

The GAO

GENERAL ACCOUNTING OFFICE
LIBRARY SYSTEM

9/2
SEP 9 - 1980

LAW LIBRARY

GAO
LIBRARY



Summer 1980

REVIEW

A History of the Claims Division





GENERAL
ACCOUNTING
OFFICE



Contents

Volume 15 ■ Issue 3

- 1 From Our Briefcase**
 - Two Decades of Intergovernmental Policy
 - Implementing Personnel Changes
 - Public Management Research: Agenda for Action Needed
 - Congressman Provides District with GAO News
 - GAO as Role Model for Accountants
 - Computerizing Workpapers Around the World
 - Southern Neighbors Reading ID Report
 - Voss to GPO Comptroller

- 5 On Location**
 - Staats Establishes Institute for Program Evaluation
 - Recognition to Two Top GAO Staff
 - OAS Board of External Auditors Meets Twice

- 7 Trends in Evaluation**
 - Keith A. Marvin

- 9 The New York Region: The Apple Still Shines**

- 24 A History of the Claims Division**
 - Eric P. Berezin

- 34 Career Challenges in a Changing Civil Service**
 - Elmer B. Staats

- 37 "Alice Through the Looking Glass," or
Trying New Evaluation Techniques**
 - William F. Laurie

- 42 Reviewing an Automobile Safety Standard:
A Unique Service to the Congress**
 - Frank V. Subalusky

- 48 Hispanic Americans – A Profile**
 - Mario Artesiano

- 52 The General Accounting Office Act of 1980:
The End of a Long Legislative Road**
 - Henry Wray

Contents

61 The Road to a Billion Dollar Saving: A Team Effort

Stephen J. Jue

65 A Structure for Managing ADP Resources

Jimmy R. Rose

Harold R. Sheely

**68 Playing on Someone Else's Team; or
Working on a Senate Subcommittee**

William F. Mayo

72 Who Audits the Auditors?

William J. Schad

**75 Alternative Mortgage Instruments – Their
Importance to You**

Patrick Doerning

81 Perspectives on Changes in Internal Auditing

Eugene M. Zuckert

**84 GAO Financial Savings: Defense Audits Lead
the Way**

Martin M. Ferber

86 Unaccustomed As I Am. . .

Charles H. Whittier

89 A Week's Worth

John Vialet

91 Legislative Developments

Judith Hatter

93 Reflections

Josephine M. Clark

95 GAO Staff Changes

103 New Staff Members

110 Professional Activities

118 Reporting on GAO Alumni

Josephine M. Clark

From Our Briefcase

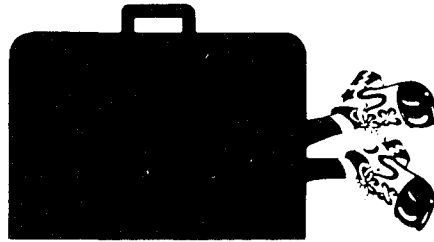
Two Decades of Intergovernmental Policy

It is no secret that the size of U.S. Government, at all levels, has increased in the last two decades. Federal domestic expenditures and outlays of State and local governments grew from 15.9 percent of the GNP in 1959 to 25.9 percent in 1979. The increased spending reflects the entry of government into areas formerly ignored or left largely to the private sector (environment, anti-discrimination) or expanded government efforts in areas in which it once played a much smaller role (housing, health).

The Advisory Commission on Intergovernmental Relations (ACIR) used its recent 20th birthday to report on government trends between 1959 and 1979 (in an article by Carl W. Stenberg, appearing in the Winter 1980 issue of *Intergovernmental Perspectives*). ACIR reported that this trend was accompanied by an increased real tax burden for the middle class, expanded regulatory activity and increased numbers of government employees.

The report was not all negative. ACIR noted that the use of Federal grants has supported local activities to solve social and physical problems and to aid new programs. The Federal Government has also played a large role in coordinating activities and encouraging improvement of recipients' organizational arrangements, personnel systems and planning and management capabilities. The courts played an extensive role in intergovernmental affairs during these decades. The Supreme Court decision on *Baker v. Carr* ended rural dominance of state legislatures, while *Serrano v. Priest* led to reorganization of school finance systems to embody the principal of equity in funding/service delivery.

Other major trends noted by ACIR were increased lobbying on government issues, growing numbers of regional organizations and heightening competition associated with the so-called "sunbelt/frostbelt" controversy. At the same



time, citizens clearly want their governments to be more accountable, and have demonstrated this through calls for balanced budgets and tax reform.

While GAO has done much work on the many Federal programs geared to State and local governments, the General Government Division also has a staff devoted to broad intergovernmental issues. A 1979 report, "Perspectives on Intergovernmental Policy and Fiscal Relations" (GGD-79-62), outlined GAO's work in the area, gave the Office's perspectives on some of the major issues, and offered a forecast of future developments and trends shaping the intergovernmental agenda.

GAO's work in the area is grouped into four basic research areas. One area concerns the need to standardize and simplify Federal assistance administrative requirements. Another centers on the need to improve Federal, State, area-wide, and local coordination. A third addresses the methods used to distribute Federal assistance to State and local governments, and includes contracts, grants, loans, revenue sharing and technical assistance. A final research area assesses intergovernmental fiscal interaction and associated problems.

GAO sees four sets of trends which will affect future developments in the intergovernmental system. These are: 1) increased management reform, as executive and legislative bodies at all levels try to get a handle on the maze of Federal assistance programs; 2) structural changes, as the competing pressures for fragmentation and centralization are sorted out; 3) further extension of Federal involvement in State and local affairs, as Federal assistance goes to more local government units for purposes previ-

ously those of local governments; and 4) changing focus of Federal assistance, as Federal aid is used to subsidize general operations of State and local governments on a continuing basis (e.g., highway maintenance) rather than encouraging new efforts in areas of Federal priority.

The report notes it is too early to tell whether efforts to balance the Federal budget will drastically change the role of the Federal government in providing financial assistance to State and local governments. However, it postulates that a realistic short-term forecast may be one of growth in Federal assistance programs, but at a much slower rate than over the past two decades.

Copies of the GAO report may be obtained from Room 1518 of the GAO Building. The Winter 1980 issue of *Intergovernmental Perspectives* is available from the Advisory Commission on Intergovernmental Relations, Washington, D.C. 20578.

Implementing Personnel Changes

October 1, 1980, will usher in many changes in the personnel structure used in GAO. Some aspects of the changes are discussed below.

New Personnel System

As October 1, 1980 draws near, staff of the GAO Personnel System Project are pushing to develop the processes needed to implement the February 1980 legislation which removed GAO from the executive branch personnel system. While the legislation authorized GAO to establish its own system, it also provided guidelines for doing this.

Within this framework, project head Cliff Gould and staff are to

- develop merit system principles and identify "prohibited personnel practices" required by law,
- design recruitment and placement programs for all prospective and current GAO employees,

- establish a disciplinary action and grievance process,
- establish a GAO Appeals Board to resolve EEO complaints, adverse actions, labor relations issues, and certain grievances,
- develop the framework for GAO's Labor-Management Relations Program, and
- provide the basic elements of GAO's overall EEO program.

In case this is not enough to keep project staff busy, they will also develop a conceptual personnel system model to guide GAO's future direction.

The legislation requires that regulations establishing GAO's new personnel system be published in advance. Comments will be sought before the regulations are adopted.

Senior Executive Service for GAO

The Senior Executive Committee, under guidance of Chairman Jim Martin, has finished much of its work in designing the regulations for GAO's Senior Executive Service. The Service, similar to the one implemented for executive agencies under the Civil Service Reform Act, will become a reality on October 5th.

Senior staff (GS-16/17/18 or levels V or IV of the Executive Service) may choose to join SES. Their professional careers will be governed by a new set of personnel rules and regulations, performance requirements, and incentives.

Compensation, retention, and tenure of individuals in SES depends on "executive success," measured on the basis of individual and organizational performance. This includes such factors as efficiency, productivity, quality of work or service, timeliness of performance, and success in meeting equal employment opportunity goals.

The pay of SES members will be more closely related to their performance, as well as their jobs. Pay can be increased periodically to reward good performance, and individuals can qualify for cash bonuses and ranks—awarded on the basis of performance. SES members may also qualify for sabbatical leave of up to 11 months,

and are only partially subject to annual leave accrual ceilings. Individuals who do not measure up may be removed from SES and returned to a GS-15 position.

The SES order also provides for education and training programs for SES members and candidates. The Executive Improvement Program will offer SES members courses, workshops, and other internal and external continuing education programs to keep their managerial skills sharp.

Individuals in GS-15 positions may qualify for the Executive Candidate Program. Each person in the program will be assigned a "mentor"—an SES member who will serve as a counselor and will help design an educational program tailored to the candidate's individual needs. The program's curriculum will include seminars on GAO operations, formal in-house and external executive development courses, and assignments with staff offices, divisions, and regional offices.

Two Boards assist the Comptroller General, who has overall responsibility for administering SES. The Executive Resources Board generally oversees the Service, and is chaired by former Deputy Comptroller General Robert Keller. Keller is assisted by six SES members, who must be at the division director level or above. The director of Personnel is an ex officio member.

The Qualifications and Performance Review Board identifies candidates for entry into SES and certifies their qualifications. It also reviews performance contracts and ratings of most SES members and recommends performance ratings and nominees for bonuses and executive ranks. Chairman Greg Ahart is assisted by seven other senior GAO staff.

To assure input from those GAO staff most immediately affected by the new Service, Martin sent the draft order to GS-16s and above and the heads of GAO's advisory groups for comment. GS-15s also received a summary. The revised order was approved by Mr. Staats.

New Job Series Approved

Jobs of Federal employees are classified on the basis of their

duties, responsibilities, and qualification requirements to conform with standards and guidelines established by the U.S. Office of Personnel Management (OPM). The standards define the occupation, explain significant factors in evaluating positions, and define work characteristics of various grade levels.

Given the somewhat unique nature of GAO's work, GAO developed and OPM approved a single agency series—the "GAO Evaluator" series—to define the work of GAO auditors/evaluators. The single agency series was developed concurrently with efforts to move GAO into the excepted service.

The standard is neither more lenient nor more strict than those now used (GS-510 Accountant and GS-343 Management Analyst/Auditor), but is more relevant to the way GAO operates. It will make it easier to credit important aspects of the agency's work which were either not covered or considered ancillary in the previous standards.

To determine which of GAO's professional staff will be converted to the new series, the Personnel Office has asked each division and office to list their "specialist" and "generalist" staff. Specialists, including accountants performing accounting work, will be classified appropriately. Generalists will be converted to the GAO Evaluator series under a mass change action, tentatively scheduled for the beginning of fiscal year 1981. This coincides with the conversion of all GAO employees to GAO's new personnel system. After the conversion, position descriptions now used will be abolished and new ones, reflecting language in the GAO Evaluator classification criteria, will be substituted.

Public Management Research Agenda for Action Needed

What is one topic on which the heads of the Office of Personnel Management, Office of Management and Budget, General Services Administration and General Accounting Office can agree? All are concerned that there are no good means to encourage applying and validating existing research from a

variety of fields to public sector management. They also realize there is no way to stimulate widespread cross-disciplinary interest in new and innovative research specifically oriented to the public sector.

To address these concerns, the four central management agencies sponsored a November 1979 conference on public management research at the Brookings Institution in Washington, D.C. Participants included a group of leaders in research from a broad spectrum of disciplines, who joined representatives of Federal agencies, State and local public interest groups and private foundations. The 2-day conference was a combination of presentations on public management research and small group working sessions. It was opened by addresses by the heads of the four agencies, including Comptroller General Staats.

As OPM Director Alan Campbell noted, a major dilemma of public management research is that substantive areas dominate the research focus even though problems in these areas frequently are of a generic management nature. Participant Harlan Cleveland described the short-term view of public management research as "tackling twenty-year problems with five-year plans staffed with two-year personnel funded by one-year appropriations."

Those who participated in the small-group discussions focused their discussion on the different perspectives presented in the three major conference papers. Opinions varied as to the components of such research, who should conduct it and how widely results could be applied. A chief caution was that too heavy a Federal involvement in the research process could dampen its effect, thus perhaps the need for some kind of institute or other organization to lead the effort. Whoever leads the effort, they agreed research needs to be practical and able to be applied on the job. This cautionary note to the academic community highlighted the need for strong links between sponsor, user and researcher.

Having obtained the input of such an illustrious group, the question to be faced is "Where do we go from here?" As a next step, GAO Review/Summer 1980

the four sponsoring agencies will consider the issues raised at the conference and summarized in its report, *Setting Public Management Research Agendas: Integrating the Sponsor, Producer and User*. The Office of Personnel Management also plans to publish a report in 1980 which will enumerate what it thinks can be done and what it plans to do in the public management research arena.

Want to learn more about what was discussed at the conference? Single copies of the report may be obtained from the Office of Personnel Management, 1900 E Street, N.W., Room 3305, Washington, D.C. 20415.

Congressman Provides District with GAO News

A constituent recently sent Congressman Jim Mattox of Texas a news clipping on GAO's efforts to combat fraud and waste in Federal programs. The bold message printed on the back asked, "Does anything more need to be said?" The Congressman was concerned, because it was obvious the sender did not realize GAO was part of the Congress, and that these efforts to uncover and help rectify fraud and waste were being undertaken by a legislative arm of Government.

To help educate his constituents about GAO and its role, Congressman Mattox issued a news release describing the clipping he received and the efforts GAO makes to promote more efficient Government. He reminded his readers that GAO's operating expenses for 1979 were \$181 million, while it saved the Government \$2.6 billion. The release also let readers know that GAO's work is not purely financial, and that it is undertaken as a result of congressional requests, statutory requirements and GAO initiatives.

The Congressman reminded readers that, as a direct result of congressional interest, GAO operates the nationwide fraud hotline (800-424-5454), which allows anyone in the U.S.A. to contact GAO with information concerning misuse of Federal funds.

A tip of the GAO hat (perhaps we should say green eye shade?) to

Congressman Mattox for his efforts to educate the general public on GAO's work.

GAO As Role Model for Accountants

As has been done on other occasions, the *Review* is borrowing from GAO's "Management News" (22 April 1980), which wrote about an article discussing the degree of social concern displayed by those in the accounting profession:

"Why have accountants lagged behind other professionals—lawyers, in particular—in having an impact on society?" John C. Burton, former chief accountant of the Securities and Exchange Commission and now Arthur Young professor of accounting and finance at Columbia University, asked in an article in the *New York Times*, 13 April.

"In the last 25 years a generation of angry young lawyers has made the legal system the catalyst for social reform. The lawyers have achieved needed (and perhaps unneeded) social change, often bypassing an unresponsive political system. In addition, lawyers have made a significant contribution to the political system, both in service as legislators and in pressure for change through political processes," he writes.

During this same period, Burton observes, few accountants have been willing to stand for public office or to devote a few career years to government service, or even to take strong public positions on national issues. He cites a 1972 poll which found that, compared to bankers, doctors, engineers, and lawyers, CPAs ranked last in making a vital contribution to society, last in being creative and imaginative, and last in being public-spirited.

"This image has hampered the accounting profession's ability to recruit young talent," Burton says. "This must be reversed if accounting is to maintain and increase its role in society and ultimately its economic success as well."

But lawyers can use the courts to effect public policy changes. What can accountants do?

- The concept of audit must be expanded along the lines already begun by GAO standards. An auditor must see his/her role as encompassing the evaluation of effectiveness in meeting goals and efficiency in operations as well as simply expressing an opinion on financial statements.
- Accounting education must be broadened.

Accountants should not be seen solely as "record keepers and checkers." *Burton* argues, "But measures of economic and social phenomena whose measurements can significantly influence the allocation decisions of our society."

Burton's article was reproduced in *GAO Clippings*, 14 April.

Computerizing Workpapers Around the World

GAO staff have been known to covet working on reports which "get a lot of mileage." Reports which receive a great deal of attention in congressional hearings or the press have a clearly measurable impact on a program. Bill Johnston of the Financial and General Management Studies Division recently learned a *GAO Review* article he wrote has traveled far.

When Assistant Director of Japan's Board of Audit, Mr. Hirohisa Ushijima, recently visited GAO, he told Bill the article had been translated into Japanese and published in their counterpart to the *Review*. The article, "Computerizing the Pro Forma Workpaper," (Summer 1976) had also been published in the *International Journal of Government Auditing* (January 1978), which is where the Japanese actually saw it.

How did the article look? The title and author are shown here.

Southern Neighbors Reading ID Report

Another GAO effort, this an International Division report, "Training and Related Efforts Needed to Improve Financial Management in the Third World," (ID-79-46) is receiving much attention outside the U.S. Because fieldwork for the report was done in Latin America, the report was translated in Spanish and distributed to the Comptrollers General in all Spanish-speaking countries in that region.

The report carried an important message to the nations themselves and to countries and international organizations which provide assistance to developing countries. It discussed the effect that shortages of trained financial management staff in developing countries have on those countries to produce accurate and timely financial data. The report also presented information on the types and levels of training needed to help overcome the problem.

The English version of the report

is available from the Documents Distribution Office, Room 1518 in the GAO Building, while copies of the Spanish version are being distributed by the International Division (Room 4824).

Voss to GPO Comptroller

Allen R. Voss, director of the General Government Division, recently accepted the position of the Comptroller of the Government Printing Office. He brings to the position 22 years of distinguished service with GAO.

Since joining GAO in 1952, Voss has served in key positions in headquarters and regional offices. Among them were his roles as director, Office of Policy, and manager of the Philadelphia regional office.

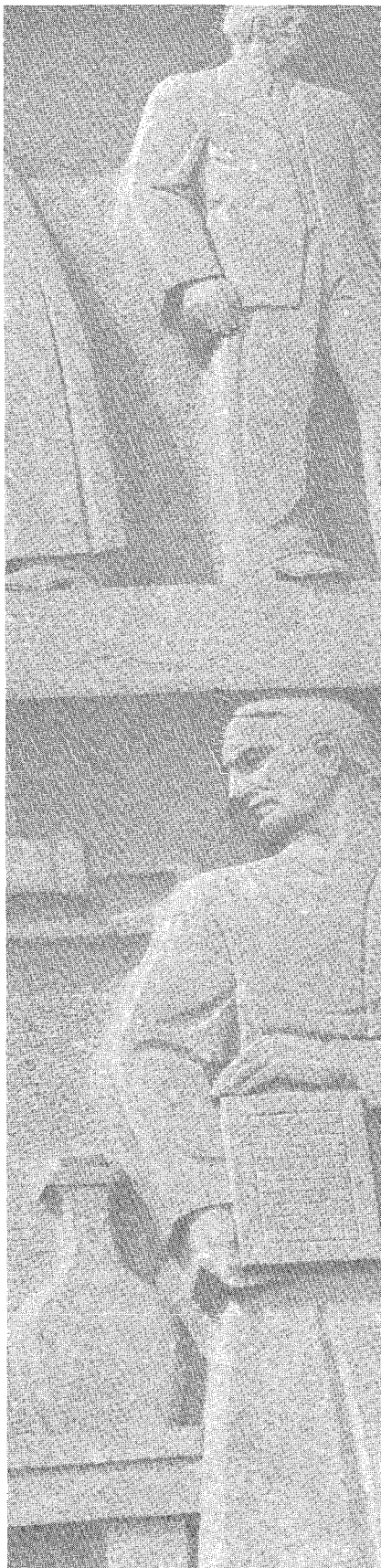
Al's dedicated service to GAO is reflected in two Meritorious Service Awards and the Distinguished Service Award. GAO's loss is GPO's gain!



INTOSAI ジャーナル1978年1月季号所載

定型的調書のコンピュータ処理

ウィリアムP. ジョンストン, Jr



On Location

Staats Establishes Institute for Program Evaluation

Mid-April 1980 marked a time of organizational change as the Comptroller General established an Institute for Program Evaluation and placed it under the direction of the equally new Assistant Comptroller General for Program Evaluation. Harry S. Havens, director of GAO's Program Analysis Division (PAD), was named to the new Assistant Comptroller General slot. The Institute Director will be Eleanor Chelmsky, Director of the Office of Program Evaluation for the MITRE Corporation.

This and other changes, implemented simultaneously, were designed to achieve two objectives identified by Mr. Staats. The first objective dealt with the need to improve GAO's planning of assignments and the methodology used on them. This includes having available those skills needed to fulfill GAO's responsibilities and implementing a continuing program to upgrade the skill of GAO staff. Mr. Staats' second objective addressed the need to give special attention to those projects which are clearly or potentially expensive in relation to the resources available, or which deal with subjects or issues which are or may be particularly sensitive or controversial, or which require advanced analytical techniques.

In achieving these objectives, Mr. Staats noted GAO needs to maintain a balance between requirements for some degree of centralized planning and decisionmaking, and delegation of responsibility and authority to operating divisions and their respective project team directors and team leaders.

One of the changes instituted was the shift of the Assignment Review Group (which is composed of the three Assistants Comptroller General and two division directors, the latter of whom serve for rotating 1-year terms) from an advisory group to one with the authority to direct a division to alter plans for an assignment. In addition to this review process, the Group would have other responsibilities, including

working with GAO's Office of Program Planning to define minimum information requirements for use in authorizing an assignment to move from one stage to another, and arbitrating those disputes among operating divisions which pertain to responsibility for, or conduct of, assignments.

The position of Assistant to the Comptroller General for Policy and Program Planning was upgraded to the Assistant Comptroller General level, with some change of duties. ACG John Heller will, among other responsibilities, chair the Assignment Review Group and work with GAO's Office of Public Information to strengthen GAO's products and the public's understanding of the role of GAO.

In forming the Institute for Program Evaluation, the Comptroller General transferred to it staff from the Program Evaluation Staff of PAD and some from the Financial and General Management Studies Division's Technical Assistance Group. The Institute has many responsibilities regarding developing and strengthening program evaluation capabilities throughout GAO. It will also develop a professional interchange program with other evaluation organizations and maintain a Visiting Committee of evaluation experts.

Recognition to Two Top GAO Staff

National Civil Service League Selects Fogel

Among those chosen to receive one of the 1980 Career Service Awards presented by the National Civil Service League was Richard L. Fogel, Director of GAO's Office of Program Planning. Fogel was nominated by Comptroller General Staats, who commended his efforts and negotiations which helped pave the way for GAO's continuous oversight of FBI operations. Mr. Staats also noted that a report on social services submitted by Fogel was GAO's first effort to use statistical analyses to support empirical findings, and became a model for future GAO jobs using systems analysis.



Dick Fogel is shown receiving the National Civil Service League Award from League President Bertrand Harding as Comptroller General Staats watches. Mr. Staats also gave the address at the ceremony.

Fogel joins a list of other outstanding GAO staff who received the award in earlier years. The list includes retired Deputy Comptroller General Robert Keller (1976), retired General Counsel Paul Dembling (1973), and the late Assistant Comptroller General Ellsworth Morse, Jr. (1968).

Havens Receives Executive Leadership Award

Assistant Comptroller General for Program Evaluation, Harry S.

Havens, received the Roger W. Jones Award for Executive Leadership in the May honors convocation at American University. The award is presented annually to two Federal career executives who have demonstrated leadership which led to outstanding organizational achievements and who have shown commitment to developing managers and executives for government.

Havens, former director of GAO's Program Analysis Division, was nominated for the award by Com-

troller General Staats. Mr. Staats specifically nominated Havens for leading the way as GAO established new policies for conducting analyses and integrated economic analysis with other responsibilities of the agency.

OAS Board of External Auditors Meets Twice

Chairman and U.S. representative to the Organization of American States Board of External Auditors is Frank Zappacosta of GAO's International Division. Frank has called the group together twice in 1980 (March and May) to deal with its general role of OAS audit. Among the Board's recent decisions was to open the OAS audit contract for bids.

Other members of the Board are Luis Andrade Tafur of Ecuador and Oscar Stark Rivarola of Paraguay. The March meeting was addressed by OAS Secretary General, Alejandro Orfila, who reaffirmed his view on the importance of external audit. He also spoke of the importance of the Board's role in recommending ways to improve OAS operations.

