Middleton, Sarah (OPM)	11-12-75	8-11-76		1,224	-	104	1,328
Potechny, John P. (PSAD)	10-6-75	10-4-76		7,723	-	656	8,379
Quarry, Thomas A. (OSD)	10-14-75		10-14-76	6,394	310	544	7,248
Rhodes, James R. (EMD)	6-7-76		6-6-77	7,730	-	657	8,387
Taylor, Tim R. (CEDD)	1-5-76		1-4-77	5,796	-	493	6,289
Toih, Frank (GGD)	11-24-75		11-23-76	8,184	850	696	9,730
Vignali, Joseph A. (HRD)	10-14-75		10-13-76	9,594	-	816	10,410
Williams, Harlow S. (LCD)	9-7-76		9-6-77	2,108	-	179	2,287
House Banking, Currency and Housing Committee:							
Stein, Charles K. (NYRO)	6-21-76	7-21-76		1,156	-	98	1,254
Trescavage, Bernie (WRO)	6-28-76		11-1-76	6,204	-	527	6,731

See footnotes at end of table.

SUMMARY OF ASSIGNMENTS OF PERSONNEL TO CONGRESSIONAL COMMITTEES JULY 1, 1975, TO SEPTEMBER 30, 1976—Continued

Committee	Length of assignments		Terminative release date	Salary	Travel expenses ¹	Other expenses ²	Total cost
	From	To					
House—Continued							
House Government Operations Committee:							
Subcommittee on Commerce and Monetary Affairs:							
Grissinger, Charles R. (CEDD)	12-22-75		12-21-76	\$7,497	—	\$637	\$8,134
Hoppler, Henry L. (PSAD)	12-22-75		12-21-76	6,394	—	543	6,937
Kaufman, Jack (GGD)	12-22-75		12-21-76	7,271	—	618	7,889
Metz, Charles (OSD)	12-22-75		12-21-76	7,126	—	606	7,732
Ryder, Fred A. (OSD)	12-22-75		12-21-76	5,183	—	441	5,624
Scott, Dean T. (WRO)	12-22-75		12-21-76	5,813	—	494	6,307
Subcommittee on Government Activities and Transportation:							
Koezur, Leonard J. (FGMS)	7-21-75	7-21-76		1,601	—	136	1,737
Rider, John (CEDD)	6- 2-76	8-31-76		3,459	—	297	3,756
Subcommittee on Intergovernmental Relations and Human Resources:							
Tuchman, Edward (HRD)	4-26-76			4,124	—	351	4,475
Walthall, Donald (OSD)	9-15-75	9-10-76		3,902	—	332	4,234
Interstate and Foreign Commerce Committee:							
Caton, Mark (OSD)	10-20-75		10-19-76	4,124	—	351	4,475
DeRoy, Charles (HRD)	10-20-75		10-19-76	4,504	—	383	4,887
Reiger, James (GGD)	8- 7-75		8-16-76	3,749	—	319	4,068
Subcommittee on Oversight and Investigations:							
Cormier, Ronald (CEDD)	6- 1-76		5-31-77	4,980	—	423	5,403
Jones, Erline (OSD)	9-29-75	9-19-76		2,954	—	251	3,205
House Office Building Commission:							
McDoff, Maunie (HRD)	10-29-69			3,643	—	310	3,953
House Committee on Science and Technology:							
Berteotti, Ronald (EMD)	8-23-76	9-17-76		1,511	—	128	1,639
Francis, Paul (OSD)	8- 3-76		8- 4-77	2,229	—	189	2,418
Kezar, Charles (PSAD)	8- 2-76		8- 1-77	4,998	—	425	5,423
Sharer, Ralph (CEDD)	8-23-76	9-17-76		985	—	84	1,069
House Select Committee on Aging:							
Zipp, Alan (HRD)	7-12-76		10-29-76	4,399	—	374	4,773
House Select Committee on Professional Sports:							
Hernan, Benjamin Jr. (OSD)	6-28-76		6-27-77	3,408	—	289	3,697
Thompson, Homer (PSAD)	6-28-76		6-27-77	6,009	—	511	6,520
House Ways and Means Committee, Oversight Subcommittee:							
Meiburger, Alan (HRD)	5-10-76		5-10-77	5,005	—	425	5,430
Markin, John (HRD)	5-17-76		5-13-77	5,085	—	432	5,517
Joint							
Committee on Atomic Energy:							
Keppel, Michael R. (EMD)	9- 8-75	9-10-76		1,406	—	341	4,347
Committee on Internal Revenue Taxation:							
Hatcher, Richard (OSD)	7- 8-76	8-13-76		1,447	—	123	1,570
Kudla, Eugene (GGD)	7- 7-76	8-13-76		1,749	—	149	1,898
				\$254,398	¹ \$3,757	² \$21,684	\$279,839
				¹ \$47,336			