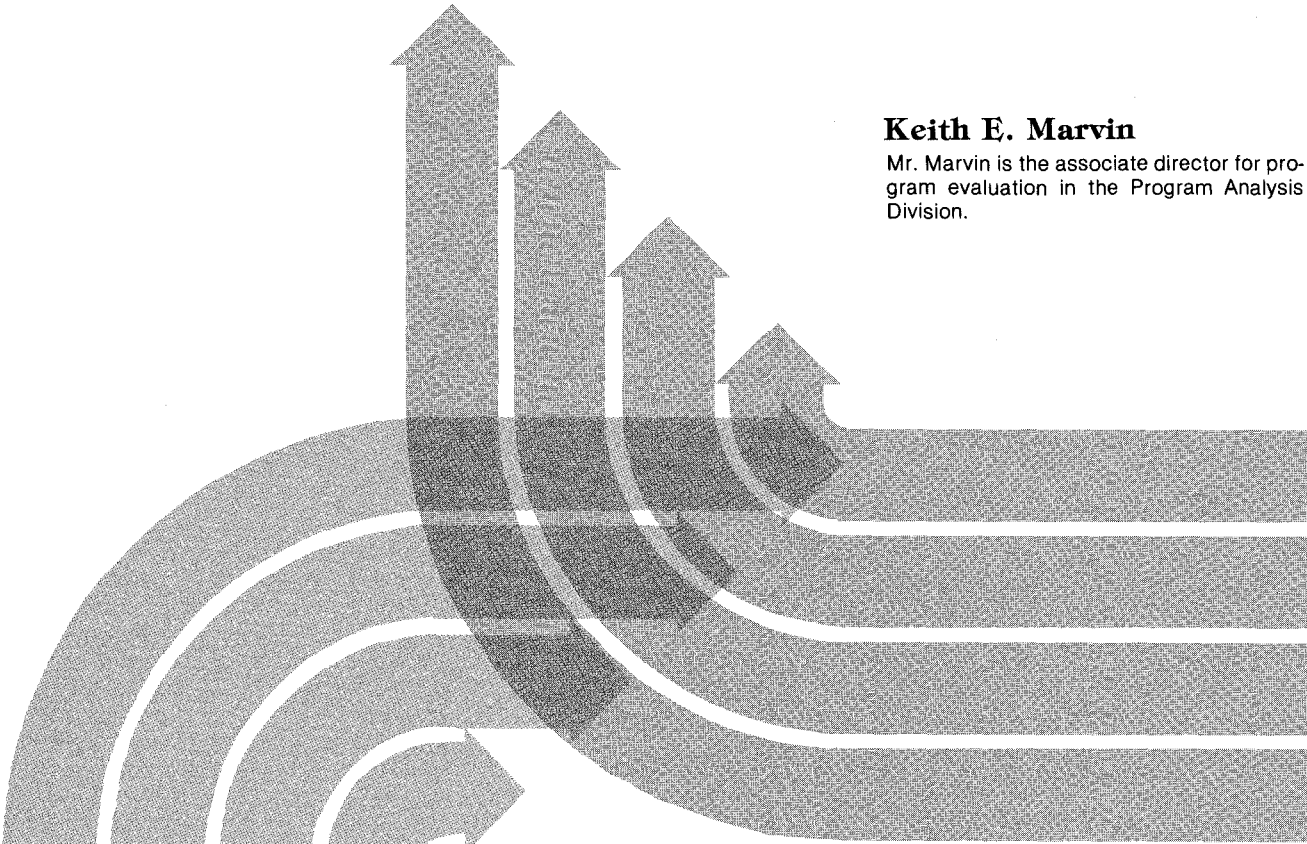


OAS Board of External Auditors are, from left, Oscar Stark Rivarola, Paraguay; ID's Frank M. Zappacosta, (Chairman); Luis Andrade Tafur, Ecuador. On the right are some staff participants, including ID's Jesus Martinez (upper right). (Photo courtesy of OAS).

Trends in Evaluation

Keith E. Marvin

Mr. Marvin is the associate director for program evaluation in the Program Analysis Division.



Progress in developing evaluation standards, previously reported in this column, is being accompanied by many current signs that evaluation is being institutionalized in all branches of Government. Office of Management and Budget Circular (A-117), "Management Improvement and the Use of Evaluation in the Executive Branch," emphasizes the importance of the role of evaluation in overall management improvement and the budget process.

Similar developments are taking place in other countries; for example, in Canada, an evaluation policy and advisory group has been established in a new office of the Comptroller General, associated with the Treasury Board. This establishes in the Government of Canada a source of evaluation guidance for the various departments. Departments are establishing central evaluation functions under the deputy ministers. Studies

will be conducted using teams drawn from the central staff and the line organization of the program being evaluated.

The U.S. Congress is continuing to move toward enactment of oversight reform measures covering operating programs and regulatory functions of the Federal Government. These measures will require that the various congressional committees establish oversight review plans, leading to a more systematic basis for evaluations to support these oversight reviews. Congressional support agencies such as the General Accounting Office will be directly involved in performing these evaluations and in assisting the committees on request with their evaluation and review plans.

On the legislative side, the Canadian Government has also taken recent steps to provide more evaluation capability in its Office of the Auditor General. This Office is required by a recent Auditor General

Act to establish the capability to review the evaluation systems and procedures of Canadian departments. GAO personnel have met on a number of occasions with personnel of the Auditor General's Office and the Canadian Comptroller General's Office for an exchange of views on evaluation methods, evaluation training, and the use of evaluation. In addition to such in-depth discussion, GAO has been visited by a number of representatives of other foreign governments interested in learning about the development of evaluation methods.

What emerges is a common concern among all of these countries and branches of Government in finding ways to measure the effective-

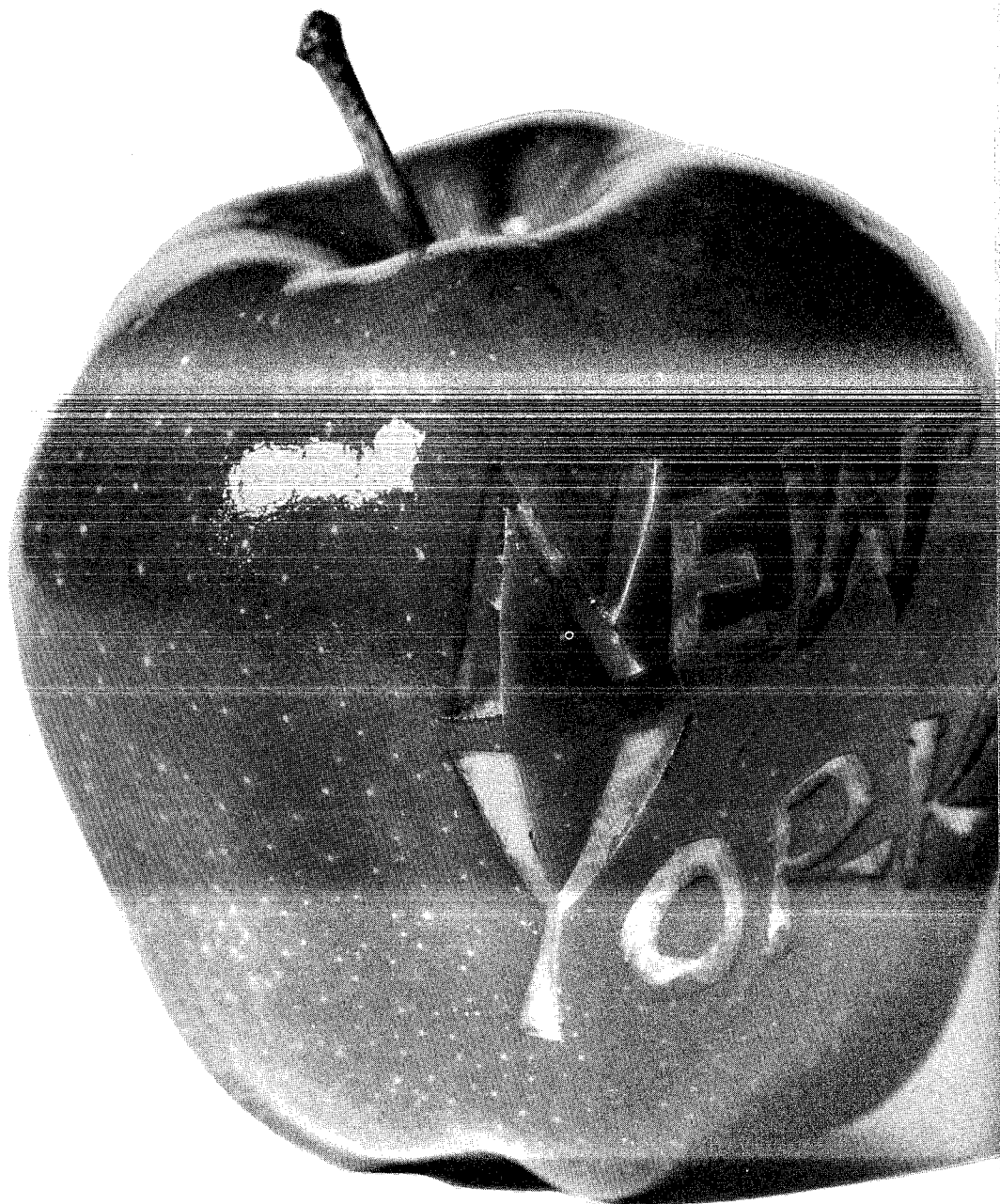
ness of various public programs, and providing information to decisionmakers in a more useful fashion. Reflecting this concern, the United Nations Joint Inspection Unit has developed a draft "Initial Guidelines for Internal Evaluation Systems of United Nations Organizations." These guidelines cover, among other things, reporting and followup procedures and information requirements.

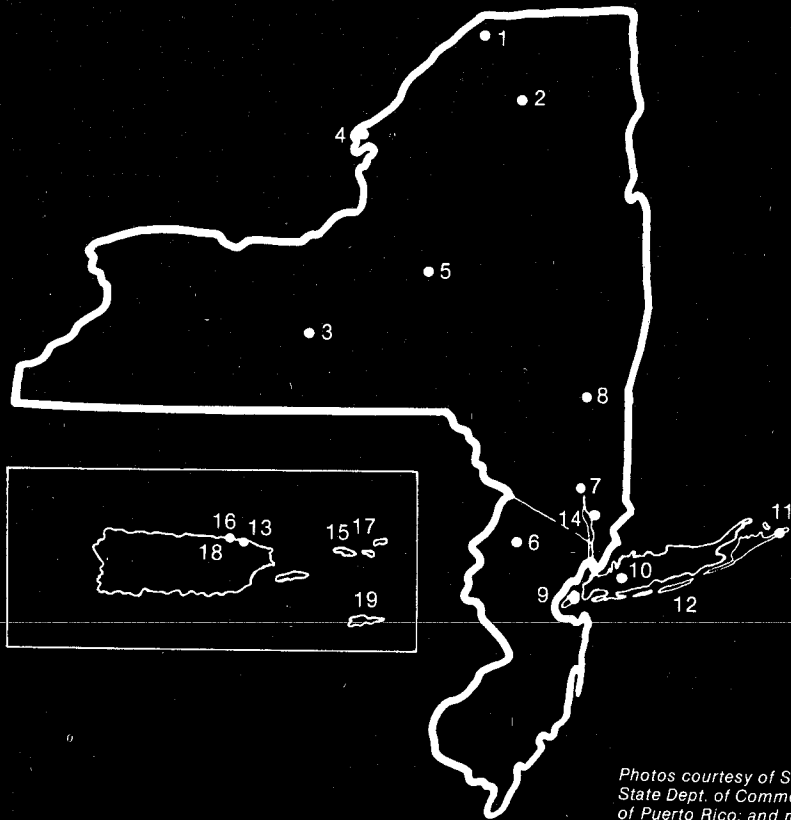
The Judicial Branch of the U.S. Government is also using evaluation and finding special uses for evaluation methods. The 1980 Annual Program of the Evaluation Research Society, to be held in Washington, D.C., November 19-22, will include sessions on the courts' use

of evaluation methods. The Society's program also illustrates the broad scope of evaluation as viewed by those who do it. Other themes in the program will be the conduct of evaluation, evaluation training, legislative use of evaluation, and accountability of Federal and State agencies. Membership in the Evaluation Research Society, an international organization operating to improve the theory and practice of evaluation for public service, is open to anyone engaged in evaluation or evaluation research. Membership information may be obtained from Society president Scarvia B. Anderson, Educational Testing Service, 3445 Peach Tree Road, N.E., Suite 1040, Atlanta, Ga., 30326.

The New York Region: The Apple Still Shines

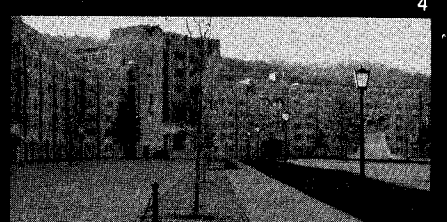
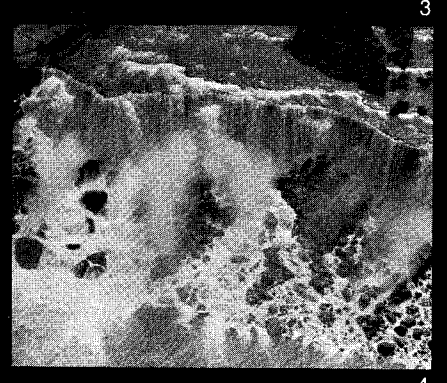
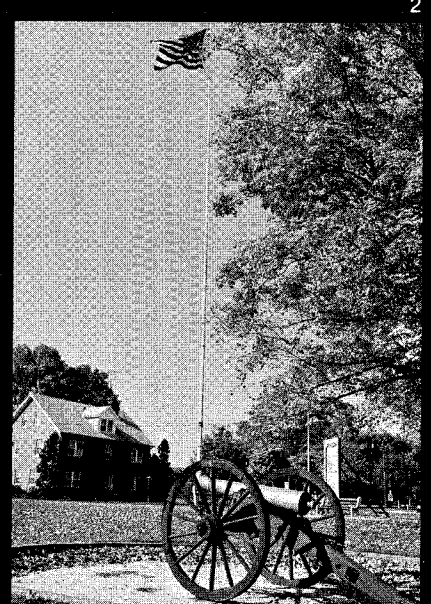
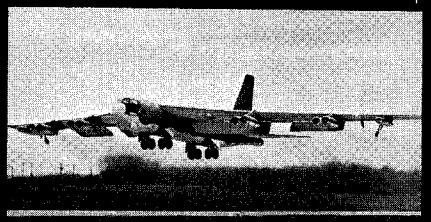
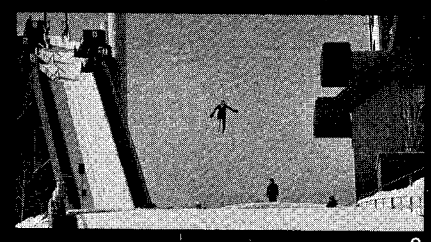
**Bill Paller
Rudy Plessing
Mike Savino
Madeline Telefus**





- 1-A lock in the St. Lawrence Seaway, Messina, N.Y.
- 2-Lake Placid Olympic ski area.
- 3-Products of New York vineyards.
- 4-Niagara Falls.
- 5-The B-52 bomber, Griffis AFB.
- 6-Picatinny Arsenal.
- 7-West Point.
- 8-Albany, the State capital.
- 9-Statue of Liberty.
- 10-Manhattan skyline.
- 11-Montauk Point, Long Island.
- 12-Fire Island.
- 13-Isla Verde, Puerto Rico.
- 14-The Palisades on the Hudson River.
- 15-St. Thomas, Virgin Islands.
- 16-San Juan, Puerto Rico.
- 17-St. John, Virgin Islands.
- 18-Fortress of El Morro, Puerto Rico.
- 19-St. Croix, Virgin Islands.

Photos courtesy of St. Lawrence Seaway Development Corp.; Griffis AFB; New York State Dept. of Commerce; Picatinny Arsenal; Economic Development Administration of Puerto Rico; and members of the NYRO staff.



1

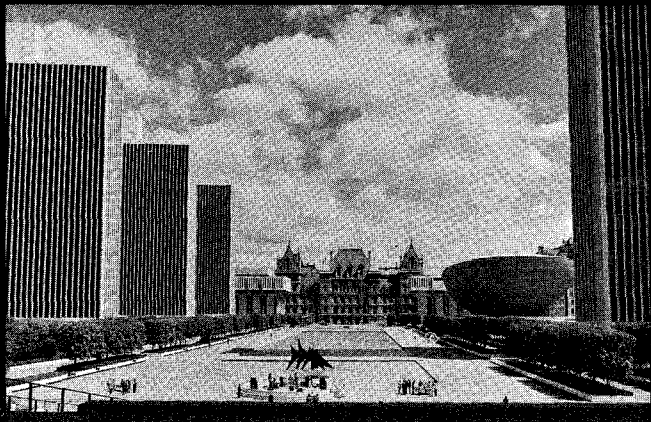
2

3

5

6

7



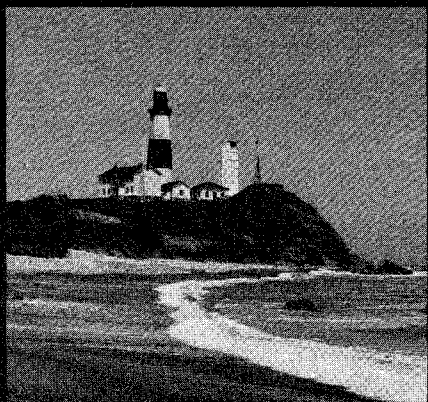
8



9



10



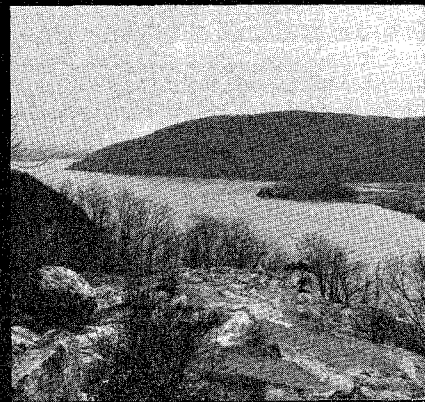
11



12



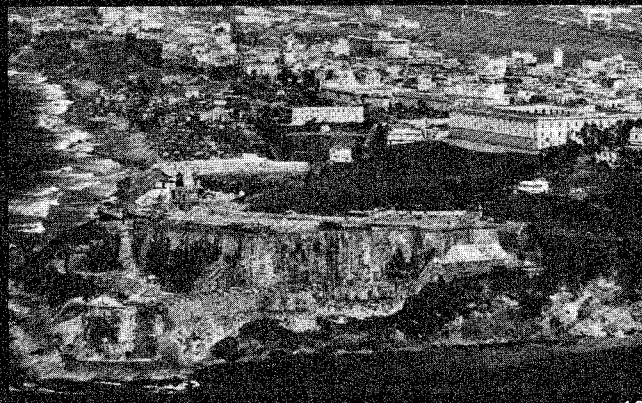
13



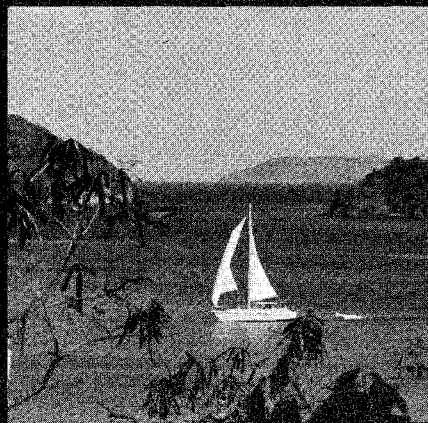
14



15



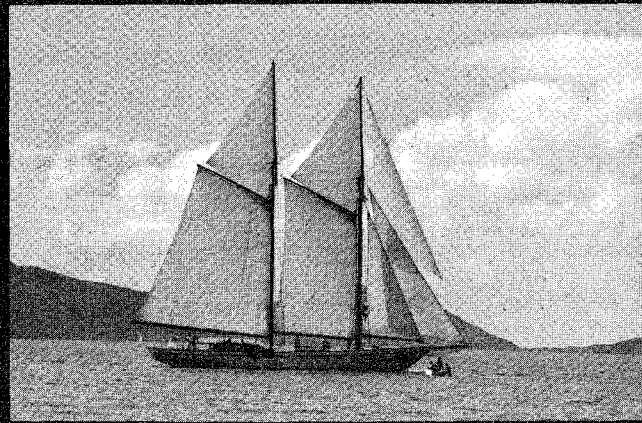
16



17



18



19

This is the eighth in a series of articles on GAO's regional offices.

Woodrow Wilson, at one time a resident of the New York region, said that it normally took him about 2 hours to write a 1 hour speech, but at least a full day to prepare a 5 minute speech. Anyone writing about our region faces a similar problem. It is much easier to expound for 200 or 300 pages than to condense our region into the space here. There simply is so much that can and should be said—some good and some not. Like any other part of the country, we have our strong points and our problems. But our area clearly has a unique personality and style which makes it a great place to live and work. And that complex, multifaceted personality, and the forces which have molded it, is what we'd like to talk about.

Setting the Scene(ry)

An incredibly diverse world begins in the region where the Hudson and East Rivers meet to join the Atlantic Ocean. Consider its diversity: the steel and glass canyons of New York City, the neatly-lawned bedroom communities of northern New Jersey, the mountainous playlands of central New York, the industrial communities and farm areas in the western part of the State, and the icy lakes rimming the Canadian border. At its southernmost point, 1,500 miles from New York, our region takes on a tropical flavor—the lush beaches and crystal waters of Puerto Rico and the U.S. Virgin Islands. The exotic islands and inlets in this part of the region make a pleasant contrast to the hills, mountains, lakes, and rivers of upstate New York and northern New Jersey. Often overlooked is the fact that New York itself is one of the most scenic States in the nation. It possesses virtually every element of scenic beauty.

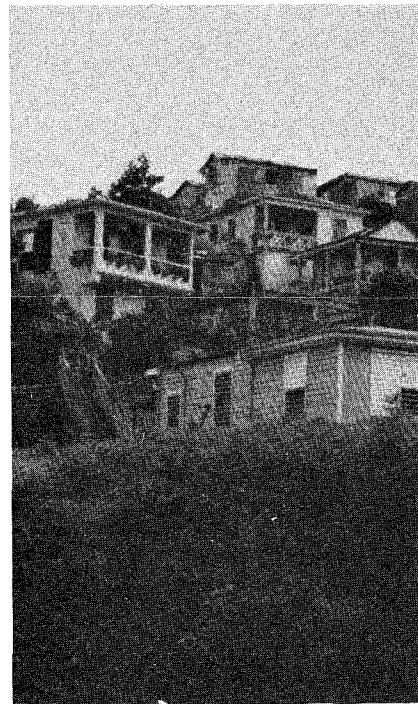
Forests inhabited by a remarkable variety of wildlife cover nearly half of the State's 50,000 square miles, providing excellent settings for nearly 200 State parks, or forest

After many decades of relative anonymity, our region is gaining recognition as a vacation playland. With so many natural attributes, all types of recreation are available to suit virtually every taste. Hunting, fishing, and camping can be enjoyed throughout the region. The athletically minded can participate in the entire spectrum of winter sports in such places as the Adirondack Mountains, site of the 1980 Winter Olympics. Resorts in the Catskill Mountains offer all types of facilities for leisurely daytime summer activities and cocktail sipping to top-flight entertainment at night.

Puerto Rico and the Virgin Islands offer a different but equally enticing environment. A spectacular climate year round, endless beaches, a tax-free port, and the areas and 58,000 campsites. Even in New York City, miles of concrete are frequently interrupted by parkland—37,000 acres in all. Ample shoreline is provided by the St. Lawrence River, Lakes Erie and Ontario, and the entire perimeter of Long Island. Inland, nearly 5,000 lakes dot the region which, along with numerous rivers, provide a breeding ground for hundreds of types of fish. The State also boasts the nation's most massive waterfalls, led by the mighty Niagara, which empties 180,000 tons of water per minute.

lure of casinos have earned the islands a reputation as one of the foremost fun spots in the western hemisphere.

The physical makeup of the region has provided more than scenic beauty and recreation. It has been the most influential force in shaping the region's population patterns and its vast industry and commerce.



Hillside cabanas and beachfront apartments in Puerto Rico—tropical paradise for many but just another audit site for us.

Alive and Well Economically

Although its image may have become a bit tarnished in recent years as a result of the emigration of some large firms and New York City's financial problems, our region is still the nation's economic center and the world's financial capital. Its economic profile is as diverse as its people and its geography—manufacturing, finance, trade, agriculture, tourism, and services are all well represented.

As might be expected, the ports and waterways of New York were, and still remain, the major source of its economic vitality. The 578-mile waterfront surrounding New York Bay and the lower Hudson River forms one of the best natural harbors in the world. The harbor, and the Hudson River (navigable for 150 miles to Albany), make the city a natural gateway. From the Hudson, access to Canada and the Atlantic Ocean is provided by river extensions, lakes, canals, and the St. Lawrence Seaway. Most importantly, the linking of the Hudson with the Great Lakes by the Erie Canal provides an easy, inexpensive route to the heartland of the continent.