¹ This cost will be reimbursed by the committee or subcommittee concerned.

² These amounts, which are 8.6% of the salary costs, include the Government's estimated share for personnel benefits payable to the Civil Service Commission for (1) Life Insurance Fund, (2) Retirement Fund, and (3) Health Benefits Program.

APPENDIX 4

On assignment as of September 30, 1976:

HRD.....	8
NYRO.....	1
FGMS.....	0
CEDD.....	3
LCD.....	3
ID.....	1
PSAD.....	4
OPM.....	1
EMD.....	3
GGD.....	4
OSD.....	11
WRO.....	3
Total.....	<u>42</u>

Total assigned during the 15 months ended September 30, 1976:

HRD.....	10
NYRO.....	2
FGMS.....	2
CEDD.....	5
LCD.....	3
ID.....	1
PSAD.....	4
OPM.....	3
EMD.....	3
GGD.....	5
OSD.....	14
WRO.....	3
Total.....	<u>55</u>

CLAIMS STATISTICS

Claims Division Settlements and Collections During Fiscal Years 1967-76

Fiscal year	Claims against the United States		Claims by the United States	
	Number of claims	Amount allowed	Number of claims	Amount collected ¹
1967	9,705	\$46,483,888	32,208	\$3,626,693
1968	13,812	60,988,960	16,282	2,938,681
1969	18,690	70,140,075	9,750	2,819,450
1970	14,943	55,909,237	13,201	2,626,961
1971	8,686	117,782,204	20,394	2,878,940
1972	7,819	69,977,376	22,211	4,612,775
1973	6,563	130,635,566	25,615	4,068,344
1974	8,157	142,396,002	26,580	4,852,914
1975	9,980	194,989,301	28,926	5,305,606
1976 (15 months)	11,314	155,113,538	66,646	7,519,366
Total	109,669	\$1,044,336,148	261,813	\$41,249,730

¹ Includes amount collected by the Department of Justice on claims reported to that agency by GAO for possible suit.

TRANSPORTATION STATISTICS

Transportation Audit and Collections During Fiscal Years 1967-76

Fiscal year	Bills of lading and transportation requests audited	Amount paid	Notices of overcharge issued		Total collections ¹
			Number	Amount	
1967	8,574,043	\$1,898,670,184	113,010	\$14,043,159	\$12,963,744
1968	7,892,789	2,075,356,128	112,306	15,474,645	14,681,476
1969	9,562,242	2,543,376,957	100,960	16,160,947	14,167,126
1970	9,282,062	2,374,913,448	108,499	17,708,324	16,314,622
1971	8,194,208	1,951,280,584	102,326	16,011,173	14,847,643
1972	7,061,543	1,698,483,402	84,445	14,822,726	14,165,142
1973	6,090,429	1,417,634,221	74,586	11,884,987	12,842,124
1974	6,148,250	1,519,753,642	70,082	11,256,984	9,484,638
1975	6,873,863	1,680,588,002	65,488	10,675,138	10,090,488
1976 through 9-30-75 ²	363,268	239,043,601	17,235	2,696,414	1,756,959
Total	70,042,697	\$17,399,107,169	848,945	\$130,734,497	\$121,313,962

¹ Includes amounts collected in our adjudication of claims reported by other Government agencies.