As the heart pumps nourishment to the body, so does the port of New York radiate its vitality throughout the region. It is actually eight ports in one, from which 13,000 ships depart each year. The port, together with Kennedy Airport, handles more cargo and passenger traffic than any other U.S. point of entry. Fully one-third of the nation's foreign trade moves by air, truck, water, and rail through the port of New York.

The region was slow to develop economically during the colonial period. For most of its early years, it was overshadowed by Boston to the north and Philadelphia to the south. By 1830, however, the region had attained a position of national leadership in commerce which it has never lost. Nurtured by the region's natural attributes, the industrial revolution gave rise to an economic colossus unparalleled in history. The presence of this phenomenon is evidenced today by the region's front-runner role in virtually

every sphere of economic activity.

Nearly one-fourth of Fortune's 500 industrial giants, including such corporations as Exxon, Mobil, ITT, and RCA, are headquartered in the New York region, many of them concentrated in skyscrapers in a few square miles of Manhattan. The New York Stock Exchange was born under a buttonwood tree in the late 17th century, just a short distance from where it stands today. It has spawned a financial empire which includes two major stock exchanges accounting for more than 90 percent of all securities traded in the U.S.; several commodity exchanges

whose daily activities affect commodity trading worldwide; and innumerable banking institutions, domestic and foreign, which handle more than \$80 billion annually.

Complementing these mighty institutions are New York City's small businesses. There are 200,000 employers in the city, but the average business, many of which are wholesale and retail trade establishments, employs less than 25 people. Retail sales amount to \$13 billion each year. In New York, "I can get it for you wholesale" is more than a cliché. It is a way of life accounting for \$80 billion in sales annually.



Many New Yorkers like to display impressive labels. Many more prefer a bargain.

While the region has experienced somewhat of a decline in its manufacturing position, it still accounts for about one-tenth of the nation's industrial output. New York City is the third largest manufacturing center in the country, its garment and publishing industries being of prime importance. The areas around Albany, Binghamton, Buffalo, Rochester, and Syracuse turn out a myriad of products which could be listed in a book the size of a small city's telephone directory. Products include everything from apparel to aluminum, pharmaceuticals to photographic equipment, and baby food to B-52 components. New Jersey has earned a reputation as the nation's workshop. Aside from its production of chemicals (first in the nation), its companies spend about 10 percent of the nation's research and development dollars. There is even a modest mining industry in the region owing to valuable deposits of iron ore, talc, zinc, and titanium in northern New York State.

Services account for an ever-increasing portion of the region's economy. New York City, for example, is home to the three major television networks and most of the nation's large advertising firms.

Amid this hubbub of industrial and commercial activity is a very significant agrarian economy. New York ranks second in the U.S. in dairy products and third in agricultural products with some 46,000 farms producing \$2 billion worth of crops. Combined with New Jersey's 7,000 farms, our region is a leading producer of apples, cherries, poultry, cheese, eggs, and tomatoes. New York's vast cultivation of wine grapes makes it the second largest wine producing State. It also produces more maple syrup than any State except Vermont.

Of course, a huge labor force is needed to support this economy. New York's non-farm employment is about 7.2 million, led by community, social, and personal services (1.6 million), manufacturing (1.5 million), and wholesale/retail trade (1.5 million). Employment in New Jersey exceeds 3 million, bringing the total for the area to over 10 million people. As diverse as it is large, the labor force includes people employed in just

about every occupation imaginable, and they are relatively well paid. New York's per capita income of \$8,267 ranks 14th among the States, while New Jersey ranks 7th with a per capita income of \$8,818.

The economic and commercial base of our region could not exist without a large, quick, and efficient transportation system. While it may not always be quick and efficient, the region's system is certainly extensive. Aside from waterways, railroads, and a vast network of highways, turnpikes, and parkways, there are well over 600 airports, sea-plane bases, and heliports to move people and goods in, out, and through the region.

One of the more interesting transportation happenings takes place every workday, when literally millions of residents from New York City and the outlying suburbs converge on Manhattan from all directions. By rail, bus, auto, ferry, and foot; over water, across bridge, and through tunnel; commuters mount their assault on the tiny island, shoving and snarling their way to their workplaces, interrupting their trek only momentarily for a few quick sips of coffee at a local luncheonette. At some point in their journey, most commuters use the city subway system. This engineering marvel, whose 760 miles of track rise and dip from 180 feet underground to 90 feet above-ground, crisscrosses the city and ties the core of the metropolis to the nooks and crannies of its outer boroughs by carrying 3.5 million people a day to work and back home.

Just Folks - But Lots of Them

What about the people who inhabit the region and helped build its economic strength? New York and New Jersey are two of the most populous States, but the great majority of the people live on a fraction of the land. About 90 percent of the population live in urban areas.

New York City's population growth was heavily influenced by its position as a leading harbor. The port lured industry, trade, and related business, and the newly-created jobs caused crowded areas to become even more crowded.

Similarly, waterways spawned the larger upstate population centers—Albany, toward the top of the Hudson; Syracuse, Rochester, and a number of smaller cities along the Erie Canal; and Buffalo on Lake Erie.

The New York City metropolitan area, extending over a radius of about 20 miles, accounts for 60 percent of the 25 million people living in the region. The Albany and Buffalo areas embrace two million more. Elsewhere in New York, the population density is smaller than that of Wyoming. The northern area of the State, for example, covers more than one-fifth of the State, but contains only two percent of the population.

Where did New York's population come from? Many can trace their American heritage back as far as three centuries or more. These descendants of the hardy Dutch, English, Scottish, and French who first settled and civilized the region remain today, providing a link between the region's wild and woolly past and the complexities of its modern day life. But in the last 150 years, the population profile of the region, especially New York City and the surrounding area, has been influenced mostly by immigration.

Probably no single phenomenon characterizes New York more than that of immigration. From its beginnings, New York has played receptionist, host, and comforter to millions of foreign-born seeking to escape poverty, famine, and persecution. Wave after wave of refugees—different faces with similar stories—have entered the New World through the port of New York. Some left for other parts of the nation in search of the American dream and were quickly absorbed into the American melting pot, but many others sought it here. Often living in insular enclaves, comfortable only among others who spoke in their tongue and understood their customs, immigrants and their descendants stamped New York with a unique character and vitality it still retains. Even today, three million New Yorkers speak English as a second language or do not speak it at all.

The cycle continues. Where once the huddled masses were primarily European, latter-day newcomers

hail from all corners of the earth—South and Central America, eastern Europe, the Mideast, the Far East, the southern United States, and the Caribbean Islands—bringing with them the customs, hopes, and dreams that continue to revitalize and rejuvenate an otherwise aging city.

A walk around town is the best evidence of the glorious potpourri: the garment center, where a strange dialect of English, heavily laced with Yiddish and Spanish phrases, is spoken; the East Bronx, where all holidays rank a distant second to St. Patrick's Day; Brighton Beach, where policemen named Russo and Schmidt speak Russian to residents of "Little Odessa"; and a restaurant called La Nueva China which, some say, serves the best tacos east of Texas.

Volumes have been written recounting the contributions of these many groups to society. We would be remiss if we failed to mention one of the most obvious and pleasurable contributions of which New York has been the major beneficiary—the spectacular variety of cuisine which has made the city a veritable palace of international gourmet delights.

Culture, Culture, and More Culture

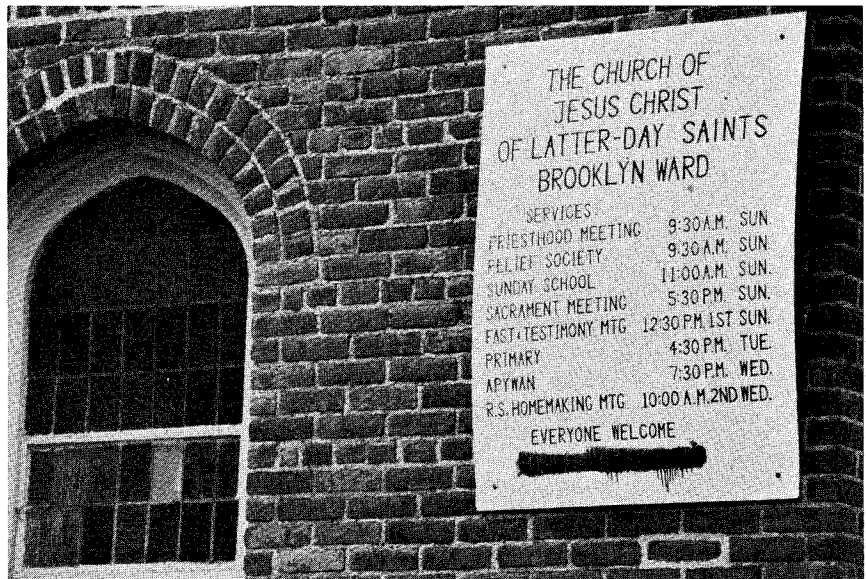
Highbrows, lowbrows, and everyone in between find plenty to suit their cultural and entertainment tastes in our region. Whether attending the first exhibit of an avant-garde painter at a Fifth Avenue salon, squirming in a cramped seat at an off-off-Broadway storefront theater, or munching hot dogs at Yankee Stadium, the spectrum of cultural and entertainment activity is unmatched. For the museum buff, the opportunities are endless. There are hundreds of museums throughout the region, including the Baseball Hall of Fame in Cooperstown, N.Y. In New York City, there seems to be a museum for just about everything. Among the larger and better known are the Museum of Natural History, the largest of its kind in the world; the Brooklyn Museum, which boasts the largest Egyptology collection in the U.S.; and the Hayden Planetar-

ium, where you can take a trip through the solar system without ever leaving your seat. Just as fascinating are the American Museum of Immigration, the New York Jazz Museum, the Museum of Broadcasting, the Doll and Toy Museum, Museo del Barrio, the Museum of the American Indian, and the Songwriters' Hall of Fame.

Fine art museums have become a city trademark—the Metropolitan Museum (the largest art museum in the western hemisphere), the Museum of Modern Art, and the Guggenheim, to name a few. Perhaps not

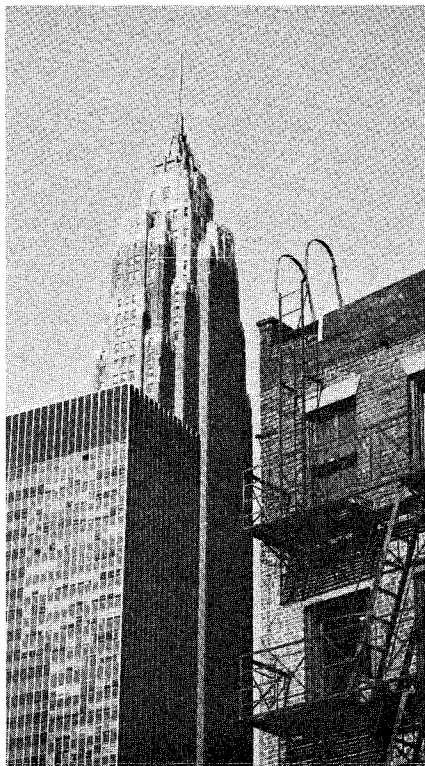
as well known, but certainly a local favorite, is the Cloisters. Perched on a hilltop in northern Manhattan, the museum is a reproduction of a medieval monastery replete with Gregorian chant background music, offering truly fantastic exhibits of medieval art and artifacts.

If viewing museum art is not your thing, or if you'd like to make a purchase, then visit some of the many indoor and outdoor art galleries which abound in the region. They cater to every conceivable taste, from the ultra-modern of Greenwich Village and Soho to the



New York's magnificent cathedrals are well-known, but humble storefront churches provide solace too.

traditional and extravagantly expensive galleries of 57th Street, where \$100,000 price tags are not uncommon. If you can't find what you're looking for here, it probably doesn't exist. For a less expensive alternative, merely walk around town and be treated to an endless variety of architecture ranging from early Dutch colonial, to the grandeur of Grand Central Station, to the art deco of Rockefeller Center.



A common sight in New York—the co-existence of several generations of buildings. Left, a modern office building; center, a stately early 20th century structure; right, a tenement, probably pre-1900.

Our region has long been a haven for budding and accomplished writers and poets. This, coupled with the presence of the nation's major publishing houses, has given New York the leadership role in the world of literature. Similarly, as evidenced by the daily frenzy of activity along Seventh Avenue, New York continues to be the nation's fashion trendsetter.

The performing arts, however, give the region its preeminent position in cultural affairs. New York is the undisputed national capital of theater, music, and

dance. The Broadway theater is world-renowned. At any given time there are 25 to 30 first-rate musicals, comedies, and dramas on display; these survivors have met with the approval of notoriously tough New York audiences and critics. But our region also offers countless off-Broadway, off-off-Broadway, and repertory theater productions, often as enjoyable as their Broadway counterparts and much less expensive.

For the aesthete, there are numerous opera, ballet, and dance companies. Whether classical or modern, serious dance and music such as that proffered by the New York City Ballet, the Dance Theatre of Harlem, and the New York Philharmonic continue to be mainstays of the area's cultural life. Productions can be enjoyed throughout the region in such facilities as Albany's Empire State Plaza Convention Center, the Saratoga Performing Arts Center, and New York City's Lincoln Center, home of the Metropolitan Opera, rivaled in fame only by Milan's La Scala.

It's Not All Rosy

The region's size and diversity offer many advantages, but also help to create enormous and complex problems. As with much of the northeast, New York and New

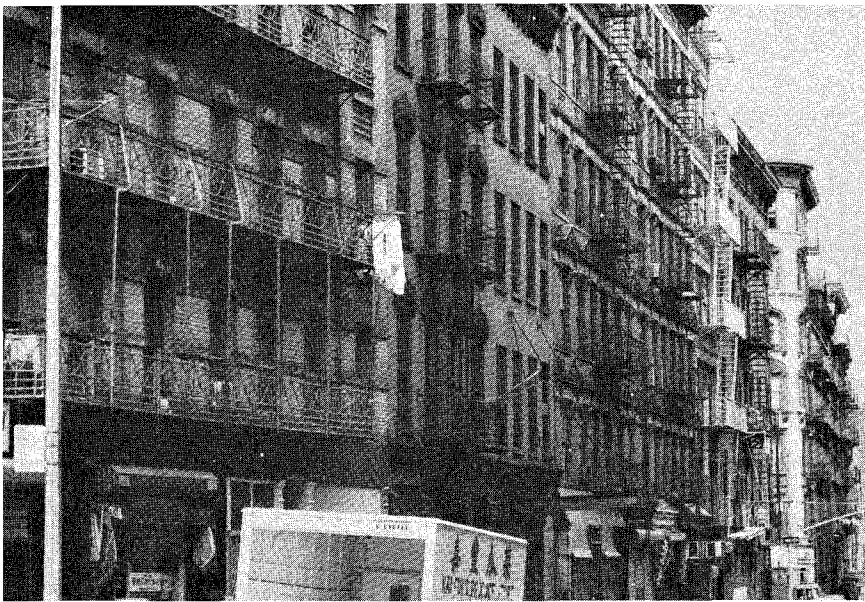
Jersey have experienced a sustained period of economic stagnation. This, coupled with inflation, has aggravated already existing problems such as unemployment, deteriorating housing, overcrowded mass transit systems, crime, and drug abuse. The situation is particularly acute in the cities of the region. New York's South Bronx, for example, has become a national symbol of urban decay. We have come to realize that the advantages and positive aspects of life which make the region distinct go hand-in-hand with other distinctions on the dubious side.

During the past 10 years, New York has shown the sharpest decline of any State in per capita income compared to the national average. New Jersey has not been far behind. Similarly, New York's unemployment rate is well above the national average and the State ranks third in the nation in the number of low-income residents. The severity of these problems takes on more significance when viewed in the context of the day-to-day difficulties faced by the citizens and localities of the region. A sample of New York City's problems gives an idea of the rough seas the region is traveling.

- About 60 percent of the city's housing is more than 40 years old.



Tourist to New Yorker: "How do I get to Carnegie Hall?" Reply: "Practice, practice, practice."



There's no place like home. And home in New York can be a comfortable dwelling in Brooklyn or a crowded tenement in Manhattan.

- Half of the nation's heroin addicts are in the city.
- The city's social service budget is \$2.7 billion, including almost \$1.5 billion for income maintenance.
- Police receive more than six million emergency calls annually, or a call every 5 seconds.
- More than half of the children in the city's public schools read below their grade level.

Government, particularly at the Federal level, has been playing an increasingly active role in attempting to combat the region's problems. In fiscal year 1979, for example, about \$37 billion in Federal funds were distributed to New York while New Jersey received about \$12.7 billion. New York ranked second in terms of total Federal distributions to the States and ranked either first or second in monies received in such areas as agriculture, commerce and housing credit, transportation, community

development, health, income security, veterans' benefits, education, employment, and social services. Additionally, there are about 163,000 civilian Federal employees in New York.

Needless to say, money and a large bureaucracy do not make problems go away. As we in GAO know so well, resources must be used intelligently and effectively if the huge Federal investment in social and economic programs is to make any significant contribution in alleviating national and regional ills. That's where we enter the picture.

Our Past, Present, and Future

There has been a GAO presence in New York for about 30 years. Although the main office has always been located in New York, over the years we have had satellite offices in Syracuse, Schenectady, and Long Island as the workload of the various eras dictated. More recently, the Albany sublocation was established in the State capital in response to the growing emphasis on reviewing grants to States. Today, the regional office is located in the Federal building in lower Manhattan. The building itself is the second largest Federal office building after the Pentagon. GAO's quarters are on the top (41st) floor looking out over—literally and symbolically—the hub of the region and the Government activity therein.

Like GAO in general, we in the New York region have witnessed dramatic changes in the nature of the work we do and the types of people we have doing it. And, like other regional offices, our workload has been influenced by the problems, trends, and nuances of the region we oversee. As might be expected, over the past several years we have been heavily and continuously involved in work dealing with income security, health, law enforcement, energy, environmental problems, mass transit, and manpower and employment training programs. While these have formed the staples of our workload, we have also played a prominent part in several of the largest assignments undertaken by GAO. For example, over a 3-year period we

devoted considerable resources to monitoring the ability of New York City to repay the Federal loans which saved it from bankruptcy. We were also heavily involved in the now famous review of the Summer Program for Economically Disadvantaged Youth, which was featured on "60 Minutes." Although we played a supporting role in the telecast, we had the starring (lead region) role in managing the job. Currently, we are (and, for the past 2 years, have been) involved in one of the most challenging assignments GAO has ever undertaken—an assessment of the effect of statehood on Puerto Rico.

Our contributions to GAO have not been limited to audit and review activities. Over the years the regional office has developed an expertise in such support functions as recruiting, training, and career development. Our 3-year orientation and training program, for example, was the first of its kind in GAO, and provided numerous staff members with a solid foundation in audit concepts and practices. We were also the first regional office to develop a formal and comprehensive staff handbook, collecting and interpreting GAO's national policies for regionwide application.

The people who make the regional office tick reflect the diversity of the region. On the average, we are 33 years old and have 8 years of GAO experience. But after age and experience, there are no averages in the variety of backgrounds and interests represented in the office.

We were born in 13 States and six foreign countries. About one-fourth of us have advanced degrees. While accountants are still in the majority, at least 15 other disciplines—from management to microbiology—are represented among our educational credentials. Aside from English, we are proficient in nine foreign languages and can stumble along in several others.

In line with the immigrant character of the region we serve, most of our staff members claim not too distant descent from ancestors across the seas, from the South, and from the Caribbean. No less than 20 different ethnic backgrounds are represented among the people in the office. Each exhibits

pride in his or her own heritage and a genuine interest in and respect for the heritages of others. Most importantly, we bring to our work an understanding of the problems faced by many of these groups as they interface with Government programs affecting them. After all, we are not too many generations removed from these problems ourselves.

As our backgrounds differ, so do our personalities. We are, at one time or another, cantankerous, sweet, excitable, blase, vengeful, forgiving, argumentative, and ac-

commodating. But always, we are committed to GAO's purpose and mindful of our responsibilities to the taxpayers.

What of the future? In view of the trends the region has been experiencing, it appears that our concentration on work dealing with social and economic programs will continue. And, as always, we will strive to improve our ability to effectively fulfill GAO's objectives. Let's let the NYRO management team tell us in what directions they believe we should be moving.





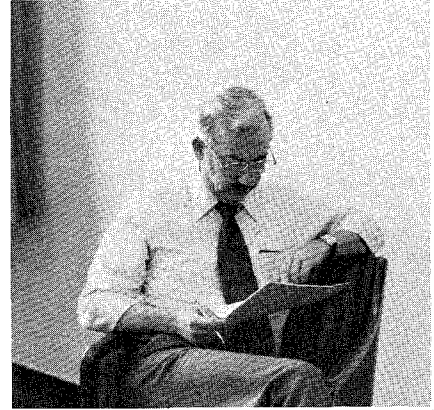
Chuck Forbes
Regional Manager

"We will, in the future, be even more heavily committed to evaluating social service programs. I think we have made very positive contributions in the food and nutrition area, especially in food stamps and child care. These will continue to be addressed because of the concentration of recipients in the region. I also foresee an expanded effort in mass transportation, environmental programs, and weapons procurement."



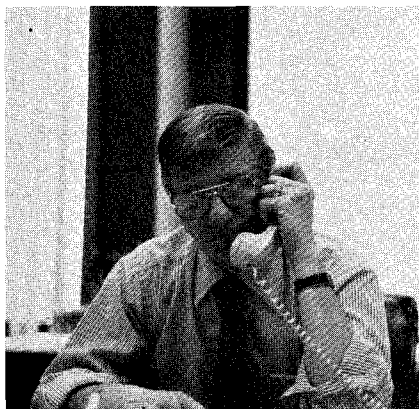
Tom McQuillan
Assistant Regional Manager

"NYRO's primary management objective has been to perform all of its functions effectively, economically, and promptly. Our management staff is currently focusing on problems that need to be solved in order to achieve results that will motivate the staff to continue contributing to GAO's mission in the most effective manner."



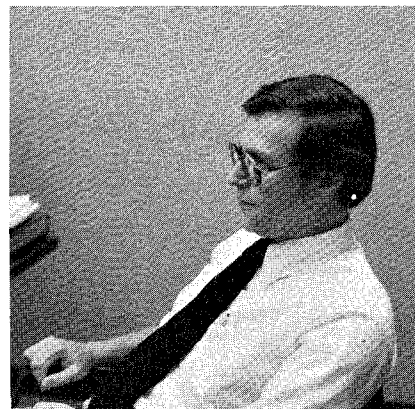
George Anthony
Assistant Regional Manager

"The New York regional office should develop its planning capability to more effectively interface with GAO's program planning system. This is crucial if New York is to do the work that it ought to be doing, and absolutely imperative if we are to develop our auditors to their maximum potential."



Val Tomicich
Assistant Regional Manager

"Of recent vintage, we have become involved in programs which focus on the elderly population and their varied concerns. We expect to continue to work on activities involving the aged because we do have one of the largest concentrations of elderly in the country and because of their problems are getting greater attention, especially as they are fast becoming a demanding and vocal political power in America."

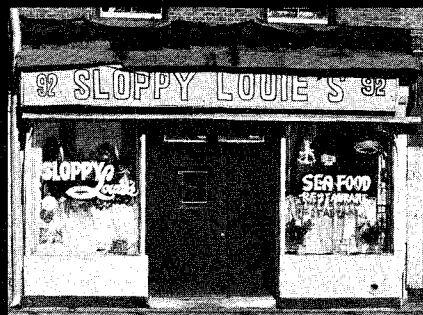


Jim Carlan
Assistant Regional Manager

"NYRO has been and will continue to be heavily involved in income security work. I would also expect that with the administration's increased emphasis on military preparedness and GAO's interest in areas where we can help reduce the budget, NYRO will be increasingly involved in defense contract audits."

If you've gathered that we're enthusiastic about the region we live in and the work we do, you're right. And if reading this has generated some enthusiasm (or at least curiosity) on your part, then come and join the 20 million people who visit us every year, and depart with a good feeling.

“De Gustibus”



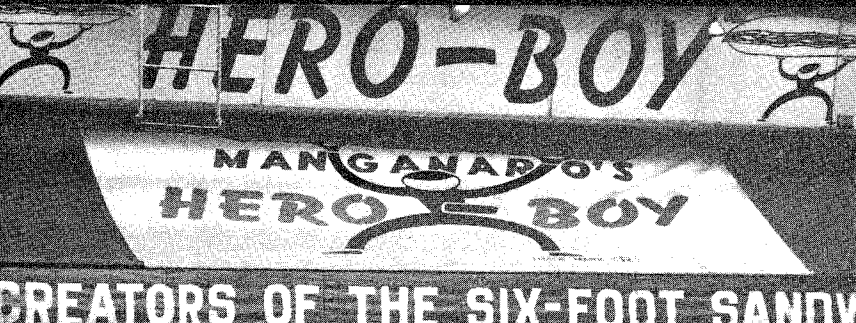
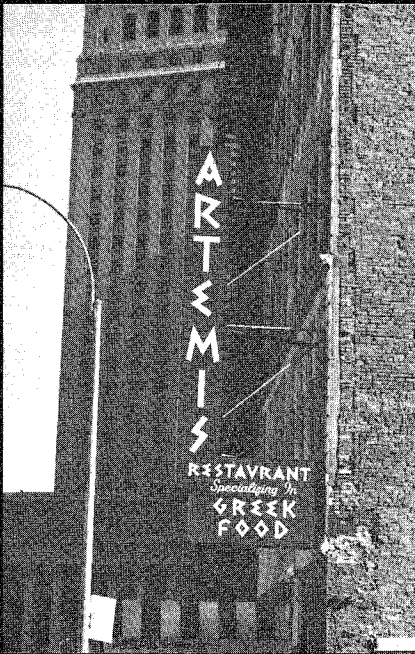
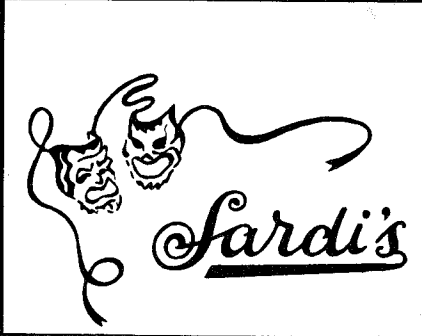


NOW
IN PUERTO RICO

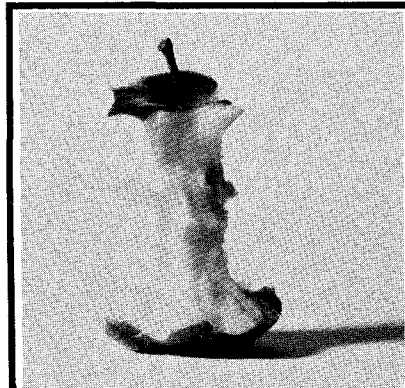
COUSIN HO'S
CHINESE RESTAURANT
 After pleasing New York's palate for 10 years, COUSIN HO'S brings its delicious Cantonese, Hunan and Szechuen specialties to people who appreciate fine Oriental cuisine.
 Open Daily from 6 p.m. to 1 a.m.
 At the **Carb-Inn** in Isla Verde.
 Tel. 791-3535, ext. 1148

★ 170-16 ★ TEL. 658-9627 ★
CHEZ JACQUELINE
 INDO-PAK, HAITIAN, WEST INDIES & AMERICAN GROCERIES
 Chez Jacqueline

Restaurant
RESTAURANTE MEXICANO Y ESPAÑOL
Los Rancheros

New York at the Core



The typical person in the New York region is ... an obnoxious attorney from Queens who chases ambulances ... a dancer, newly arrived from Youngstown, Ohio, surviving on spaghetti and granola while waiting for the big break ... an insurance salesman in Teaneck with 2.3 kids, a mortgage, a potbelly, and 14 unsuccessful attempts to quit smoking ... a mediocre sculptor in Greenwich Village waiting to be discovered ... a secretary in Binghamton skimping on lunches to pay for a Caribbean vacation ... a three-card-monte dealer who's perfected the art of keeping one eye on the cards and the other on the cops ... a dedicated member of the Ukranian Liberation Front ... a retired longshoreman who reminisces about better days on the Brooklyn docks.

The 10 tallest buildings in N.Y.C., stacked one on top of each other, would reach to more than one-third the height of Mt. Everest ... N.Y.C. subway tracks laid end to end would reach as far as Chicago ... N.Y.C.'s public school system has more pupils than the populations of Boston, Dallas, or San Francisco ... Eighty percent of all diamonds in the U.S. are bought and sold along a single street in N.Y.C. ... nearly 200,000 tons of copper can be found under N.Y.C.'s streets, in the form of electric cables ... all of N.Y.C.'s streets laid end to end would reach to Los Angeles and back ... the New York Public Library, the second largest library in the U.S., contains 9 million volumes and 10 million manuscripts.

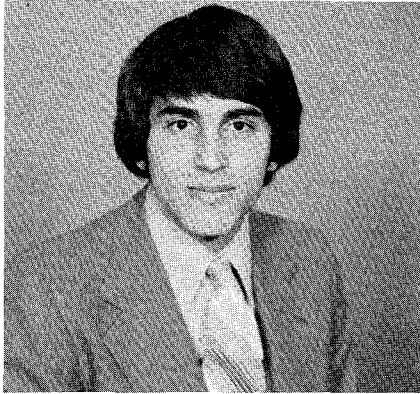
The population of metropolitan New York equals that of the least populous 17 States combined ... New Jersey is the most densely populated of the States ... If Alaska had the population density of Manhattan, the smallest county in the U.S., it would have 39 billion people ... West New York, New Jersey is the most densely populated city in the U.S. ... New Jersey has the largest number of scientists and engineers per capita in the U.S. ... New York is the nation's largest skiing State ... Farmland per acre in New Jersey is the most valuable in the U.S. ... One-third of all clams harvested in the U.S. come from New Jersey waters ... One-third of the books published in the U.S. are published in N.Y.C. ... The New York State Thruway is the world's largest toll highway at 559 miles ... Buffalo mills more grain than any city in the world.

THE FIRST ... organized baseball game was played in Hoboken, N.J. in 1846 ... petroleum was well in Cuba, N.Y. in 1627 ... film capital of the world was Fort Lee, N.J. ... sports trophy in America was presented to the winner of a horse race on Long Island in 1668 ... regular mounted mail service began between New York and Boston in 1673 ... American synagogue was built in N.Y.C. in 1728 ... Indian reservation was established in N.J. in 1758 ... natural gas produced in the U.S. was at Fredonia, N.Y. in 1821 ... safety pin and tea bag were used in N.Y. ... underwater vehicular tunnel in the U.S., the Holland Tunnel, was built in 1928.

The typical person in the New York region ... is a resident of Utica who thinks everybody from New York City is a wiseguy ... is a resident of the Bronx who thinks everyone from upstate is a bumpkin ... blows \$50 or \$60 at Aqueduct on Saturday and scours Orchard Street for bargains on Sunday ... never goes to church but takes comfort that others do ... knows what "six for five" means ... sends the kids to the Central Park Zoo in the daytime, but warns them never to go there at night ... never stops rooting for the Giants and other hopeless causes ... is surprised to hear that Canada is a foreign country ... dreams of owning a racehorse ... attends as many of the 523 annual parades in the city as possible.

About one-third of all the battles of the Revolutionary War, including the battle of Saratoga, the war's turning point, were fought in New York ... Albany was a well-established trading post years before the Mayflower arrived ... Even before the Revolutionary War, four major wars were fought in New York ... Adirondack Park comprises 20 percent of New York State's land and is three times the size of Yellowstone National Park ... The highest point above sea level on the eastern coastline is in New York City ... Peter Stuyvesant, the peg-legged Dutch governor of New Amsterdam, is buried in New York but one of his legs is buried in Curacao ... In Greenwich Village, it is possible to stand on West 4th Street and West 13th Street at the same time ... Billy the Kid, Mary Tyler Moore, Thomas Edison, Al Capone, Grandma Moses, and Uncle Sam all hailed from the New York region.

NEW YORK CITY ... is the largest Jewish city in the world ... is the largest Italian city in the U.S. ... has more blacks than any city in the world ... has the largest Norwegian and Finnish communities in the U.S. outside of Minnesota ... is the largest Greek city in the U.S. ... has more Germans than Bonn ... has more native-born Irish than four of Ireland's largest counties ... the region is the home of one-fourth of the nation's residents of foreign stock, and includes half of the Spanish-speaking persons in the U.S., and more than one-fifth of all Chinese Americans.



Eric P. Berezin

Mr. Berezin is a pre-law student at the American University, and is participating in GAO's co-op program as a claims adjudicator in the Claims Group—Financial and General Management Studies Division. He has appeared on the Dean's List throughout his college career, is a member of the national honor society Pi Alpha Alpha, and is a member of AU's soccer team.

A History of the Claims Division

Editor's Note: As the Claims Division prepared to merge with GAO's Financial and General Management Studies Division, Director Daniel Leary thought an article on its history would be appropriate. As co-op student Eric Berezin began to research the topic, it became clear that this had not been pulled together before, and he faced a real challenge. Although the division's files and the Library of Congress yielded much information, many GAO staff and former officials contributed to the wealth of information contained in this article. Special thanks go to former Deputy Comptroller General Robert F. Keller and Former Assistant Comptroller General Frank Weitzel, who unselfishly searched their memories for input.

There is created an establishment of the Government to be known as the General Accounting Office which shall be independent of the executive departments and under the direction of the Comptroller General of the United States.¹

One of the most important responsibilities vested in the General Accounting Office (GAO) by the 1921 Budget and Accounting Act was that which pertains to settling claims for and against the U.S. Government.

Although this responsibility has been with the GAO since its inception in 1921, the work in this area has changed dramatically through the years. Some of these changes have reflected the history of the times, while others bear a more personal imprint of a particular Comptroller General.

The nature of the claims work has shifted drastically in the last decade so that the focus is now on overseeing the claims activities in agencies rather than directly handling most claims at GAO. With this in mind, on March 9, 1980, Comptroller General Staats made the Claims Division a major component of the Financial and General Management Studies Division, which performs parallel oversight functions for agency accounting systems.

It is now particularly appropriate to try to capture the history of what was the General Accounting Of-

fice's oldest division. To do this adequately requires a multifaceted approach which examines the division's structure and workload, the people who influenced its history, and the changing roles of the rest of the GAO. Given the scope of this task, it is perhaps best to begin with some background on the overall claims process.

Pre-GAO Claims Settlement

The earliest concept for establishing a claims function in the Federal Government can be traced to September 2, 1789, when President George Washington signed a bill forming the Treasury Department. The law established a Comptroller of the Treasury who was responsible for supervising "the adjustment and preservation of public accounts,"² and hearing all appeals submitted by those who were dissatisfied with the decisions of the Treasury Department on their claims.

On March 3, 1817, President James Madison signed into law an act which required that public accounts be promptly examined and settled. Much of the language found in section 305 of the 1921 Budget and Accounting Act can be traced to this date. The act established a second Comptroller, who was to divide with the first Comptroller the responsibilities for overseeing all Government activities. Yet it was the first Comptroller who was authorized to superintend "the recovery of all debts ..., and to take all such measures as may be authorized by laws, to enforce prompt payment of all debts to the United States."³

Following the implementation of this act, there was a great deal of disagreement as to whether or not the President, or a department head, could alter the decisions of the Comptroller of the Treasury. The issue was settled in 1823 by the passage of a bill vesting such authority solely in the courts and the Congress. Referred to as the

"power of finality," this concept was later incorporated into the Dockery Act and remains as one of the underlying principles in the General Accounting Office.

The Dockery Act, passed in 1894, represents the last major act pertaining to the claims function preceding the 1921 Budget and Accounting Act. The ramifications of the act evolved from the findings made by the Dockery-Cockrell Congressional Commission which investigated the laws guiding and the efficiency of the executive departments. A provision of particular interest is that which authorized the Comptroller of the Treasury to "superintend the recovery of all debts finally certified to them to be due the United States."⁴ An additional provision eliminated the large number of Comptrollers who had been appointed through earlier statutes and replaced them with one Comptroller, who was to direct the entire department.

Under this Comptroller were six auditors in charge of auditing particular department accounts and assuring compliance on all contracts to which the Government was

a party. The Comptroller was given the power to provide decisions to the various departments when requested, and he retained the power of finality granted to him by the 1823 act.

In essence, this act and those preceding it worked toward establishing a centralized system for auditing and financing the Federal Government, and overseeing its activities. This trend towards centralization culminated with the enactment of the Budget and Accounting Act, effective June 10, 1921.

This act provided for two primary functions: a budgeting system for the United States Government, and an independent audit of Government activities. Section 305 of the act amended section 236 of the Revised Statutes and provided that "all claims and demands whatever by the Government of the United States or against it, and all accounts whatever in which the Government of the United States is concerned, either as debtor or creditor, shall be settled and adjusted in the General Accounting Office."⁵

At first glance it would appear

that GAO has been vested with a responsibility of enormous magnitude. This is true, but from a claims perspective there are numerous laws and regulations which limit the cases submitted by the executive agencies to GAO. It is these laws and regulations which have proven so influential in altering the work handled by the Claims Division for over half a century. These changes have affected the division's population; they have given rise to a unique relationship between Claims and GAO's examination of transportation transactions; they have both negatively and positively affected the atmosphere within and the attitude of those working in Claims. It is these changes in particular which will now be traced in conjunction with the changing roles and trends of the entire General Accounting Office.

Early Division History

The 1921 Budget and Accounting Act gave the Comptroller General all of the auditing-related duties and responsibilities formerly vested in the Comptroller of the Treasury



The Claims Division and the Office of General Counsel were two of the most sought after places of GAO employment in the 1940's.

and the six auditors. Among these transferred tasks was the authority to examine and settle claims for and against the U.S. Government.

On July 1, 1921, President Warren G. Harding appointed John Raymond McCarl the first Comptroller General of the United States and Lurtin R. Ginn the first Assistant Comptroller. McCarl nurtured his new agency with parental care and protection, yet also directed it with a strong hand. According to some, "McCarl ... is reputed to have been a strict disciplinarian."⁶ For example, McCarl relied on a bell to signal his employees when to begin work, go to lunch, or when to leave for the day. He demanded that the procedures and functions of the agency conform at all times to the exact letter of the law. And he stressed that his staff be punctual and meticulous, and from this, efficiency and productivity would evolve. Mr. McCarl also required that every voucher be individually scrutinized, and that claims examiners constantly be cognizant of things which might reveal negligence or mishandling on the part of the administrative officer who forwarded the voucher to GAO. In the event of such an occurrence, the voucher would be returned to the agency with instructions that all uncertainties be clarified. Although later criticized as being too slow and inefficient to handle the growing caseload, McCarl believed that these procedures were the best way for the agency to establish itself and for it to attain legitimacy and respect from the executive agencies and other Government offices.

McCarl also felt that the agency's efficiency could be enhanced if it adhered to more standardized and consistent operational procedures. In conjunction with this, he established the divisions according to their responsibilities, regardless of the work's point of origin. This policy promoted the merger, in 1923, of the Navy and Army departments into a Military Division, and the work from the numerous non-military departments into a Civil Division. The cases submitted to the Civil Division originated in the Justice, Commerce, Interior, Agriculture, and Treasury Departments, the White House, the Congress,

Supreme Court, Government Printing Office, Interstate Commerce Commission, and all other independent agencies. Eventually, the Military Division would also incorporate the casework from the United States Veterans Bureau.

In accordance with the ever-present desire for "efficiency, economy and control"⁷ within the Government, and in addition to McCarl's personal desire for standardization and consistency, the Civil and Military Divisions were merged on December 1, 1923 to form the Claims Division. Thus, Claims took charge of settling all claims except those from the Post Office Department and those settled by the Transportation Division. In his 1924 *Annual Report*, Mr. McCarl indicated that, "There is a decided advantage in having all claims settled in one division immediately upon receipt of proper supporting evidence."⁸

From 1923 until 1926, Claims functioned as a separate division under the direction of W.S. Dewhirst, the first chief of the Claims Division. In 1926, McCarl's policy of standardization and consistency collaborated with the desire for "economy and efficiency" once again, this time resulting in the merger of the Transportation Division with the Claims Division. This initial merger would remain intact for 22 years.

The Beginning of Change

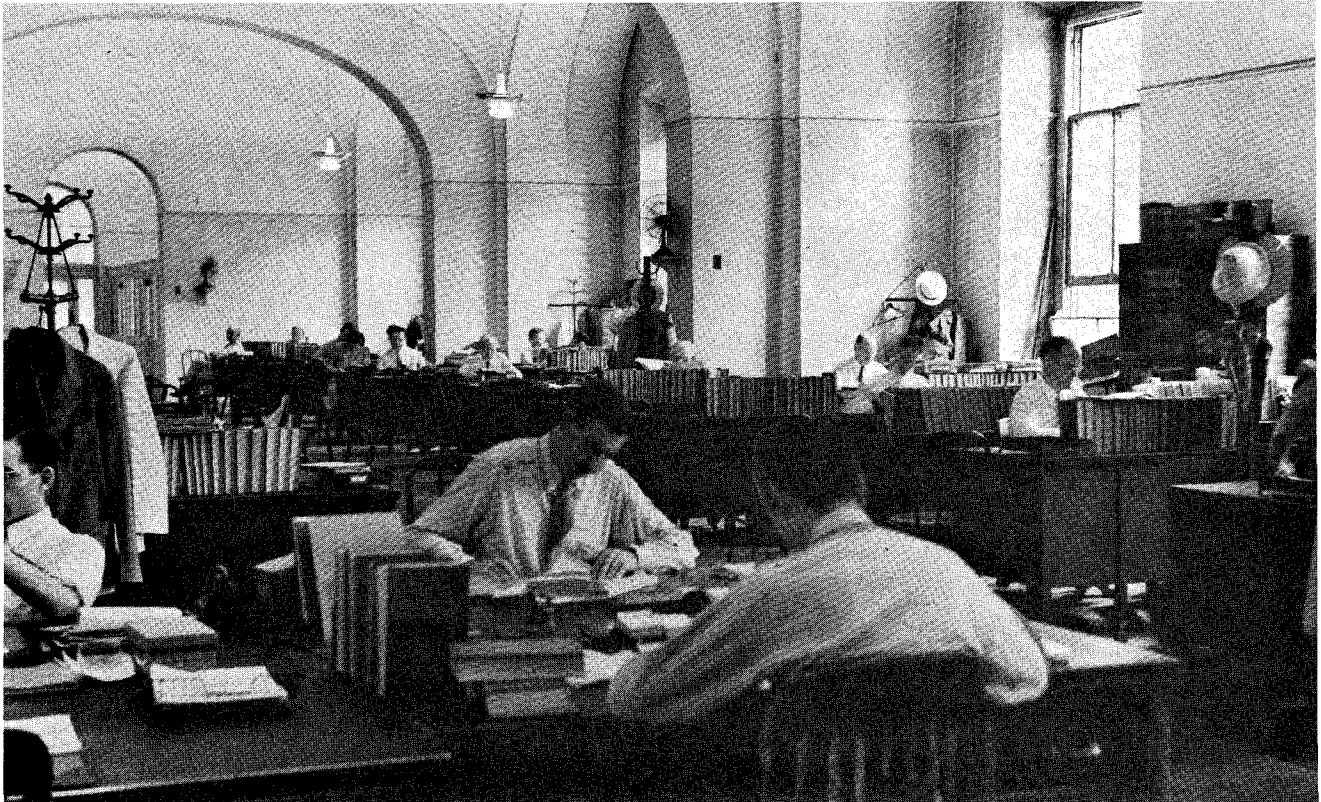
The Depression era brought many changes to GAO. These were reflected primarily in the number of people employed and the scope of work being forwarded to the agency. More people than usual were now hired to help combat the increased caseload caused by the New Deal programs and the Emergency Relief Acts. Secondly, GAO, like most Federal agencies, hired excessively to help offset the large number of layoffs occurring in the private sector. Initially these workers, referred to as Emergency Order (EO) employees, were hired to work just for the duration of the Depression, yet many remained with the agency after the Depression had ended.

The First To Influence Claims

Being the first Comptroller General, Mr. McCarl naturally influenced the formation of the agency and its organization during the early years. But David Neumann is probably the first to have had a true effect on the Claims Division. Mr. Neumann took over as chief of Claims following the retirement of W.S. Dewhirst in 1931, and served until his death in November 1945. Being a lawyer, Mr. Neumann tried to recruit as many lawyers to work in Claims Division as possible, and he attained relative success for a number of years. Neumann helped to give Claims, along with the Office of General Counsel, the reputation of being one of the most prestigious places of employment for law school graduates. To help perpetuate this, the division instituted a mandatory requirement that, to be eligible to work in the contract section, one had to have a law degree. As an added bonus, those in the contract section were awarded grade 9, whereas those in the civil and military sections were either grades 7, 8, or 9. The agency explained this discrepancy by contending that the military and civil claims work was easier and less demanding than the contract work.

Towards the end of his tenure as chief, Neumann was having difficulty enticing young lawyers to work in the Claims Division. Rather, many of them opted for the Office of General Counsel or entered into private practice. In a final attempt to maintain the "elitist" reputation, the division sent some of the employees working in the clerical section to law school to take some courses in contract law, with the promise that they would then be eligible to receive promotions to examiner positions.

It is interesting to note how many GAO employees began their GAO careers in the Claims Division and then moved up to assume top positions. Two of the most notable examples are Robert F. Keller and Frank H. Weitzel. Both came to Claims at a very young age, worked up through the legal office, and concluded their illustrious careers by serving as Deputy Comptrollers General.⁹ In addition, there have



A view of the lawyers' room in GAO headquarters, 1939.

been numerous attorneys in the Office of General Counsel who began their careers with GAO in the Claims Division.

The 1940's – A Decade of Change

As is readily evident, the General Accounting Office is an agency which has undergone constant change and refinement. Even today, this is a distinct characteristic of GAO. Yet if one were to single out any particular period when change in the Claims Division proved to be most influential, it was during the 1940's, especially after the conclusion of World War II.

Beginning in the early 1940's, the divergency in the types of work and the number of claims being submitted to GAO increased tremendously. Naturally, the crux of the work was war-related and the Claims Division received much of it. Many of these increases initially stemmed from the fact that during World War I and immediately following its conclusion, the Government provided increased compensation for Government employees. This fact

GAO Review/Summer 1980

was known to both the employees and the administrators, and except for a few particular cases, everyone received their compensation. Yet many people felt as if they still deserved some remuneration and they continued to flood GAO with these kinds of cases. As a result, GAO recommended that the Congress pass legislation limiting the amount of time claimants could file on such issues with GAO. It was decided that people had 6 months from the effective date of the act (August 10, 1939) in which to file.

Around January 1940, just weeks before the deadline for filing was reached, an article appeared in a Washington, D.C. newspaper telling the people that claims with the Government pertaining to compensation should be filed with GAO immediately. Eventually, this article appeared around the country, resulting in an additional 16,000 cases submitted to GAO.

As a result of this, and instances similar to it, the Congress passed the Barring Act in October 1940. This act established a 10-year period for submitting claims to GAO; anything submitted after the

10-year period was forever barred from consideration.

A major change for all of GAO occurred when Mr. McCarl retired in 1936. Fred Brown served as interim Comptroller General from 1939 to 1940, when Lindsay C. Warren replaced him. While in office, Mr. Warren did a great deal to alter GAO's direction and to reassess and reformulate the goals and operational procedures of the entire agency. As he stated in 1942, the war "affected directly or indirectly practically every branch of the work performed by the General Accounting Office."¹⁰

The role of women was affected by the war in that they assumed more prestigious and financially rewarding positions. The scope and direction of the work changed dramatically, as did the ways the work was done, and the number of GAO employees fluctuated tremendously during the mid-1940's. But probably the most important event was that the seed for onsite field auditing was planted.

Regarding the employment aspect, it is interesting to examine employment figures during this

period. In 1936, there was a total of 4,440 GAO employees, 408 of whom were in the Claims Division.¹¹ In 1946, this total more than tripled to reach the all-time high of 14,904,¹² and in 1947, the number dipped to approximately 11,000.¹³ According to the Assistant Comptroller at this time, Frank Yates, the reduction in 1947 was made voluntarily. In a 1947 radio interview, Mr. Yates explained that it had become an almost unwritten GAO policy to return a portion of their appropriations at the conclusion of each fiscal year. He mentioned that as the watchdogs and overseers of the Government, it was GAO's responsibility to set a good example by applying their funds only to necessities. In Mr. Warren's mind, 14,904 people were not a necessity.

Impact of Change on Claims

The 1940's also affected the Claims Division internally and in its relationship with its transportation function. In November 1945, A. Banks Thomas took over as chief of claims following the death of Mr. Neumann. The chief of the division was assisted by the assistant chief and the administrative officer. It was the assistant chief's responsibility to oversee the activities of the Civil and Military Subdivisions and the Indian Tribal section.

The Civil Subdivision had a civil review section, which reviewed the decisions reached on all of the cases in the section; a contract section; a postal claims section; and a miscellaneous section, which handled those cases not otherwise assigned to any other section (i.e., those involving the relief acts or accounts of the United States Commissioners).