² The transportation audit function was transferred to the General Services Administration on October 12, 1975.

Transportation Claims Settled During Fiscal Years 1967-76

Fiscal year	Number of claims	Amount claimed	Amount allowed
1967	26,133	\$86,982,712	\$83,893,435
1968	22,829	11,335,870	9,317,118
1969	13,902	18,879,201	16,336,715
1970	13,725	14,764,352	13,053,245
1971	15,957	20,723,867	18,965,840
1972	20,440	10,242,515	6,899,440
1973	16,505	5,268,667	2,987,140
1974	9,838	3,815,902	2,138,565
1975	11,166	3,590,618	1,901,826
1976 through 9-30-75 ¹	3,801	1,043,272	572,200
Total	154,296	\$176,646,976	\$155,925,524

¹ The transportation audit function was transferred to the General Services Administration on October 12, 1975.

FINANCIAL STATEMENTS OF THE GENERAL ACCOUNTING OFFICE FOR THE 15-MONTH PERIOD ENDED SEPTEMBER 30, 1976

Schedule 1

U.S. General Accounting Office Statement of Assets, Liabilities, and Investment September 30, 1976

ASSETS		
Cash on hand:		
Undeposited receipts (Repayment to appropriation)	\$52,900	
Undeposited receipts (Funds held for others)	127,800	
Checks being held for cause ¹	92,700	
	\$273,400	
Funds in U.S. Treasury:		
Appropriated funds	11,325,000	
Deposit funds ²	934,900	
	12,259,500	
Employees' travel advances		836,100
Accounts receivable		642,100
Supplies		209,000
Furniture, fixtures, and equipment	2,297,600	
Less: Accumulated depreciation	920,500	
	1,377,100	
Library books (estimated)		314,100
		15,911,700
LIABILITIES AND INVESTMENT		
Accounts payable		2,123,400
Accrued liabilities		7,723,500
Funds held for others		1,155,400
Liability for accrued annual leave of employees	9,034,600	
Less: Amount to be financed from future appropriations	9,034,600	
	11,002,300	
Total liabilities		11,002,300
Investment of U.S. Government (schedule 2)		4,909,400
		15,911,700

¹ Checks held for cause include mainly checks received in compromise offers not yet accepted.

² Deposit funds arise principally from employees' taxes, other payroll deductions, wages of employees of contractors, and estates of Americans who die abroad.

Schedule 2

U.S. General Accounting Office
Summary of Changes in Investment of U.S. Government
for the 15-Month Period ended September 30, 1976

Balance July 1, 1975			\$3,171,200
Add:			
Appropriation for salaries and expenses	\$169,987,800		
Reimbursements	668,300		
Adjustment to June 30, 1975, inventory of furniture, fixtures, and equipment	182,000	170,838,100	
Total			174,009,300
Deduct:			
Operating expenses (sch. 3)	169,425,900		
Less: Amount of annual leave earned by employees and included in operating expenses, which will be financed by future appropriations	—1,223,700		
Loss on trade or disposal of fixed assets	274,300		
Prior year funds returned	281,600		
Unobligated balance of appropriation lapsed	341,600		
			169,099,900
Balance, September 30, 1976			4,909,400
Composition of balances:			
Investment in:		June 30, 1975	Sept. 30, 1976
Inventories of supplies		154,500	209,000
Furniture, fixtures, and equipment		1,268,100	1,377,100
Library books		165,700	314,100
Funds reserved for payment of unfilled orders		1,582,900	3,009,200
Total		3,171,200	4,909,400

Schedule 3

U.S. General Accounting Office Summary of Operating Expenses for the 15-Month Period Ended September 30, 1976