The Military Subdivision included a military review section, an Army section, which examined claims for the Army and Air Force, and a Navy section. The Indian Tribal section prepared detailed reports and offered recommendations pertaining to the legislation or actions available to settle discrepancies between the United States and bands, tribes, or groups of Indians. This section also compiled and maintained accurate data on the fiscal

transactions which transpired between the parties.

To help war veterans reassimilate into society, the Veterans' Administration began to provide them with low interest loans. This precipitated the need for a debt section, because many of the recipients would either apply this money to things not allowable by the Veterans' Administration or would fail to pay the money back on time.

By 1951, the internal structure of the Claims Division was changing, and this debt section was just one illustration of the change. A debt section was established in St. Louis, Missouri, to examine all cases involving the claims levied against members of the Air Force and Army who received overpayments on their family allowances. Shortly thereafter, a debt section was formed in Cleveland, Ohio, to handle those cases originating in the Navy Department. By the end of 1951, the contract section and the miscellaneous section in the Civil Subdivision had merged, as did the Army and Navy sections in the Military Subdivision. In addition, various support units of each subdivision were either revised or abolished.

It is difficult to pinpoint the exact reasons for these changes, but they may have materialized as a result of the statement Comptroller General Warren made in 1949, that "all operations in the General Accounting Office not essential to the effective exercise of its audit and control responsibilities ... which are not specifically required by law will be eliminated as rapidly as possible."¹⁴ In light of this, it appears that Claims was destined to undergo more changes. The field office in St. Louis moved to Indianapolis, where the Army Finance Center housed most of the military records. A debt section was established in GAO's Washington headquarters, and was responsible for taking action on military and civil matters, contracts, and other related issues not specifically assigned to a field office. The Washington office was also in charge of adjudicating bankruptcy cases and those involving deceased persons.

Beginning in 1956, a large number of field offices were either eliminated or relocated. As a result

of GAO Order 2.4, effective October 30, 1956, the Claims Division was formally comprised of a Payment Branch and a Debt Branch. In addition, the titles chief and assistant chief were replaced by director and deputy director, respectively. The first man to assume the new title of director was Lawrence V. Denny, succeeding Mr. Thomas who retired in 1957.

As part of the relocation trend, on February 28, 1965, the Indian Tribal section was shifted to the General Services Administration, under the direct supervision of the National Archives and Records Service. This transfer was made because Comptroller General Joseph Campbell felt that the Indian Tribal section performed a function which was more like that of an executive branch, and not a legislative one.

On June 30, 1967, the Indianapolis field office was closed and the Washington headquarters assumed the remainder of the work once performed there. The majority of employees from Indianapolis either came to Washington or took jobs with other Government agencies. From this point on, most of the changes in the Claims Division were geared towards the nature of the work the division would do, and what work it would return to the executive agencies.

The Separation of Claims and Transportation

One of the problems confronting the GAO in the mid-1940's was a substantial decline in the number of skilled and experienced personnel. This was primarily attributed to the fact that most of the men who served in these specialized areas joined the military. The initial decline in this group of specialized workers was probably the underlying cause for the excessive number of overpayments made on the transportation vouchers submitted during 1945-1947. Because of the overload in war-related transportation cases, the people working in the transportation section were having difficulty maintaining the flow of work. As the situation worsened, Mr. Warren was forced to implement alternative voucher examining procedures, for he was

informed by his advisors that if these measures were not adopted, it would take 10 to 12 years to complete the claims audit work. These alternative measures entailed a more superficial investigation of the transportation vouchers.

Shortly after World War II ended, a memo was circulated throughout GAO saying there would be a reduction in personnel. Infuriated by this, a group of people working in the transportation section went to Capitol Hill and explained that they had inadequately examined the vouchers for 2 years. This prompted a test reaudit of a segment of the payments made on transportation vouchers. The survey revealed overpayments amounting to more than \$100 million, almost exclusively on bills of lading audited from October 1, 1945, through June 30, 1947.¹⁵

Congressman Porter Hardy Jr.'s subcommittee of the Committee on Expenditures in the Executive Departments (later renamed the Committee on Government Operations) had conducted the survey, and their conclusions induced Mr. Warren to issue GAO Order 81 on April 30, 1948, separating the transportation section from the Claims Division effective May 2, 1948. Warren's main reason for ordering the separation was to "concentrate in one division the work of settling claims by or against the United States involving charges for common carrier transportation and auditing vouchers ... for the account of the United States."¹⁶ This meant that the newly reestablished Transportation Division was to concentrate entirely on reauditing the vouchers from the war and to make setoffs, when possible, to help compensate for the overpayments (a setoff occurs when a person is in debt to the United States Government and is then owed money on another, unrelated transaction. The amount owed to the individual by the Government will be withheld in an effort to balance out the individual's earlier debt).

Mr. Warren Versus Mr. Mosley

As indicated earlier, it was a Claims Division policy in the 1930's and early 1940's to require one to have a law degree to be eligible to

GAO Review/Summer 1980



Until 1951, GAO was located in the Pension Building. Here, examiners are following Mr. McCarl's orders that vouchers be carefully and individually scrutinized.

work in the contract section. In 1948, Glen Mosley was one of those employed in the division's contract section, and it was his contention that since lawyers were required to go through the extra years of schooling, they were entitled to earn more money and a higher grade classification.

Prior to the GS pay schedule, the Civil Service Commission used three different job classifications. The "CAF" encompassed all those doing clerical work, the "CU" for those doing custodial work, and "P" for those in the professional ranks. Initially, Mosley's request for

a job reclassification was denied by the Civil Service Commission. But after months of arduous lobbying, the Commission finally ruled in Mosley's behalf, elevating him to a P-4, which was the equivalent to the present GS-11 grade. Examiners were promoted to GS-10 positions.

Lindsay Warren, Comptroller General during this time, refused to comply with the Commission's decision, asserting that it was fabricated and invalid. Mosley argued that the Comptroller General had no legal authority to reverse the decision and the case went to the District Court on appeal. The court

decided that the decisions were to remain, and handed down a mandamus reversing Mr. Warren's refusal to comply with the Civil Service Commission. Thus, as of July 20, 1948, all reviewers were promoted to a P-4. In October 1948, adjudicators filed for and were granted increases from GS-9 to GS-10, and in 1957, reviewers were promoted to GS-12 and examiners to GS-11. (The same law in July 1949 consolidated the P, CAF, and CU grades into the GS series presently employed by all Government agencies.)

The outcome of Mosley's crusade for the job reclassification was naturally advantageous as it increased employees' financial positions and their status. But a more important outcome resulting from the District Court's decision was the end of many years of despair and indifference those in the division felt towards their work, their agency, and themselves. These feelings grew from numerous layoffs made after the war, and from the lack of promotions granted in the division for a number of years.

Civilian employees were laid off after the war for several reasons. Mr. Warren firmly believed that with new procedures being implemented, or procedures which he planned to implement, there was no need for a large staff. Another reason for low morale was that war veterans were given job priority. Only after the veterans had been placed could nonveterans be hired.

Lindsay C. Warren: The Innovator

Lindsay C. Warren assumed the post of Comptroller General on November 1, 1940, succeeding interim Comptroller General Fred Brown. Until that time, GAO was primarily a centrally-structured agency which conducted most of its work in the Washington, D.C. headquarters. Although there were various field offices throughout the United States, they played a relatively small role.

It became apparent to Warren that there was a need to transform the structure of the agency in view of its ever-expanding scope of work and the increased expenditures of the Federal Government. Warren

realized that the Washington office was no longer adequate to allow efficient disposition of all work, so he began to use field offices more extensively.

As discussed earlier, these offices were originally established to handle the cases involving payments to war veterans. Auditors went to approximately two hundred war plants to observe and record the operational procedures used to make the payments. In essence, this represented the early stages of GAO as "watchdog," or overseer of Government and agency activities. This practice was deemed vital then, and continues to be so today. For the first time, the General Accounting Office had a clear indication of how the money was being spent, if the spending was necessary, and if the guidelines and statutes established to regulate the agency activities were being complied with. It was concluded very early in this transformation period that "efficiency and economy" could best be achieved through onsite auditing because it allowed for "prompt resolution of questionable payments."¹⁷

The General Accounting Office was beginning to be more concerned with the operations of the executive agencies and less with individual financial transactions. Slowly at first, but more rapidly as the practice became more productive, GAO decentralized work to field offices and assumed more of an overseer role than ever before. As early as 1942, Mr. Warren demonstrated his desire for changing the agency by ardently supporting Public Law 79-248, the Government Corporation Control Act. With the influx of Government corporations, it was generally believed by both the Congress and GAO that there should be laws to guide corporate activities. The need existed for a body to assure compliance with these laws. Effective December 6, 1945, the Government Corporation Act was implemented so that the Congress and the appropriate Federal agencies could "insure that the financial programs of Government Corporations are carried out in accordance with the policies of the Congress ... and by sound efficient methods."¹⁸

In his never-ending search for

ways to upgrade GAO's organization, Mr. Warren established the Westfall Committee on November 29, 1947, and appointed Ted Westfall, director of the Audit Division, to head it. Mr. Warren instructed the committee to investigate GAO's organizational structure and propose more efficient ways to arrange it in a headquarters-field office structure. Mr. Warren also made it clear to the committee that they should keep in mind his personal desire for staff reductions and enhancement of the budgeting and financing practices of the agency.

By the end of 1949, Mr. Warren had introduced the concept of comprehensive audits to GAO. In its simplest terms, the comprehensive audit was one which attempted to review in appropriate detail all activities of an agency, including financial ones, to determine what improvements were necessary and which of the procedures were working effectively for the agency. To successfully perform these audits, it was imperative that onsite field auditors conduct them. These audits were done in response to requests made by the Congress and department heads, and encompassed broader areas than the earlier audits of the McCarl era. After the audit was completed, reports were issued to the President, the Congress, and the particular agency stating exactly what was done, what was found, and the recommendations for improvement.

An arrangement similar to the comprehensive audit was developed for the Claims Division. Auditors went to the executive agencies and, as part of their responsibilities, assisted the agencies in disposing of their claims. Auditors answered questions and showed agencies their alternatives in handling the case. It was hoped that those in the Claims Division would act in a liaison role with the field auditors so that when the latter were confronted with a point of legality they could not resolve, the Claims personnel would instruct them. Naturally, there were still cases which were required to be sent to GAO because of a statutory requirement or because there were questions of doubt. Overall, this was an attempt to transform the Claims Division, like the rest of GAO, into

more of an oversight role.

As new systems were implemented by Federal agencies, more people in the Claims Division were laid off. Unfortunately for the staff, their work was very different from the rest of the agency in that they dealt with points of legality rather than accounting-type work. This meant that many people in Claims were unprepared for accounting work, or they lacked desire to start a new career in a different field. Because of this, the morale and attitude of the staff began to deteriorate once again.

Elmer B. Staats: The Present Era

Shortly after Elmer B. Staats succeeded Joseph Campbell as Comptroller General, the Federal Claims Collection Act was passed. Effective on July 19, 1966, this is possibly the most important statute ever to affect the Claims Division. It was developed through the joint effort of the Attorney General and Comptroller General, and continued along the path originated by Warren.

The act allowed the executive agencies either to compromise a settlement or terminate their collection efforts on claims not in excess of \$20,000. Although there were exceptions to this rule—cases in which there was evidence of fraud, a presentation of a false claim, or misrepresentation by any party who had a direct interest in the case—it was intended that the act would require the executive agencies to assume more responsibility for their claims.

To enhance its “overseer” role, Claims Division was to monitor the collection efforts of the executive agencies. GAO believed that there were numerous occasions when agencies could prevent individuals or businesses from incurring debts to the Federal Government by improving administrative procedures and creating disincentives through more aggressive collection action by the agency. Proper training for agency staff also could prevent erroneous payments, payments which could become debts to the Federal Government. It was intended that these methods would be a precise way in which GAO and the

GAO Review/Summer 1980

Claims Division could provide the greatest service. The GAO could establish procedures for the agencies to follow, and by monitoring the agencies, Claims would be able to detect and eliminate those causes of debts.

While standards implementing the act were being written, there was a decline in the amount of work coming into the Claims Division. Lawrence Denny, division director at that time, was told to investigate the matter and locate the problem. It was determined that agencies were misinterpreting collection instructions. Collection efforts were being terminated without first establishing the financial status of the debtor, and financial statements the agencies relied on did not accurately determine whether or not the debtor could, or would ever be able, to pay back the debt. After the agencies were corrected, the division was flooded with claims. Conversely, the department heads then misconstrued the Comptroller General's directive as being a way to rid themselves of all unwanted, difficult, uncollectable cases.

Continuing the Spirit of 1966

The Federal Claims Collection Act provided the impetus upon which a great many changes were made, with the intention that the scope of work handled in the Claims Division conform with its role as an overseer. Through the act, it was hoped that operational procedures would better conform between the payment and debt branches, and that policies would provide fair and just treatment to those who dealt with the division.

Following the 1966 act, a number of GAO directives were issued to various executive agencies which required that when agencies encountered a claim they deemed administratively uncollectable, the agencies were to forward it immediately to the Department of Justice, not to GAO. These directives were a way to reiterate to the executive agencies their responsibilities in collection, termination, or compromise of claims. Among the executive agencies receiving directives were the Army, Navy and Veterans' Administration.

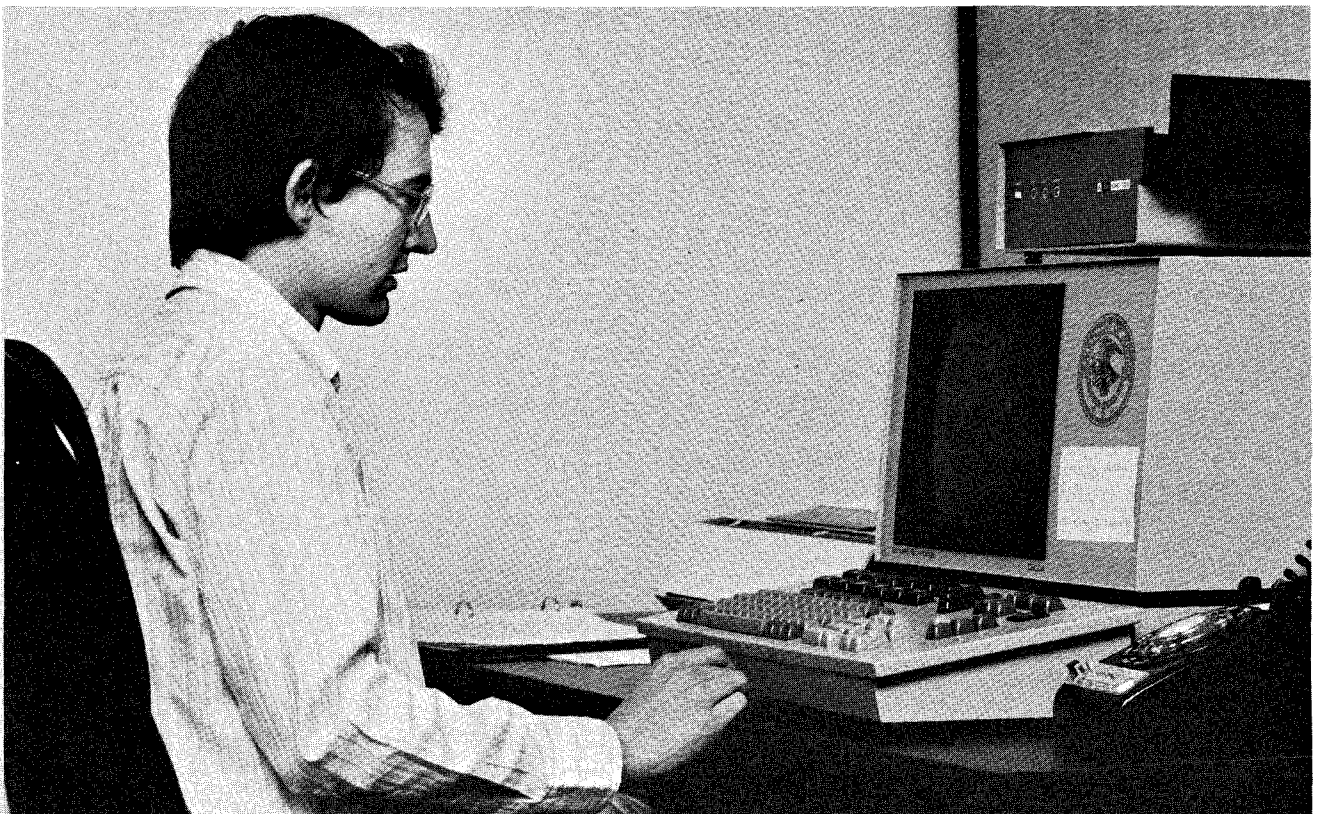
Other changes were made which intended to coordinate the operational procedures of the debt and payment branches. In 1975, the Congress amended the 1940 Barring Act, reducing to 6 years the period in which claims against the United States can be brought. These changes reduced the scope of the work and added a sense of predictability and stability to the procedures of the division.

A further act helped to instill a sense of equity and fairness in the way claims by the Government for overpayments of pay were handled. Under certain limitations, Claims Division, acting under delegated authority from the Comptroller General, was authorized to waive collection of the overpayment when it was deemed “against equity and good conscience and not in the best interest of the United States.”¹⁹

These are but a few examples of the many changes brought about by Comptroller General Elmer B. Staats within the last 14 years. These changes have attempted to enhance further the oversight function and “watchdog” role of GAO. Yet, with the changing functions of the Claims Division, there are still particular types of cases in which the division has retained authority. This authority not only includes routine cases, but also includes authorizing the President's salary each month, acting as a conservator of the estates of U.S. citizens who die abroad, and settling certain disputes between agencies.

In the early 1970's, the last two major intradivision structural changes occurred. In August 1970, the Agency Reviews and Assistance Branch was established to assist in the function of claims settlement and debt collection, intending to increase the efficiency of payment activities, eliminate excessive overpayments, and expedite the debt collection effort. This branch was also responsible for reviewing collection and payment activities of executive agencies and assuring compliance with all the applicable laws and statutes.

In 1972, the Transportation Division and the Claims Division merged for the last time, forming the Transportation and Claims Division (TCD). Thomas Sullivan, who



The advent of electronic technology has greatly enhanced all GAO operations. The manual processes of the 1940's have given way to automatic typing, filing, and records retrieval.

later became an Assistant Comptroller General, was appointed its new director. However, it became clear that the transportation aspect of the division's work was concerned more with claims settlements than with the oversight of executive agency claims processes. Thus, on October 12, 1975, the transportation function was sepa-

rated from the Claims Division and transferred to the General Services Administration. On October 24, 1975, Daniel P. Leary was appointed the last director of the Claims Division, joining John P. Gibbons, deputy director.

Clearly, GAO's evolution from voucher examining to evaluation began long ago, but the transition

of claims work from its own division to a component of the Financial and General Management Studies Division marks the end of an era for GAO. As GAO's oldest division shifts to another division, the transition is viewed in a very positive sense; however, there is a certain feeling that the ties with a major part of GAO's history have been severed.

¹ Section 301, Title III, 1921 Budget and Accounting Act.

² "The General Accounting Office and Its Functions—A Brief Historical Outline," *GAO Review*, Summer 1971, p. 1.

³ *Ibid.*

⁴ Frank H. Weitzel, *The General Accounting Office in the Federal Accounting System*. Internal GAO report, p. 15.

⁵ Section 305, Title III, 1921 Budget and Accounting Act.

⁶ Frederick C. Mosher, *The GAO: The Quest for Accountability in American*

Government. (Boulder: Westview Press, 1979), p. 71.

⁷ Mosher, p. 44.

⁸ *Annual Report of the Comptroller General, 1924*. (Washington: U.S. General Accounting Office, 1925), p. 13.

⁹ Public Law 92-51, July 7, 1971, which changes the title of Assistant Comptroller General to Deputy Comptroller General.

¹⁰ *Annual Report of the Comptroller General, 1942*.

¹¹ Mosher, pp. 70-71.

¹² *GAO Watchdog*, May 1947, p. 3.

¹³ *Ibid.*

¹⁴ Mosher, p. 114.

¹⁵ *The Transportation Division, 1948-1958*. Internal GAO report, p. 5.

¹⁶ *Annual Report of the Comptroller General, 1948*.

¹⁷ "Lindsay Carter Warren: Comptroller General of the United States, 1940-1954," *GAO Review*, Spring 1977, p. 4.

¹⁸ *Ibid.*, p. 6.

¹⁹ Public Law 90-616, October 21, 1968.

Career Challenges in a Changing Civil Service

Elmer B. Staats

Adapted from a speech presented to the National Civil Service League at their 1979-1980 career service awards program, March 20, 1980.



It is safe to say that the Career Service Award bestowed by the National Civil Service League is the Nobel Prize of the Federal professional community—a mark of distinction that has been well-earned by the recipients in the daily performance of duties which are complex and demanding, reflecting a high degree of commitment to the principles of public service.

Since it was founded almost a hundred years ago, the National Civil Service League has been at the forefront of espousing good government in our nation. From the beginning, the organization recognized that attracting industrious and capable people to the Federal Government—and holding them there—was at the core of an efficient and effective civil service. They were correct in that assumption.

The single most valuable component of a strong, aggressive civil service is an individual of integrity and purpose—an individual whose dedication to the national welfare is demonstrated through a thoughtful and creative approach to every undertaking.

This program gives national recognition to 10 Federal employees who have distinguished themselves in the course of their careers in public service. The criteria on which selection is based is rigid. According to standards set by the National Civil Service League, nominees must have displayed exceptional efficiency, sustained superior performance and accomplishments in carrying out their assignments. Such a mandate—in the intricate maze of the present Federal establishment—requires uncommon motivation to achieve.

I believe it is appropriate to consider the current climate of the civil service environment and the demands placed on public administrators today in the context of the changes that are swirling around us. The Carter administration's broad civil service reforms, set in motion with the passage by the Congress of the Civil Service Reform Act of 1978, have thus far focused on the top levels of Government. Over the past two years, we have witnessed the creation of the Senior Executive Service and the as yet untested Merit Pay System, which will go into effect no later than October 1980. Overall, these reforms are based on sound principles intended to maximize the productivity of Federal workers at all levels of Government. When the Merit Pay System is implemented, employee performance, rather than longevity, will be the determining factor in salary increases—a long-standing mainstay of the corporate world.

Only time will serve as an accurate measure of the merit and effectiveness of these recent changes. But the introduction of the competitive element into the civil service system will have a far-reaching effect on the way in which the Government conducts its business in the immediate years ahead. Most certainly, these will be challenging times for innovators and futurists who look to public administration as the area where they wish to effect change and make their presence felt.

What will these changes mean for the professionals who elect Government service as the discipline in which they will pursue their careers?

Basically, this altered environment calls for the cultivation of a new attitude of mind which puts a higher and consistent value on what might be termed "anticipation." To do this, we must create within ourselves the desire to find time in our schedule to think and to plan. Tomorrow's executive must not only handle administrative duties capably, but also see to it that policy machinery stays several lengths ahead of next year's problems.

The Government manager of the future must have the qualities of

restlessness, of research, of dissatisfaction. This is where administration both supplies and finds its drive, and where it makes its contribution to the entire process of perfecting the imperfect structure of compromises that we call modern society.

The issue is really the rate at which this incremental process will go on, or how strong the vein of creativity in management will be.

If managers lack creativity themselves, they still have the opportunity—and the obligation—to spread the contagion of leadership through the organization so that the environment encourages creativity among those who have potential. This means less emphasis on procedure manuals, on dogmas of system and method, on fetishes for hair-splitting in rubrics of budgeting, personnel management, and methodology, without losing the contributions of these essential disciplines.

To be truly creative, we must reach beyond the things about which we already feel certain. We must take risks. We must unleash our notions, our curiosity and our instincts to experiment. We must find out what the other fellow is thinking about and why he's thinking about it. We must rediscover that there is a convergence somewhere along the line between and among every thread of public policy—between science and foreign relations, between housing and health, between transportation and defense, between budgeting and economics.

To function effectively, public administrators must grasp the big picture. A fragmented approach will not suffice for the manager who must carry out more and more public policy through contracts, grants, regional compacts, institutes, foundations, and self-contained business-type enterprises which will make management both possible and difficult. The line between public administration and private participation will be less clear than ever, while the hybrid will flourish. And it is here that managers will have their work cut out for them—in maintaining the essential responsibility that belongs with Government, in understanding the fine difference be-

tween supervision and interference, and in judging how well the ends of public policy are being served.

I doubt seriously that Government executives of the future can be developed and trained exclusively in the career civil service. They will have to have some firsthand experience with related disciplines: the university environment, the regional environment, the business and research environment. Efforts must be expanded to develop an exchange of persons between Government and these allied communities, through reciprocal internships and residencies. This trend is already underway and I expect it will expand further as new needs emerge which support the value of such interchanges.

Still another determinant with which we must cope in the coming years is the growing appetite for data—the passion for facts, for information, for probability. This is inevitable as a society draws closer together, as public purposes fuse, as the public and private economies meld, as decisionmaking takes place in a continuum.

The information explosion, which has characterized the last half of this century, has occurred with such force and vitality that we, as a society, are still struggling to understand it and sort out its meaning.

Computer technology has changed how we do virtually everything we do. The rapidly proliferating uses of electronic storage, retrieval, and processing of information can swamp us with material almost instantaneously. In the past, this material would have taken weeks, months—even years—to acquire. The big computers are being joined together in nationwide and even worldwide networks. Satellites are not the wave of the future: they are here today. The electronic household is just a short distance down the road.

The managers of the future must have a keen comprehension of the values and limitations inherent in the use of data, the art of timing in its collection, the process of designing the structure of investigation, the ethics of reporting and disclosure, and the judgment that interprets the significance of the information and applies it to policy-

making. And this is because managers will have to rely more upon the tops of their heads rather than the seats of their pants. They will have to be at home with theoretical statistics and the rarer altitudes of mathematical science. And, above all, they will have to search out the answers to a provocative question posed by T.S. Eliot many years ago: "Where is the knowledge lost in information?"

Managers of the future must grasp the meaning of science and technology in the relations between Government and all the rest of society. World wars may have produced the environment which gave science and technology the spark they were waiting for; science and politics, national and international, now go together and neither can function without the other. That is the central fact of our time, and it can only have one meaning for the future.

The problems of administration are surely destined to require this kind of understanding of science and technology. How else shall we make a contribution in the difficult fields of weapons control and disarmament, in problems of eliminating air and water pollution, in harnessing our energy sources for both human and industrial needs, in understanding the requirements of education and vocational motivation, in meeting the requirements of an exploding population at home and abroad, and in providing developing nations of the world with our expertise in technology, if our material resources will not be sufficient to share with them?

No problem is more directly related to the future of our democratic society than the problem of attracting the best talent for public service. While a democratic society's government is not expected to have a monopoly on the most able people produced by the society, neither can it afford to provide for the public service an iota less than its full share of the talent available.

In the past, the consequences of an average or below par public service have not been nearly as serious as they are today. As the role of Government grows and changes, and as the decisions of public officials at all levels of Government have a more and more

direct effect both on our daily affairs and on our prospects for the future, the quality of our public service has increasingly become a major public concern. In terms of what is needed, I cannot improve on the views of Clarence B. Randall. Out of his experience in Government and industry he stated the requirements clearly:

The administration of our government calls for excellence in leadership. We need thoroughly competent executives, acquainted with the most modern techniques in managing large enterprises, from cost accounting to good human relations, from sound staff work to automatic data processing. We need scientists in our race for pre-eminence in all fields of research. Above all we need a continuing source of replenishment of this talent.

Government in the coming years will need as many people as possible with the kind of vision required to solve the complicated problems that arise in our mass society—arresting the rising costs of education, public health, and welfare; rebuilding cities; reducing poverty to its lowest level; and developing a higher sense of unity in our society. All Government employees have an opportunity to serve the nation.

If I have a single thought to leave with the winners of the 1980 National Civil Service League Awards it will be this: At the end of the day, the end of the week, the end of the year, or perhaps at the end of a career, you should be able to look back and say:

I am proud to have been a public servant, to have dealt with the problems of our time and to have had a part, however small, in contributing to their solution.

This is the challenge of public service. In one way or another it has always been so and I expect it always will be. Public service is more than an occupational category; it is the discovery, as Harold Laski put it long ago, that men serve themselves only as they serve others.

In 1835—a half century before the creation of the Federal career

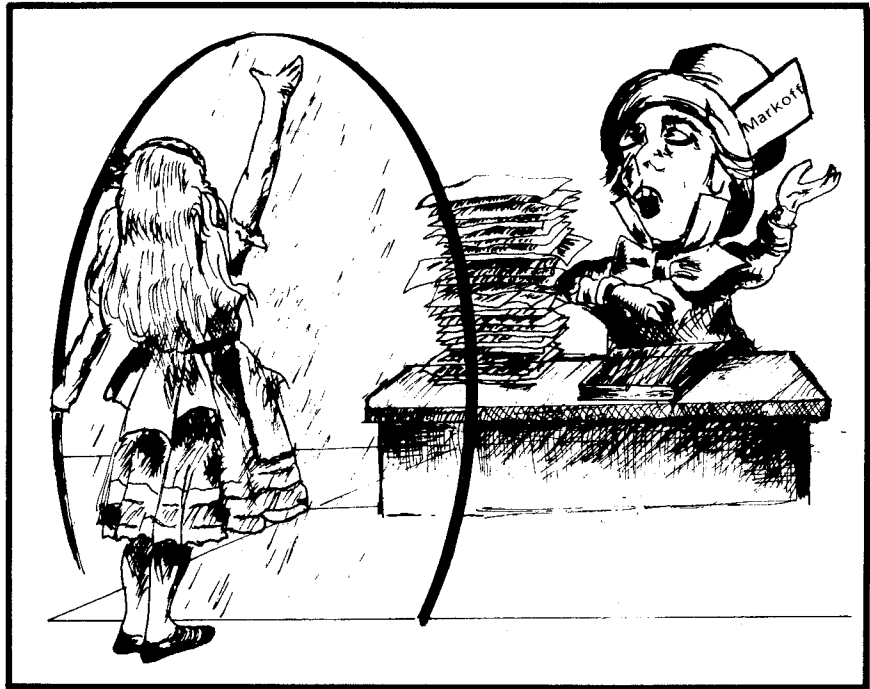
service—Alexis de Tocqueville described a public official in the United States as a person "uniformly simple in manner, accessible to all the world, attentive to all requests and obligating in replies." I can offer you no better challenge than to adopt this description as your own in the productive years that lie ahead for each one of you.



William F. Laurie

Mr. Laurie is a staff member in the Detroit regional office. He has published a number of articles in the *GAO Review*, the *Journal of Accountancy*, and the *Duke University Press*. He is a CPA and a member of the Ohio Academy of Science, the American Academy of Political and Social Science, and the Gerontological Society.

“Alice Through The Looking Glass,” Or Trying New Evaluation Techniques



Prologue

Like “Alice in Wonderland,” I stepped through the looking glass and into a world of boundless imagination and exciting adventures. I was surrounded by dazzling presentations of mathematics, visually exciting abstractions of operations research, and the warm cloak of philosophy. As I dreamed and searched, the abstract became concrete—the well-being of people could be measured and changes in their well-being could be observed over time. Together, GAO and I walked into the future—and we were at home.

The words of the world beyond the looking glass are strange but inviting:

- N-dimensional space
- Vectors
- Probabilistic modeling
- Markoff change process

These are esoteric words with hidden power. If we can understand the concepts behind these, thereby tapping this power, what could we accomplish? We could

- measure the well-being of people,
- observe change in well-being over time,
- quantify the effect of services on well-being, and
- estimate the changes in well-being 20 years into the future.

That is what GAO did in its study of the well-being of older people in Cleveland, Ohio.

According to a recent survey, *GAO Review* readers want to know more about evaluation techniques and the results they produce. Using the results of this unique GAO study, let me share with you in plain, down-to-earth words the powerful outcomes of sophisticated

evaluation techniques.

Background

The study was immense and highly complex. Staff from the Human Resources, Field Operations, and Financial and General Management Studies Divisions joined with consultants in gerontology, mathematics, and operations research to make this study successful. The Cleveland Foundation and over 100 Cleveland agencies also provided assistance.

Older people shared their lives with us. We took a sample from over 80,000 people in Cleveland who were 65 years old and older and were not in institutions, such as nursing homes. From June through November 1975, 1,609 older people were interviewed by Case Western Reserve University personnel. A year later, 1,311 of these people were reinterviewed. The remaining 298 people were institutionalized, died, or moved from Cleveland during the year.

The state of the art of evaluation techniques in sociology, gerontology, and medicine were used. In interviewing, we used a questionnaire containing 101 questions developed by a multidisciplinary team headed by Dr. George Maddox and Dr. Eric Pfeiffer at the Duke University Center for the Study of Aging and Human Development. The questionnaire contained questions about an older person's well-being status in five areas of functioning—social, economic, mental, physical, and activities of daily living.

Services to older people were defined, measured, and quantified. To identify factors that could affect the well-being of older people, we

- developed specific definitions of services being provided to older people and dimensions for quantifying the services;
- identified the providers of the services—families and friends, health care providers, and over 100 social service agencies;
- obtained information about the services provided to each person in our sample and the source and intensity of these services; and

- developed an average unit cost for each of the 28 services.

About 1,000 variables of information on each of 1,609 people were collected over 2 years. Using these variables, we measured change in the well-being of people, estimated the effects of expanded help on these people, and demonstrated the effects of this expanded help on their well-being 20 years into the future.

Personal Conditions of People: Changeable and Measurable

Visualize a person passing through time—the aging process. This person is composed of many dimensions (or vectors) that change and are measurable. In our analysis, we captured four of these dimensions—health, security, loneliness, and outlook on life. These were combined into one composite well-being status called personal condition.

Personal conditions of people are measurable. In 1975, we measured

personal conditions—health, security, loneliness, and outlook on life—of older people in Cleveland. About a third of the sample were in the best overall condition. On the other hand, more than a fifth were in the worst condition, as shown in Table 1.

Personal conditions of people do change. In 1976, we reinterviewed our original sample and again measured their personal conditions. The overall personal condition improved for 18 percent and declined for 18 percent. The outlook on life condition and the security condition changed the most (21 percent improved); the loneliness and health conditions changed the least (16 and 13 percent improved, respectively). Table 2 shows the changes that occurred during the year.

As a result of these changes, in 1976, 32 percent of the people were in the best overall personal condition as shown in Table 3.

To measure change in the personal conditions of people is important in determining the effect of existing and proposed services on older people. The probabilistic model can be used to show effect.

Table 1
Personal Conditions of People in 1975

Conditions	Level of conditions			Total
	Best	Marginal	Worst	
Health	51	27	22	100
Security	51	25	24	100
Loneliness	60	28	12	100
Outlook on life	25	50	25	100
Overall	32	47	21	100

Table 2
Change in Personal Conditions of People Over 1 Year

Conditions	Change over 1 year			Total
	Improved	No change	Worsened	
Health	13	67	20	100
Security	21	62	17	100
Loneliness	16	68	16	100
Outlook on life	21	59	20	100
Overall	18	64	18	100

Table 3
Level of Condition in 1976

Conditions	Level of conditions			Total
	Best	Marginal (percent of sample)	Worst	
Health	48	27	25	100
Security	53	25	22	100
Loneliness	59	29	12	100
Outlook on life	25	51	24	100
Overall	32	47	21	100

To illustrate, at the health level, 175 people were in comparison group A (all their illnesses were being treated in both 1975 and 1976), 179 people were in group B, 132 people were in group C, and 123 were in group D. When comparing how the illness situation of these groups changed over the year, we found that those who were receiving all the medical help needed in the second year (groups A and C) fared much better over the year than those who were not (groups B and D). Table 5 shows those comparisons. It shows that only 45.7 percent of group A worsened over the year, compared to 77.7 percent of group B. Similarly, only 3.8 percent of group C worsened, compared to 18.7 percent of group D.

The Effects of Help on Personal Conditions: The Probabilistic Model at Work

Once we were able to measure change in personal conditions, an important question arose: "If help is expanded, how many people would benefit?" To answer this question, we used a probabilistic model.

To estimate the effects of expanded help, we compared how dif-

ferent subgroups changed over the year. Basically, we compared those who were receiving all the help they needed in our second year with those who were not. We then divided these two groups into two other groups; those people who (1) received all the help needed in 1975, and (2) did not receive all the help needed in 1975. Thus, we had four comparison groups as shown in Table 4.

We then examined how the problem situations of group A changed compared to how those of group B changed. Similarly, we compared how groups C and D changed.

Then, to determine the number of people who would be affected by expanding help to all older people in our sample, we applied the change rates for those who received all the help they needed in the second year to those who did not. We applied the change rates for group A to group B and the rates for group C to group D.

On this basis, we estimated that 120 of the people (9.2 percent of the total sample) who would receive expanded help would have been in a better situation if they had been treated for all their illnesses. Table 6 shows our estimates for expanded medical treatment.

Finally, we applied the same analytical techniques to the remaining security, loneliness, and outlook on life conditions and problems as we had defined them. Assuming that older people in the United States are similar to those in Cleveland, we then estimated the number of people nationwide who would have been in a better situation in 1976 if the help needed had been expanded to all in need.

A sizable portion of the older people would benefit from expanded help. For example, the greatest benefit would be realized in their illness situation—1.9 million people nationwide would have been in a better situation in 1976 if they had been treated for all their illnesses which interfered a great deal with their activities. The second greatest benefit would be realized in dealing with the security

Table 4
Status of Help Received Between 1975 and 1976

1975	1976	
	Receiving all needed help	Not receiving all needed help
Receiving all needed help	GROUP A	GROUP B
Not receiving all needed help	GROUP C	GROUP D

Table 5
Percent Change in Illness Situation Over 1 Year

	Group (percent)			
	A	B	C	D
Improved	28.0	1.1	73.5	8.9
No change	26.3	21.2	22.7	72.4
Worsened	45.7	77.7	3.8	18.7
Total	100.0	100.0	100.0	100.0

Table 6

Estimate of People in Better Illness Situation

Category	Number of people in sample		Differences	Estimate of people in a better illness situation	
	1976 status without change in help	1976 status with change in help		Number of people	Percent of sample
Best	817	906	+ 89	120	9.2
Marginal	256	287	+ 31		
Worst	238	118	- 120		
	<u>1,311</u>	<u>1,311</u>	<u>—</u>		

problems, with 5.6 percent of the sample (1.2 million people nationwide) being in a better situation. Table 7 shows our projections, based on our Cleveland sample, of the number of older people nationwide who would have been in a better situation in 1976 if the help needed had been expanded to and received by all those in need.

Future Changes in Personal Conditions: Markoff Change Process at Work

The probabilistic model demonstrated the effects of expanding help for 1 year. What would be the effects of help over 20 years? The

Markoff change process gave us the answer (this process is named after its creator, Dr. Markoff).

To demonstrate the effects of help over 20 years, we projected the conditions and problems of the 65 to 69 year old age group for the next 20 years. The Markoff change process applied the same rate of change that was observed in the first year (between 1975 and 1976) for the 65 to 69 age group over the next 19 years, thus arriving at a 20-year estimate. This process was applied twice—first using the observed rates of change between 1975 and 1976 and then using the rates of change based on our estimates of the effects of expanded help.

Our projections show 11 percent more of the 65 to 69 age group would be experiencing an improved illness situation in 1980 than if they had not received expanded help. Fourteen percent more would be experiencing a better situation in 1985, 14 percent more in 1990, and 12 percent more in 1995, as shown in Table 8.

Table 7

Estimated Effect Over 1 Year of Changes in Help

Condition or problem	Kind of help	Effect of increased help	Percent of sample benefitting	Our national estimate of people benefitting (note a) (000 omitted)
Health problem	Medical treatment	Better illness situation	9.2	1,923
Health condition	Medical treatment	Better ability to perform activities of daily living	.6	129
Security condition	Medical treatment	Better security condition	.7	137
Security problem	Financial	Better feeling about adequacy of money	5.6	1,169
Loneliness problem	Social-recreational	More social contact	3.3	693
Outlook on life condition	Developmental	Better outlook on life	4.9	1,035

^aPeople may be included in more than one category.

Expanded Help Reduces Cost of Medical and Compensatory Help

Having projected the effects of expanded help, we took the next natural step of projecting the costs of medical care and compensatory help over the next 20 years. Compensatory help is that provided to people who have problems in performing activities of daily living, such as preparing meals, bathing, walking, shopping, and eating.

Our projections for the 65 to 69 age group over the next 20 years showed that if medical treatment were expanded to all in need, total medical costs over the 20 years would decrease slightly. Also, the cost of compensatory help would be reduced significantly because of the effects of expanded medical treatment.

Table 9 shows our national projections of the decrease in the average annual medical and compensatory costs that could be achieved from expanded medical treatment—for those in the 65 to 69 age group in 1975—over the next 20

years. It shows a total reduction of about \$1.4 billion—\$1.2 billion in compensatory help and \$0.2 billion in medical treatment—due to preventive medical treatment earlier in life.

**Accomplishments:
Evaluation
Techniques at Work**

The results of the Cleveland study far exceeded our imagination. Consider:

- Eight reports were issued and three hearings were held on the study. Legislation based on this study is pending before the Congress to provide additional health care and home services for older people.
- The Federal Council on Aging, using data from our study, has proposed to the Congress and the President policy changes concerning provision of services to the frail elderly (people 75 years old and older).
- We recommended to the Congress that a national information system be developed based on our model. HEW estimates that a national information system would save \$100 million annually in better planning and allocation of resources.
- Our methodology is being used by other health planning and social services organizations in the United States. The Cleveland study is also being published in England as a case study in public policy.
- Using the results of our study, a Long Term Care Center and a Center for Gerontology have been established in the Cleveland area.

We stepped into the future, dealt with the unknown, and met with success. Because the study advanced the state of the art of evaluation, we were asked by the Administration on Aging and Gerontological Society to place our data base and methodology in the archives for use by planners, researchers, and academicians. The

Table 8
Average Percent of People 65 to 69 Years Old
in a Better Condition Over 20 Years

Condition or problem	Kind of help	Effect of expanded help	Average percent of 65 to 69 age group in a better condition			
			In 5th year	In 10th year	In 15th year	In 20th year
Health problem	Medical treatment	Better illness situation	11	14	14	12
Security problem	Financial help	Better feeling about adequacy of money	11	12	14	15
Loneliness problem	Social-recreational	More social contact	2	4	3	3
Outlook on life condition	Developmental	Better outlook on life	4	4	5	4

methodology and data from the Cleveland study were transferred to the archives in February 1980.

Epilogue

When I stepped through the looking glass, I was not alone. I had several fellow travelers who dreamed along with me and helped make my dreams come true. Thom-

as Walsh kept the team together and made it happen. The creative mind of Wilbert Ammann developed the conceptual model. The adventure was enhanced by their participation.

So do not fear the unknown and the world of esoteric words. Step through the looking glass into N-dimensional space ... and be at home.

Table 9
Estimated Annual Medical and Compensatory Help
Cost Nationwide of 6 to 69 Age Group Over 20 Years

	Cost of medical help	Cost of expanded compensatory help	Cost of medical and compensatory help
With no change in medical treatment (billions)	\$4.5	\$12.6	\$17.1
With expanded medical treatment (billions)	4.3	11.4	15.7
Decreases due to expanded medical treatment (billions)	\$.2	\$ 1.2	\$ 1.4
Percent decrease	4.4	9.5	8.2



Frank V. Subalusky

Mr. Subalusky, who has been with GAO since 1958, is a group director in the Community and Economic Development Division. He has a B.S. degree in accounting from Penn State and is a CPA. He is a member of the National Capital Association of Accountants, and was president of the Washington chapter in 1977-1978. Currently, he is in charge of GAO's work at the National Oceanic and Atmospheric Administration.

Reviewing an Automobile Safety Standard: A Unique Service to the Congress

GAO's review of the Department of Transportation's automobile safety standard,¹ calling for the installation of passive restraints² (air bags) in all U.S. cars by 1984, presents a unique example of how GAO fulfilled its traditional role of aiding and assisting the Congress. GAO did this review even though the Congress had already considered and approved the standard.

Why The Review?

In 1974, the Congress passed a law stating that it would have a 60-day review period to disapprove, by means of current resolution, any safety standard that required an automobile occupant restraint system other than safety belts. In June 1977 the Secretary of Transportation introduced a standard calling for passive restraints. The appropriate congressional committees held hearings during the designated review period and, in effect, "had spoken" by not overturning or substantially modifying the standard. Many people, including certain congressional groups, considered the issue closed.

However, GAO felt that questions on the issues of effectiveness, cost, and safety had not been answered, or, if answered, were not supported by what has been commonly referred to as "real world" data. Also, those evaluating it expressed sharp differences of opinion over effectiveness of the proposed passive restraint system. Such evaluations often were looking at basically the same information and drawing completely different conclusions.

The cost, the controversy, the unanswered questions on key issues provided a basis for GAO to initiate independently an in-depth

review. The full benefit and ultimate effect of the GAO review is not known; however, a number of later actions and reactions by congressional and other interested parties demonstrate that not only did GAO have a sufficient basis for initiating this review, but it had an obligation to perform this study. The many sides of this controversy are presented below.

Automobile Safety

About 50,000 people are killed each year as a result of highway accidents. Of these deaths, about 50 percent involve front seat passengers. It was partially in response to this situation that Secretary of Transportation Brock Adams ruled on June 30, 1977, that automobiles will be equipped with passive restraints beginning with large cars in 1982, medium-sized and compact cars in 1983, and sub-compact cars in 1984. Under the Federal mandate, by 1984 every new car manufactured or sold in the United States will have to be equipped with passive restraints—either automatic safety belts or inflatable air cushions referred to as air bags.

Those in favor of air bags contend that they will save 9,000 lives a year, will prevent 65,000 injuries, and will cost only about \$200, most of which will be offset by insurance premium discounts. Air bag "foes," on the other hand, assert that no objective evidence exists to support the claim that 9,000 lives will be saved each year, citing such estimates as "sheer speculation." Opponents also point out that air bags are a potential safety hazard. They say the cost of air bags to the American public will exceed the total cost for all safety features since the Highway Safety

Act was passed in 1966.

Air Bags Are Not a New Idea

The idea of automatic passive restraints is not new. Over the years, several interesting ideas have been proposed to help prevent injuries during accidents—including a false roof filled with tennis balls that would cascade into the passengers' compartment in the event of an accident.

The first inflatable "crash cushion," developed in 1952, was manually triggered. By the late 1950's, Ford and General Motors were heavily engaged in development and research on air bags and were dealing with such problems as acci-

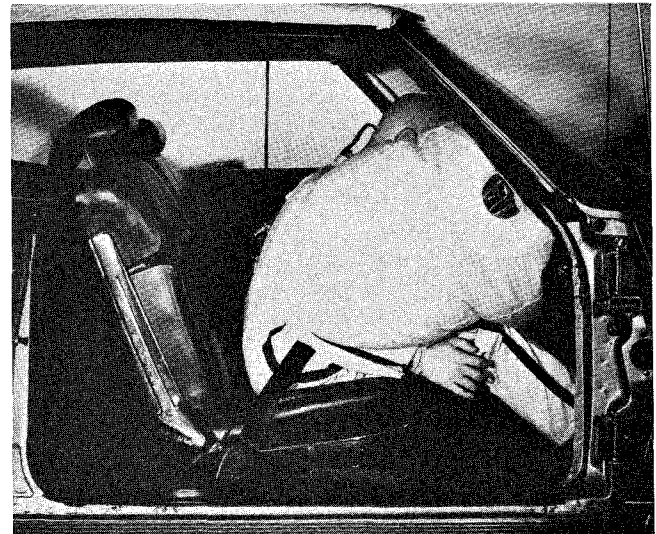
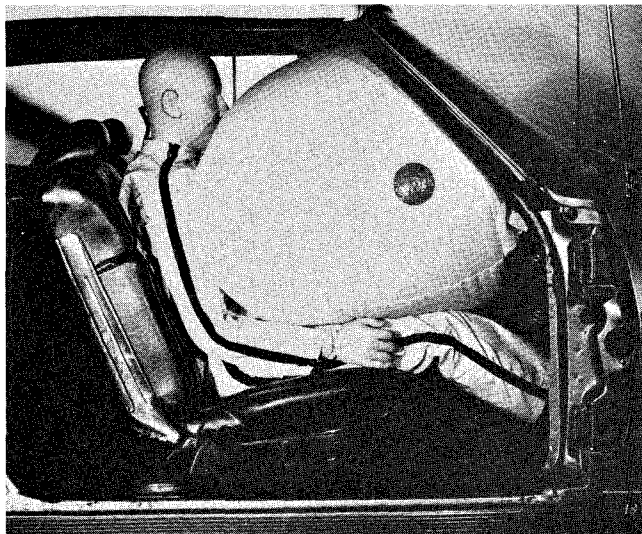
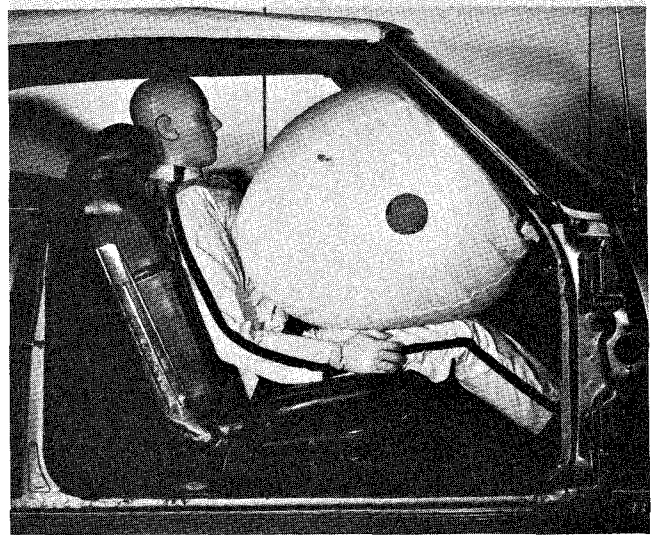
dental inflation and conditions in which people were wearing glasses or smoking when the air bags went off.