	Total	Salaries	Employee Benefits	Travel
Office of the Comptroller General	\$434,400	\$381,500	\$31,600	\$21,300
Special Staff Services	544,400	496,100	45,400	2,900
Management Services Organization	13,806,500	11,896,000	1,351,800	558,700
Joint Financial Management Improvement Program	343,800	383,700	27,700	32,460
Office of General Counsel	6,235,400	5,685,200	512,700	37,500
Office of Assistant Comptroller General for Policy and Program Planning	100,700	88,800	7,400	4,500
Office of Policy	414,700	378,800	34,600	1,300
Office of Program Planning	291,700	260,700	24,200	6,800
Office of Internal Review	375,700	331,600	30,900	13,200
Banking Task Force	224,800	193,500	15,800	15,500
Financial and General Management Studies Division	7,066,700	6,281,600	581,500	203,600
Logistics and Communications Division	6,155,800	5,344,000	498,100	313,700
Procurement and Systems Acquisition Division	6,120,200	5,311,800	483,600	324,800
Federal Personnel and Compensation Division	2,933,600	2,603,000	233,500	97,100
General Government Division	6,015,100	5,315,100	495,500	204,500
Community and Economic Development Division	8,293,900	7,206,600	670,200	417,100
Human Resources Division	8,359,600	7,363,200	686,000	310,400
Office of Assistant Comptroller General for Special Programs	113,100	101,900	9,300	1,900
Energy and Minerals Division	2,168,300	1,890,200	168,100	110,000
Program Analysis Division	3,091,300	2,798,900	242,600	49,800
International Division: Washington DC	5,483,500	4,718,900	438,800	325,800
European Branch	1,823,300	1,239,200	205,300	378,800
Far East Branch	2,318,000	1,384,700	412,100	521,200
Latin American Branch	295,200	174,800	74,100	46,300
Field Operations Division	61,783,200	50,119,400	4,714,700	6,949,100
Transportation and Claims Division	4,759,600	4,350,800	395,500	13,300
Total distributed expenses	149,552,500	126,200,000	12,391,000	10,961,500
Undistributed other expenses	19,873,400			
Total	169,425,900			
Reconciliation of accrued expenditures for year with total expenses:				
Accrued expenditures	168,606,400			
Add:				
Increase in accrued annual leave liability	1,223,700			
Depreciation of furniture, fixtures, and equipment	76,600			
Deduct:				
Increase in library books	148,400			
Increase in inventory of supplies	54,500			
Purchase of furniture, fixtures, and equipment	277,900			
Operating expenses	169,425,900			

Schedule 4

U.S. General Accounting Office
Summary of Changes in Financial Position for the 15-Month Period Ended
September 30, 1976

Source of funds:	
Appropriation for salaries and expenses, 1976	\$169,987,800
Reimbursements	668,300
Funds carried over from preceding year to pay for orders placed in that year	1,582,900
Receipts for audit services	566,400
Other receipts	204,200
Total	<u>173,009,600</u>
Application of funds:	
Accrued expenditures	168,606,400
Funds reserved at the year end for payment of unfilled orders	3,009,200
Unobligated balance of 1976 appropriation lapsed	341,800
Prior year funds returned	281,600
Receipts deposited in U.S. Treasury	770,600
Total	<u>173,009,600</u>

DIRECTORY OF GAO REGIONAL OFFICES AND FOREIGN BRANCHES DECEMBER 1976

HEADQUARTERS—FIELD OPERATIONS DIVISION

Director, Stewart D. McElyea
Deputy Director, Walter H. Henson
Assistant Director, Joe B. Stevens
Room 7800
U.S. General Accounting Office
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Washington, D.C. 20548

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Cincinnati

Regional Manager, Robert W. Hanlon 513-684-2107
Assistant Regional Managers:
Harold R. Fine
Elmer Taylor, Jr.
David P. Wilton
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Dayton Suboffice

513-774-2515

Auditor in Charge, Arthur E. Fulmer
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Army Finance Center Audit Staff

317-542-2870

Auditor in Charge, Robert W. Shideler
Fort Benjamin Harrison
Indianapolis, Ind. 46249

REGIONAL OFFICES

Atlanta

Regional Manager, Marvin Colbs 404-221-4616
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