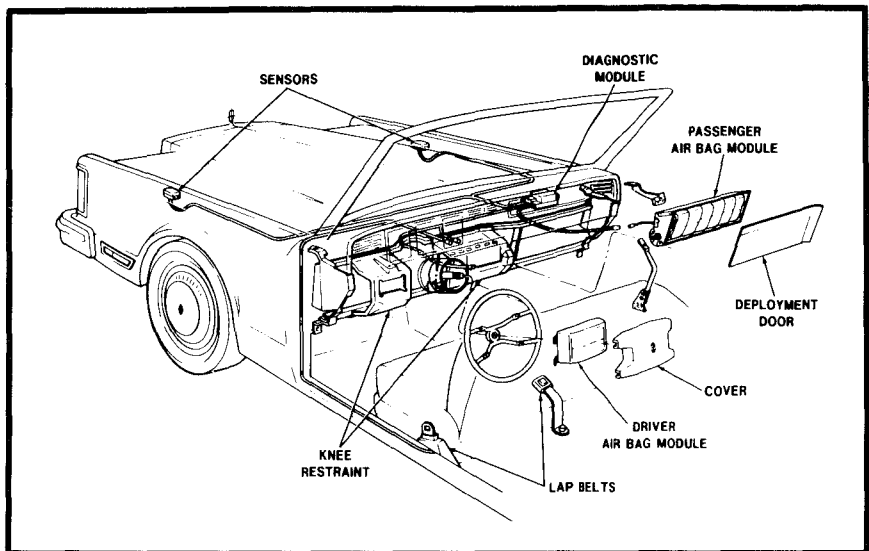
Today's air bag consists of three parts: a sensor located in the front part of the car; the bags or cushions themselves (one folded in the steering wheel hub and the other located behind the dash panel in the area of the glove compartment); and a knee restraint to prevent passengers from sliding under the bag before or during inflation.

Air bags are designed to inflate within a few hundredths of a second after the start of a serious crash (an impact of about 12 miles or more per hour). The bag operates via an electrical impulse from one or more of the sensors, which

ignites the stored chemical (sodium azide). The chemical, burning at a controlled rate, converts to nitrogen gas and inflates the bags. This happens in about 0.04 seconds, about the time it takes a person to start moving off the back of the seat. Air bags are made of porous material which allows deflation to occur before they are fully inflated. The entire operation takes about 15 to 20 seconds.

Although little actual data exists to support fully or convincingly refute many of the claims and counterclaims of how much protection air bags provide, some researchers claim that accidents are survivable with air bags in pure frontal crashes up to 45 mph in large cars and up to 40 mph in small cars.





But Why Passive Restraints?

Both proponents and opponents of air bags generally agree that safety belts (seat belts and shoulder harnesses) outperform air bags in virtually all types of accidents. In side or rear-end collisions, air bags are significantly *less* effective than seat belts.

Why then mandate a complex and expensive restraint system of questionable effectiveness? In the words of those advocating air bags, the American motoring public simply refuses to "buckle up." Studies made in 1977 and 1978 indicate that only about 14 percent of the drivers use their safety belts. This, air bag proponents contend, is the case even after major advertising programs are initiated to increase safety belt use, and they add that fewer than 1 person in 10 involved in a serious crash was using a safety belt. This reinforces their conclusion that a substantial number of motorists will not have adequate crash protection unless it is provided automatically.

Why not just mandate safety belt use? As of June 1978, 21 foreign jurisdictions had implemented safety belt use laws. However, mandatory safety belt laws don't seem to be the solution either. For example, after belt laws were passed in Ontario, Canada, usage increased to about 70 percent but rapidly dropped to 50 percent when enforcement was relaxed. Since

1972, surveys have shown that Australian drivers' usage rates have ranged from a low of 65 percent to a high of 94 percent. By contrast, in Japan there is less than 1 percent belt usage; however, the law in Japan applies only to freeways and is not enforced. Enforcement of the law through some kind of sanction appears to be needed to maintain a high level of safety belt use.

The Federal Government has not made a serious attempt to pass a mandatory belt-use law. Several States have attempted to pass legislation requiring belt use, but none have succeeded.

Events That Led To The Passive Restraint Mandate

The National Highway Traffic Safety Administration recognized that safety belts helped to keep passengers in place during accidents. Therefore, in 1968 it issued Federal Motor Vehicle Safety Standard No. 208—Occupant Crash Protection. This standard required all new vehicles to have lap and shoulder belts at the front window seats and lap belts at all other seats. However, because of limited safety belt use and the strong belief that mandatory safety belt usage laws are unlikely, the Safety Administration felt that passive restraints might be necessary to provide effective crash protection to vehicle occupants. Since the late 1960's, it has spent about \$9 million on passive restraint testing.

In 1971, the Safety Administration amended the occupant crash protection standard to require passive restraints in all cars, beginning August 15, 1973. The Chrysler Corporation contested the standard. In 1972, a Federal court upheld the Safety Administration's authority to issue a passive restraint standard, but held that the standard should be withdrawn and could not be reinstated until the agency had developed a test dummy to measure the performance of passive restraint systems.

In the interim, car manufacturers had the option to build vehicles with passive restraint systems instead of safety belts. General Motors sold about 10,000 air bag-equipped full-size Buicks, Oldsmobiles, and Cadillacs. Volkswagen sold about 75,000 passive belt-equipped Rabbits through November 1977. Ford had earlier manufactured 831 air bag-equipped Mercurys.

In 1972, the standard was amended to require an ignition interlock system on front safety belts to force their use before the vehicle could be started. However, as a result of widespread adverse public reaction to the ignition interlock system, the Congress voided that requirement in 1974. The Congress also included in this legislation³ the provision for a 60-day period in which it could disapprove, by means of a concurrent resolution, any standard which required an occupant restraint system other than safety belts. In March 1974, Safety Administration officials determined that an adequate test dummy had been developed and proposed mandatory passive restraints.

In December 1976 the Secretary of Transportation called for a passive restraint demonstration program rather than a mandate. In his decision, the Secretary noted that the prospect of the Federal Government mandating passive restraints in all automobiles had become increasingly controversial. Questions about effectiveness, reliability, cost, governmental interference in the lives of individuals, and public acceptability had been raised by opponents of the air bag—the most publicized form of passive restraints.

The Secretary called upon the automobile manufacturers to join the Federal Government in a program demonstrating the effectiveness of passive restraints. The Secretary stated that he was convinced that passive restraints were technologically feasible, would provide the public with substantially increased protection in traffic accidents, and could be produced economically. However, in his December 6, 1976 decision concerning motor vehicle occupant crash protection, he cited the following major reasons for proposing a demonstration program rather than mandating passive restraints:

First, the goal of motor vehicle safety would not be served by a mandate of passive restraints which is ultimately rejected by the public. I believe that if the public does not have an opportunity to become familiar with the benefits of passive restraints prior to their installation in all cars, a strong negative reaction is likely.

Second, such a mandate would mean replacing the lap and shoulder seat belt system that is effective when used, with passive restraint systems, which have operating characteristics unlike those of any other safety equipment now in automobiles and which [in the case of air bags] are among the most costly automobile safety devices that have been Federally required to date.

Third, two important outcomes could result from such a demonstration program which would be foreclosed by a mandate at the present time. First, a demonstration program could create sufficient consumer demand for passive restraints that manufacturers would voluntarily offer them as an option at a reasonable price or as standard equipment. Second, it is possible that the Department's efforts to increase levels of seat belt use would lead to a conclusion that much higher voluntary belt use than we predict could be achieved.

In January 1977, Secretary of Transportation Brock Adams reconsidered the December 1976 decision and reopened the question of mandating passive restraints. There-

fore, demonstration contracts with General Motors and Ford Motor Company were terminated. The Secretary cited the following reasons for this shift:

- Public acceptance or rejection of passive restraints is not one of the statutory criteria which the Department is charged by law to apply in establishing standards.
- Passive restraints, when fully integrated into the U.S. automotive fleet, will prevent 12,000 traffic deaths annually, or about 9,000 more than the current active safety belt systems.
- Passive restraints can be installed at a reasonable cost to the customer (\$112 for air bags and \$25 for passive safety belts), and the cost of the systems will be more than offset through insurance savings.
- Use of sodium azide as the gas generator for air bags would present no insurmountable health, safety, or environmental problems.

On June 30, 1977, Secretary Adams mandated passive restraint systems. Under the rulemaking procedures, the standard does not become effective if a concurrent resolution of disapproval is passed by the Congress during the 60-day period. During this period both the Senate Committee on Commerce, Science and Transportation and the House Subcommittee on Consumer Protection and Finance, Committee on Interstate and Foreign Commerce, held hearings on the passive restraint standard. On October 12, 1977, the Congress rejected moves to overturn the Secretary's mandate, thereby confirming his decision to have passive restraints installed in automobiles starting with the 1982 models.

The Case For Air Bags - The Life-Saving Potential

Passive restraints do offer life-saving and injury prevention potential. The Safety Administration estimated that passive restraints, when installed in all cars, would

prevent about 9,000 deaths and 65,000 serious injuries each year.

In calling for the passive restraint mandate, the Safety Administration cited the following conditions:

- The number of fatalities in motor vehicle accidents is increasing and is estimated to be greater than 50,000 per year, with more than half being front seat occupants of passenger cars who could be protected from frontal crashes by automatic restraints.
- The potential for more serious accidents is increasing because consumers are buying smaller, lighter passenger cars to conserve energy.
- At least two practical types of systems providing automatic crash protection to vehicle occupants have been successfully produced for sale to the public.

Other proponents of air bags, such as the Allstate Insurance Company, conclude that passenger fatalities could have been about 65.9 percent lower and 18,200 lives saved in 1976, if air bags were used.

Cost Offset By Insurance Discounts

The Safety Administration estimated that passive restraints could be installed at a reasonable cost to the customer (about \$200) and the cost would be more than offset by insurance discounts.

The underlying theme of campaigns sponsored by the insurance industry was the assertion that savings on insurance premiums would offset a major portion and possibly all of the system's cost to the consumer. The Safety Administration said that one should compare the cost of automatic restraints with the cost of other options that have been "embraced" by car buyers, such as air conditioning at \$500 and automatic transmissions at about \$300. They say the average new car has nearly \$1000 in comfort, convenience, and appearance options.

Sodium Azide

The Department of Transportation said it was satisfied that

sodium azide—the chemical used in the air bag system to generate gases to fill the air bags—could be used safely in an industrial setting and in automobiles. Sodium azide has been shown to be a mutagen of plant life, bacteria, and animal cells; however, insufficient testing has been done to show if it is a mutagen in humans. It has the potential to form a highly explosive reaction should it come into contact with heavy metals, such as copper or lead, during the scrapping process.

The Safety Administration realizes the potential hazards that may arise with the use of sodium azide in air bags. However, along with its sister agencies, the Environmental Protection Agency and the Occupational Safety and Health Administration, and the automobile manufacturers, it believes it is acting in a responsible way to ensure that the use of sodium azide in air bags will not introduce any substantial new hazards to public health and safety, or to the environment.

The most significant problem foreseen by the Safety Administration is in cars being scrapped with uninflatable air bags. However, the Safety Administration assumed this problem could be solved by simple technical devices or by well-enforced regulations.

The Case Against Air Bags—Test Data Limited

The quantification of benefits reported by the proponents of the air bag system asserts a degree of certainty that is not supported by test data. In making estimates, such as 9,000 lives will be saved each year, the Safety Administration and others relied primarily on laboratory test data and engineering judgment because sufficient field experience was not available. Estimated benefits are uncertain due to limitations in the test data and a lack of knowledge about human responses in crashes and human tolerance to injuries.

Another limitation in the test data is the lack of air bag testing in small cars. In the future, cars will be smaller and lighter, which presents a more difficult task in managing crash forces. Unfortunately, most

of the air bag testing was restricted to large cars. Relating this large car data to small cars presents an element of uncertainty in estimating effectiveness.

Actual field experience with air bags is limited to about 12,000 cars. A little more than 200 of these cars have been involved in crashes in which the bags were deployed. The accuracy of estimates is questionable because of the small number of accidents and the uncertainties in the input data.

Furthermore, the question of air bag effectiveness is clouded by the results of some recent testing by General Motors and Volvo which indicated a problem may exist with out-of-position occupants, especially small children. As was previously discussed, the air bag deploys with tremendous speed and impact, and, as a result, out-of-position occupants may be injured by the force of the bag inflating.

Air Bags Could Be Costly

Early cost estimates of air bags are at best tenuous. For example, the Safety Administration estimated that air bags would cost \$112 per automobile. Some recent figures by General Motors and Ford indicate that the cost for air bags will be considerably more. General Motors said for its 1982 model year cars, on a projected volume of 400,000 units, the cost (in 1979 dollars) would be \$581. In July 1979, Ford said, based on a projected volume of 200,000 units, the estimate for air bags was \$828. Furthermore, a general estimate of the cost of replacing an air bag that deployed in an accident is about 2.5 times the original cost.

Proponents claim that passive restraints will result in significant insurance premium discounts; however, the ultimate effect of these devices on insurance rates remains to be seen. Some major insurance companies indicated that they will provide premium discounts for passive restraint-equipped cars. Others have not committed themselves to offering any discounts, and still others said they do not plan to offer discounts for cars equipped with passive restraints. Regardless of their present position on discounts, the consensus among the insurance

companies was that their rates would ultimately depend on the effectiveness of passive restraints in reducing injuries and deaths, and on economic variables, such as inflation, car design, and competition.

When some 50 agents in three eastern seaboard States were asked for quotations on cars with air bags, some representatives offered an average discount of \$3.44 on a \$281 policy, others a \$2.29 discount on a \$312 policy. One Congressman commented, "at this rate, air bags would offset their cost to the consumer in just over 80 years." It has also been pointed out that the added costs of collision coverage for air bag-equipped cars will absorb all or part of any possible savings on medical and personal injury premiums. For example, one auto club publication estimated that, in its State, a possible \$13 savings on personal injury coverage would be accompanied by a \$45 increase for collision coverage.

Effect Of Sodium Azide Uncertain

Washington State University researchers concluded that sodium azide is a powerful mutagen in rodent cells. However, before the degree of risk can be determined, it will be necessary to determine the amount of unburned sodium azide that a car occupant is exposed to when an air bag deploys, and whether the chemical is a mutagen and/or carcinogen to humans. Sodium azide is suspected to be a carcinogen, based on some researchers' observations that a high correlation exists between a mutagen and carcinogen.

In the scrapping process, workers may come into direct contact with the chemical, causing adverse health effects similar to those noted in some production workers (i.e., ranging from mild headaches to prostration). Also, sodium azide can be highly explosive when it contacts such heavy metals as copper or lead which are common in automobile scrap yards.

Input of GAO

Some Members of Congress, their staffs, and staffs of certain subcommittees did not believe that

there was a need for GAO to perform this review. They stated that the Congress, by not overturning or modifying the standard, had, in effect, accepted it. On the other hand, some Members of Congress felt that they were limited in making their decisions because of a lack of information on positions taken by proponents or opponents of passive restraint systems. GAO said there was a need for a closer look at this controversial subject to provide the Congress with information which would help it fulfill its basic legislative and oversight responsibilities. GAO was well aware that there may not be answers to many of the key questions. However, there was an overriding need for a full and impartial airing of the basic issues on this subject.

The subject became so controversial that when anyone, especially GAO, raised any questions about effectiveness, cost, or any related matter, they were immediately labeled as anti-air bag and against auto safety. Even after GAO issued its report, and in several places in the report pointed out that "passive restraints offer life-saving and injury prevention potential," it made no difference to proponents of the air bag. GAO was still accused of being against safety on the highway.

Because of the importance of the mandate in terms of cost and safety to the American public, GAO believed the actual experience with passive restraints needed to be evaluated. To this end, and to develop an effective program to evaluate "real world data," GAO concluded that the Secretary of Transportation should

- establish a task force of representatives from the Safety Administration, the insurance industry and independent highway safety researchers to develop an evaluation plan;
- require the Safety Administration to collect and analyze the data needed to analyze the plan; and
- modify the safety standard, as warranted.

How successful was GAO in its efforts and just what effect did its GAO Review/Summer 1980

report have? Based on actions by the House Rules Committee and amendments to the Transportation Authorization Bill on the House floor, it can easily be said that the GAO report and its message has been recognized.

Shortly after the report was issued, the House passed an amendment to the 1980 Transportation Appropriations Bill prohibiting the use of funds to implement or enforce any standard or regulation which requires any motor vehicle to be equipped with an occupant restraint system other than a belt system, but permits the use of funds for research and development relating to occupant restraint systems. This amendment, according to certain Congressmen, carried out essentially the major recommendations of the GAO report. More recently, the House approved another amendment to the automobile safety mandate, stating that con-

sumers do not have to accept air bags if they don't want them. This amendment was somewhat symbolic in that it would apply to fiscal years 1980 and 1981 and, therefore, would expire before the mandated safety standard would take effect. It is significant, however, from the point of view that the amendment may very well establish a precedent for similar amendments in future years when the mandate is to take effect.

The jury is still out as to the final effect of the GAO review. Of short-range impact, the GAO work may result in some significant changes or modifications in the mandate. More importantly, and of long-range significance, the work of GAO may affect the procedures followed, the scope of work, etc., by the Safety Administration, in proposing additional rules and Federal regulations on automobile safety standards.

Foreign Jurisdictions With Safety Belt Use Laws			
Country	Effective Date	Country	Effective Date
Australia	Jan. 1971	The Netherlands	Sept. 1975
Japan	Dec. 1971	Norway	Sept. 1975
New Zealand	Jun. 1972	Denmark	Jan. 1976
France	Jul. 1973	Switzerland	Jan. 1976
Czechoslovakia	Jan. 1974	Soviet Union	Jan. 1976
Puerto Rico	Jan. 1974	West Germany	Jan. 1976
Sweden	Jan. 1975	Province of Ontario, Canada	Jan. 1976
Belgium	Apr. 1975	Province of Quebec, Canada	Sept. 1976
Luxembourg	Jun. 1975	Yugoslavia	Jan. 1977
Finland	Jul. 1975		
Israel	Jul. 1975		
Austria	Jul. 1975		

As discussed above, the safety standard mandate calls for the installation of passive restraints beginning with the large 1982 model cars. Since GAO issued its report, some interesting things have taken place. First, Mr. Neil E. Goldschmidt, who succeeded Mr. Adams as Secretary of Transportation in August 1979, acknowledged in March 1980 that "Washington's attitude had changed" with respect to the regulatory hand of the Federal Government. Further, hints that the Federal Government may be prepared to compromise in some regulatory areas was clearly evident in a March 1980 interview with Secretary Goldschmidt when he acknowledged that his department had been "too preoccupied with matters of mutual irritation, such as air bags, to deal with the real problem such as where the industry is going after 1985." Second, in June 1980, General Motors Corporation publicly announced that it will not offer air bags as an extra cost option on its large 1982 cars, but instead will make passive belts standard equipment. Joan Claybrook of the National Highway Traffic Safety Administration accused GM of refusing to use existing technology to prevent thousands of highway deaths and injuries.

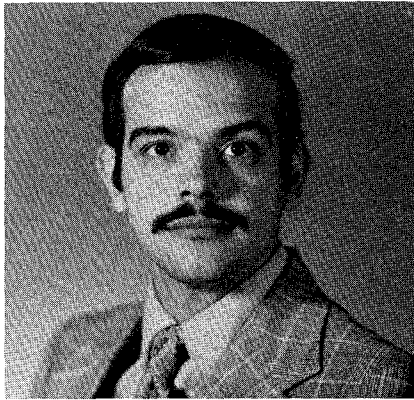
Reports in June 1980 indicated that automobile sales are at their lowest point since 1963. This, coupled with the fact that nearly 280,000 auto workers are out of work indefinitely, clearly adds to the need for some kind of Federal regulatory "detente" with automotive Detroit.

¹ Federal Motor Vehicle Safety Standard No. 208—Occupant Crash Protection.

occupants without any action on their part.

² Passive restraints provide protection to

³ Public Law 93-492, §109, 88 Stat. 1570.



Mario Artesiano

Mr. Artesiano is an auditor with the Atlanta regional office. He is a Hispanic Employment Program Coordinator and was chairman of the Atlanta Federal Executive Board interagency subcommittee charged with the program. A graduate of the University of Florida with a B.S. degree in accounting, he joined GAO in 1974.

Hispanic Americans – A Profile



Perhaps more so than any other country, America is a nation of immigrants—the “melting pot” familiar to many of us from grade school history lessons. Some ethnic groups have been readily integrated into the predominant Anglo-American mold in a generation or two, while others have carefully preserved their ethnic identity. Certainly some groups found absorption into Anglo-American society easier than did others, realizing that leaving the old and accepting the new was necessary to prosper in the new land. On the other hand, many consciously chose to preserve the ancestral values of language, religion, and customs that set them apart. Proximity to a former homeland, reinforcement of homeland ties, and the very reasons for coming to America help explain such a choice. In some cases, society influenced the choice by offering only a second class citizenship. But whatever the degrees of assimilation, or reasons behind it, we are in effect a tapestry of peoples. As a result, today our national character can be described in many languages, sampled in various foods, and seen in our dif-

ferent faces. Diversity is America's heritage and its future. This article offers a profile of Hispanic Americans, who have contributed significantly to our rich ethnic heritage.

From September 14 through 20, we at GAO, along with the rest of the nation, will celebrate Hispanic Heritage Week. This event, inaugurated in 1968, is proclaimed annually by the President to recognize the central role Hispanics have played in our national development. Certainly all of America's peoples, not just Hispanics, have contributed to the nation's greatness and deserve recognition. A special commemoration for the Spanish contribution reflects a concern that the country has not always properly appreciated its Spanish legacy and has often made Hispanics the victims of stereotype and prejudice. Appropriately, the week's activities focus on the positive. We celebrate the benefits of being receptive to all values in our country's diverse cultures and the advantages of giving all ethnic groups the opportunity to contribute their ideas, their experience, and their energies to the betterment of American society. This recognition, done not in

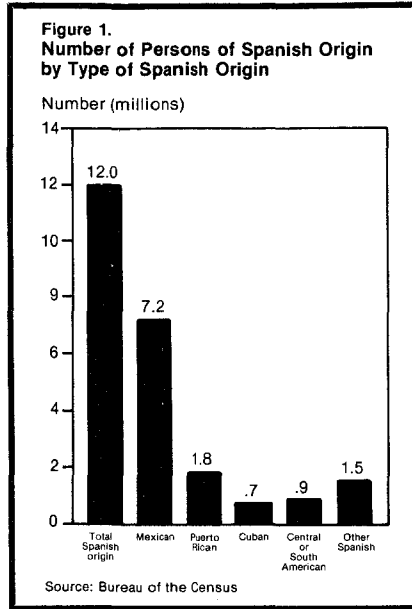
atonement for wrongs, but in a spirit of pride in the past and hope for the future, sets the stage for National Hispanic Heritage Week 1980.

Who They Are

Comprised of several diverse and distinct ethnic groups, Hispanics are a multicultural people who share a common Iberian heritage and language. Multiracial as well, Hispanics are white, black, Indian, and blends of those races. They live, of course, in the familiar "barrios" of Los Angeles, in New York's Spanish Harlem, and in Miami's Little Havana, but increasingly in other American cities as well. Fueled by a high birth rate and by immigration both legal and illegal, the Hispanic population is growing rapidly and Hispanics will probably be the nation's largest minority by the end of the century.¹ With an average age of 22, they are a young people and one that falls below national averages in income, education, and jobs. However, in a nation more minority-conscious than ever, Hispanics are making headway.

Some Hispanics were already here before America became America, and many more have been arriving ever since. While definite numbers may not be available until after the 1980 census, some have estimated the current Hispanic population at 19 million, including undocumented aliens, but not counting the 3.3 million people of Puerto Rico.² Although most Hispanics live in Florida, the southwest, and the northeast, they are also moving to places such as Chicago and Boston. Just as these cities were home to many European immigrants during the late 1800's, they are now providing a home for Hispanic immigrants too. The number of Hispanics in some cities is hard to overlook. Los Angeles' Mexican population of one million is second only to Mexico City's; Miami's Cuban community of a half million is second only to Havana's; and New York City has more Puerto Ricans than San Juan.

Although the various Hispanic groups speak the same language and have basically the same Spanish colonial origins, each national



group is also distinct and different. Racially they may be European Spanish, a Caribbean mixture of Spanish and black, or a Spanish Indian mestizo. In Latin America a greater blending of races took place than in Anglo America. The national cultures, food, music, habits, and customs vary from Mexican to Puerto Rican to Cuban to South American. Hispanics are a minority fractured into subgroups that too often regard themselves as distinct despite their common Spanish heritage, although increasingly the groups are uniting to solve their mutual social and economic problems.

Because of the differences among Hispanics, broad generalizations run the risk of being inaccurate. But at least on a limited basis, they do offer a composite picture of America's Hispanic citizens. Census statistics reveal a population that falls far below national averages in income, education, and jobs. Hispanic median

family income is about \$5000 below that of other American families; 23 percent of Hispanic families live below the poverty level, compared with about 9 percent for other American families. Only 40 percent of Hispanics over 25 have completed high school, and about 9 percent of the Hispanic work force is unemployed, compared with 5.5 percent of all Americans. For a people long a part of our history, America's promise has often not come true.

America's Hispanic Roots

For over three centuries the predominant European influence in a much of what is now the United States was Hispanic. Spanish explorers, conquerors, and settlers wrote much of America's early history. As the United States expanded to the south and west into Hispanic lands, our nation absorbed the Hispanic peoples of these areas, and with this expansion came America's Hispanic heritage. As America absorbed the existing Spanish and Indian influences in these areas, those influences broadened and enriched American culture.

One authority has described the western European mastering of the Americas as follows:

****The conquest of unknown lands of the New World spear-headed by the Spaniards, involved the Western nations in a tragic epic of cosmic proportions. No conquest in history has been pure, bloodless and compassionate, and that of the Americas was no exception. Even those that began as spiritual enterprises eventually twisted into adventures of war and exploitation. No nation, race, society, culture or group is immune to the temptations*

How Hispanics, Whites, and Blacks Compare

	Hispanic	White	Black
Average family size	3.96	3.32	3.90
Percent completing high school	39.6	67.0	45.5
Median family income—1978	\$11,803	\$15,660	\$9,411
Unemployment rate—1979	8.3	5.1	11.3
Labor force participation rate	63.5	64.0	61.8

Source: Bureau of the Census, Bureau of Labor Statistics.

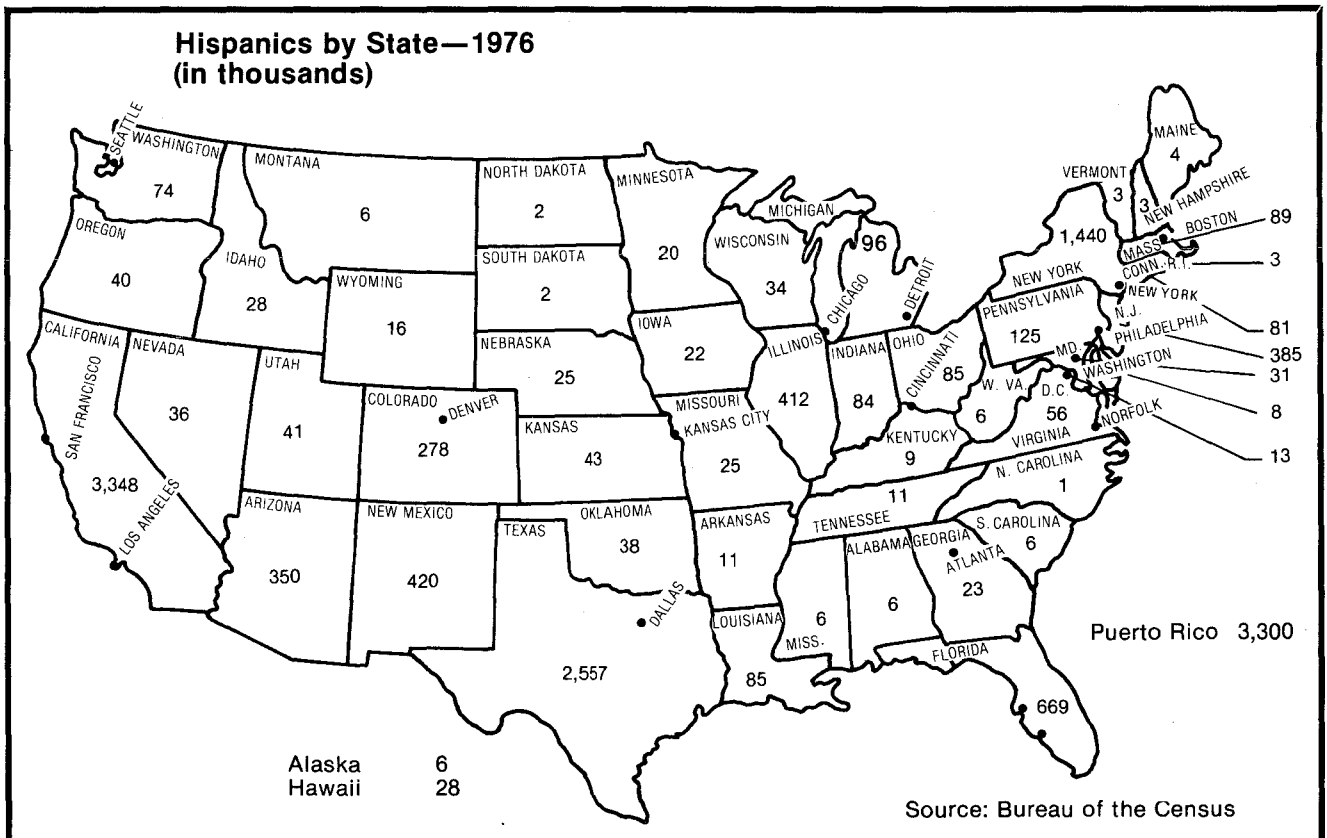
of aggression, cruelty, greed, and absolute power when embarked in a process of expanding and conquering. It would be naive and even dishonest, to look with different eyes at the Indian, the Spanish, the French, the Portuguese or the English when studying the history of the New World. Nomadic Indians regularly raided and pillaged the Pueblo Indians. The conduct of the Conquistadores was frequently inspired by an unchecked thirst for gold, power, and glory. The Anglos subjugated, displaced, dispossessed, and eliminated entire Indian tribes and enslaved the Africans, who in turn also used caste systems, slavery, exploitation and extermination of others whenever the circumstances were propitious. No apologies or intellectualizations should be used to mask or deny the excesses and horrors. Just as no distortion or subterfuge should be used to suppress the positive things brought about in the colonizing of the Americas***.³

The bulk of the colonization of the New World was a Hispanic experience. Discovered by Spaniards in 1492, by the middle of the 16th century Spain had explored all the continental United States coastline, Mississippi River basin, California, and the lands southeast and southwest. Explorers such as Ponce de Leon, De Soto, and Coronado were the first Europeans to map the new land. Colonization followed, "civilizing" the Indians and spreading the Holy Faith. In 1565 Menendez de Aviles founded the first U.S. city, St. Augustine, and other Spaniards established settlements in the southwest and along the California coast. Spanish governors had charge of territory which now comprises 24 States, and stretched from Florida through the Louisiana territories, extended west and southwest, and finally reached the Pacific.

Spain also greatly aided America's fight for independence. Because the 13 colonies were rebelling against England, Spain was sympathetic to their struggle. She provided refuge for rebel ships in Cuban ports, gave loans and credits

of about \$200 million, and eventually joined the war against Great Britain. Don Bernardo Galvez, Spanish governor of Louisiana, weakened the English military position by taking Pensacola and other Gulf Coast fortifications at a critical time when the British had taken Savannah and Charleston. When General Washington lacked the funds to pay his army, the aristocracy of Havana provided the monies. While this article cannot fully develop the Hispanic contribution to our nation's independence, the fact remains that two Latin nations, Spain and France, gave the Colonies decisive help.⁴

For some Americans, awareness of our nation's Hispanic heritage begins and ends with a Mexican peasant in a sombrero and serape sleeping against the cantina or, for the romantics, a beautiful senorita dancing away in the arms of her hero. But Hispanic culture has given us so much more. The universal American hero, the cowboy, is the anglicized version of the Mexican vaquero; his tools, language, and way of life were of Spanish origin. Our cattle industry owes



much to its Spanish origins in Florida and the southwest, and Spanish law has influenced our nation's legal system in areas such as adoption, inheritance, homestead rights, and protection for debtors.⁵ Hispanic irrigation and mining techniques led to increased American productivity, and we continue to see evidence of our Hispanic legacy in architecture, the arts, sciences, and other fields. Perhaps most importantly, the labor of Hispanics helped build America. How unfortunate then, that for many Americans, the Hispanic legacy consists only of comic stereotypes.

GAO's Role and Responsibilities

GAO's involvement with Hispanic Americans is apparent in two vital areas—it employs them on its staff and works on the national issues affecting Hispanics. As an employer, GAO is committed to providing equal employment opportunities to Hispanics and other minorities. In its work for the Congress, GAO addresses issues that directly affect America's Hispanic population, such as bilingual education.

Reflecting Government's concern over employment disparities affecting Hispanic Americans, GAO has implemented a special emphasis program to hire Hispanics. Similar to the Women's Program and organized within GAO's overall EEO program, this special emphasis effort is not a quota system or job giveaway program, but an outreach effort to get more Hispanics to seek employment with GAO. Mr. Staats believes GAO currently employs far less than the proportionate share of Hispanics having the skills to do our work, and is therefore encouraging qualified Hispanics to seek positions in GAO. The heads of divisions and offices act as GAO's EEO officers and have been charged by the Comptroller General with carrying out our EEO program, while the director of EEO provides overall leadership and policy direction. Some EEO officers have appointed Hispanic Employment Program coordinators to serve as a resource person for the division or office in recruiting, and to communicate progress and problems.

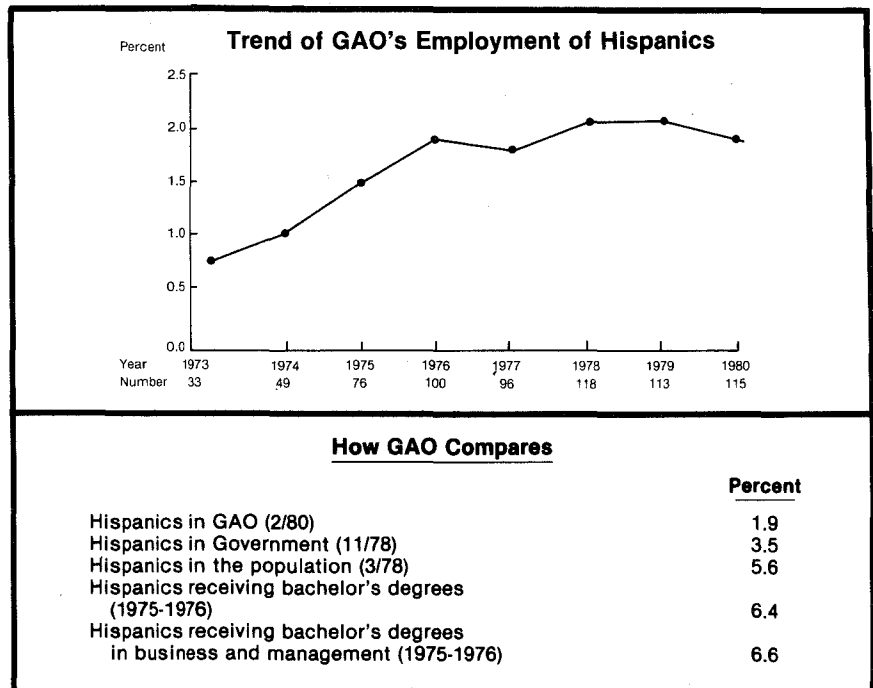
Although we have made some initial progress in Hispanic employment since 1973, our profile has not improved much since 1976.

As of February 1980, GAO had 115 Hispanic employees, or 1.9 percent of the total agency staff. This was far below both the proportion of Hispanics in the population (5.6 percent) and the Hispanic share of baccalaureate business graduates (6.6 percent). Other Government agencies, with staffs comprised of approximately 3.5 percent Hispanic, have apparently been more successful in their efforts to attract Hispanic employees. While we can offer valid reasons why our employment statistics are what they are—little overall growth, loss of Hispanic employees, no direct hiring authority—the fact remains that GAO has much to do in this area. Recent civil service reform changes in minority recruitment, the use of EEO performance in rating managers, and GAO's stated strong commitment to EEO give reasons for optimism in future

improvement.

Increasingly, issues involving Hispanics are issues of widespread national concern as well. GAO's reporting activities, in dealing with such concerns, are taking on added importance for America's Hispanic population. Obviously, our reviews of EEO and social programs try to come to terms with national efforts directly affecting Hispanics, but so does our work in such areas as trade, international development, and energy. Recent reviews⁶ with special relevance for Hispanics have included those on the illegal flow of drugs and people from Mexico, the status of Puerto Rico, and the Panama Canal Treaty.

Our ability to draw upon the resources of our Hispanic staff, especially on their unique linguistic and cultural insights, can enrich our work in these and other areas. By attracting qualified Hispanics to GAO's staff, we serve the best interests of GAO, the nation, and those of Hispanic Americans as well.



¹ U.S. News and World Report, May 22, 1978, p. 58.

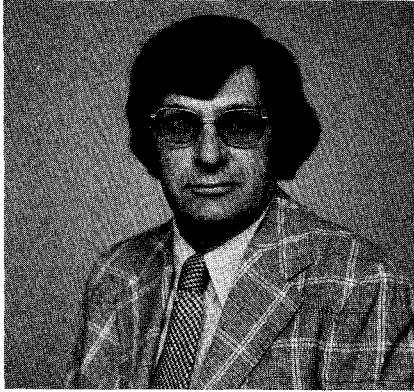
² "Your Turn in the Sun," Time, Oct. 16, 1978, p. 48.

³ Ruben Rumbaut, *The Hispanic Prologue*. Houston, 1978, p. 7.

⁴ *Ibid.*, p. 17.

⁵ James Murphy, *The Spanish Legal Heritage*. Tucson, 1966, p. 38.

⁶ "Illegal Entry at United States—Mexico Border—Multiagency Enforcement Efforts Have Not Been Effective in Stemming the Flow of Drugs and People," (GGD-78-17, Dec. 12, 1977); Staff Study on Background Bearing Upon Panama Canal Treaty Implementation Legislation, (ID-79-33, June 4, 1979); "Experience of Past Territories Can Assist Puerto Rico Status Deliberations," (GGD-80-26, Mar. 7, 1980).



Henry Wray

Mr. Wray has served as Assistant General Counsel for the Special Studies and Analysis section, Office of the General Counsel, since January 1978. He joined GAO in 1971 and worked as an attorney for the General Government Matters section of OGC before assuming his current position. Mr. Wray holds a B.A. degree from Washington and Jefferson College, Washington, Pa., and a J.D. degree from the George Washington University Law School.

The General Accounting Office Act of 1980: The End of a Long Legislative Road



As President Carter signs the General Accounting Office Act of 1980 he is watched by Comptroller General Staats, Senator John Glenn, Representative Jack Brooks and congressional and OMB aides. (White House photo).

On April 3, 1980, the President signed H.R. 24 into law as the "General Accounting Office Act of 1980."¹ This legislation—often referred to in GAO as the "omnibus bill"—(1) authorizes audits by GAO of "unvouchered" expenditures; (2) enables GAO to enforce its access to records rights in the courts; (3) imposes requirements on GAO's draft report comment process; (4) provides for enhanced congressional participation in the appointment of the Comptroller and Deputy Comptroller General; and (5) requires certain executive agency inspectors general to comply with GAO auditing standards.

At the time he signed the bill into law, President Carter noted that:

**** this legislation is the product of extensive discussions between the Executive branch and the Congress.²*

During Senate consideration of the legislation, its floor manager, Senator Glenn, stated:

**** this bill is a milestone in executive-legislative branch relations and resulted from a prodigious amount of staff work that included protracted negotiations with the administration and the GAO, both of whom support its passage.³*

These statements are certainly true of H.R. 24, but they apply with equal force to a long line of prior bills which are the roots of H.R. 24. In fact, the origins of the General Accounting Office Act of 1980 can be traced back for at least a decade to bills introduced in 1970 and most years thereafter. This article describes the extensive legislative efforts that culminated with enactment of H.R. 24.

The First Bill— S. 4432, 91st Congress

On October 2, 1970, the Senate Committee on Government Operations reported as an original bill S. 4432, 91st Cong., the proposed "Budget and Accounting Improvement Act of 1970." If any one measure can lay claim to being the original "omnibus bill" it is S. 4432.

This bill resulted from hearings held by the Senate Government Operations Committee in the fall of 1969 which constituted the first comprehensive review of GAO by that committee since Mr. Staats had become Comptroller General.⁴ The committee report summarized the basic purposes and provisions of S. 4432 as follows:

*The purpose of this bill is to strengthen and broaden the operations under the Comptroller General's Office in order to provide more effective service to Congress. To achieve this, the bill [1] assigns new responsibilities to the Comptroller General in analyzing and auditing Federal expenditures and reduces certain outmoded statutory auditing requirements relative to Government corporations and certain other special Federal operations; [2] changes the name of the General Accounting Office to the Office of the Comptroller General of the United States; [3] grants the Office authority to employ experts and consultants and subpoena records which it is presently authorized to review; [4] provides authority for the Comptroller General to institute suit and to appear in court, with his own counsel in certain instances; and [5] enlarges the role of the Office in examining the operation of ongoing programs and establishes a new program of analyzing legislative authorization and appropriation proposals. This is designed to make its activities more relevant and meaningful to the Congress in the 1970's.*⁵

While S. 4432 was not enacted, a number of its provisions became law during the early 1970's. For example, specific program evaluation authorities along the lines of

those proposed in S. 4432 were contained in the Legislative Reorganization Act of 1970 as amended by the Congressional Budget Act of 1974.⁶ Likewise, the "General Accounting Office Act of 1974" revised a number of statutory audit requirements and authorized the Comptroller General to employ experts and consultants.⁷ Other provisions of S. 4432—changing the name of the GAO and authorizing the Comptroller General to test his legal decisions in court—were eventually abandoned.

The remaining item in S. 4432—granting GAO subpoena power—provides the most consistent thread between the 1970 bill and the General Accounting Office Act of 1980. Section 601 of S. 4432 read:

To assist in carrying out his functions, the Comptroller General may sign and issue subpoenas requiring the production of negotiated contract and subcontract records and records of other non-Federal persons or organizations to which he has a right of access by law or agreement.

Section 602 authorized the Comptroller General to obtain judicial enforcement of subpoenas.

The language of S. 4432 is quite similar to the subpoena power enacted this year, which enables GAO to enforce its access rights against non-Federal parties. However, S. 4432 did not include provisions for enforcement of GAO's access rights against Federal agencies. The Senate report on S. 4432 focused upon GAO's occasional difficulties in getting contractor records, and observed:

**** in the simplest terms, [1] the subpoena would enable the Comptroller General to obtain much quicker resolution in the courts of any dispute over his authority and [2] the power to issue a subpoena would, by its very existence, eliminate many disputes which may be raised merely to create delays.*⁸

The Senate passed S. 4432 by a voice vote on October 9, 1970,⁹ but no action was taken on the House side for the remainder of the 91st Congress.

92d Congress

Very little transpired in the 92d Congress by way of legislation affecting GAO's basic functions. Senator Ribicoff introduced as S. 1022 the same bill that the Senate had passed the year before as S. 4432. However, no action was taken on this bill.

The only other development of interest occurred on October 19, 1971, when Senator Ervin introduced S. 2702, a bill to authorize the Comptroller General to bring suit for declaratory and injunctive relief against any executive branch official:

**** whenever the Comptroller General, in the performance of any of his functions authorized by law, has reasonable cause to believe that such officer or employee is about to expend, obligate, or authorize in an illegal manner, the expenditure or obligation of public funds over which the Comptroller General has account settlement authority.*

This bill, which GAO supported at the time,¹⁰ was designed to provide a means for judicial resolution of disagreements between the Comptroller General and the Attorney General over the legality of Federal expenditures. It would have enabled GAO to prevent expenditures which GAO considered illegal before they occurred, rather than limiting our recourse to "taking exception" to payments already made.

The approach taken in S. 2702—which had been included as well in S. 4432, 91st Cong., and S. 1022, 92d Cong.—actually had its origins in the late 1960's as the result of a notable difference of opinion between the Comptroller General and Attorney General over the legality of the so-called "Philadelphia Plan," an affirmative action program developed by the Labor Department for application to Federal contractors. The Comptroller General had ruled the plan illegal, but the Attorney General later disagreed and stated that his opinion should take precedence over the Comptroller's.¹¹ The Senate then considered an appropriation rider that read as follows:

In view of and in confirmation of the authority vested in the Comptroller General of the

*United States by the Budget and Accounting Act of 1921, as amended, no part of the funds appropriated or otherwise made available by this or any other Act shall be available to finance, either directly or through any Federal aid or grant, any contract or agreement which the Comptroller General of the United States holds to be in contravention of any Federal statute.*¹²

President Nixon objected to the appropriation rider on the ground that it would prevent court review of the underlying legal issues. The President observed:

*When rulings differ, however, when the chief legal officer of the executive branch and the chief watchdog of the Congress end up with opposing views on the same matter of law, the place for resolution of such differences is the courts—just as it is for the resolution of differences between private citizens.*¹³

He suggested that the appropriation rider "should be modified to permit prompt court review of any differences between legal opinions of the Comptroller General and those of the executive, and to permit the Comptroller General to have his own counsel (rather than the Attorney General) to represent him in such cases."

The appropriation rider was rejected. S. 2702, which would have implemented the alternative approach suggested by the President, received no action in the Congress.

93d Congress

GAO took a more active role in seeking legislation during the 93d Congress. On June 20, 1973, the Comptroller General submitted to the Congress a comprehensive draft bill captioned the "Accounting and Auditing Act of 1973." This draft was introduced in the Senate by Senators Ervin, Metcalf, and Ribicoff as S. 2049.¹⁴ Representative Gibbons introduced a companion House version as H.R. 9002.¹⁵ Representatives Holifield and Horton also introduced the bill, by request, as H.R. 9091.¹⁶

The comprehensive 1973 bill contained a number of provisions,

which can be summarized as follows:

- Title I provided for judicial enforcement of GAO decisions, along the same lines as S. 2702, 92d Cong., and other provisions discussed above.
- Title II provided for the issuance and enforcement of subpoenas against non-Federal persons where GAO had a right of access. This language followed language in the 1970 Senate-passed bill, S. 4432, 91st Cong.
- Title III provided for GAO to assist the Congress in developing budget, fiscal, and program information. This is similar to the language added to section 203 of the Legislative Reorganization Act of 1970 by the Congressional Budget Act of 1974, 31 U.S.C. §1153 (1976).
- Title IV expanded GAO's access rights to records of non-Federal parties to cover—

*Each recipient of Federal assistance pursuant to grants, contracts, subgrants, subcontracts, loans, or other arrangements, entered into other than by formal advertising***.*

Title IV also proposed for the first time a judicial remedy for GAO's access problems with Federal agencies. The bill provided that if a Federal agency had not granted GAO access within 20 days after a formal request, the Comptroller General could sue—

*For the purpose of declaring of the rights and other legal relations of the parties *** and no further relief shall be sought by the parties or provided by the court.*

In other words, the court would merely determine whether GAO was or was not entitled to records; it would not issue any orders enforcing access. The bill provided for a three-judge Federal court to hear access questions. It also incorporated a congressional veto mechanism to prevent GAO from bringing suit if either House of Congress disapproved.

- Title V of the bill granted the Comptroller General exclusive custody and control over the GAO building.
- Title VI authorized GAO to conduct "profits studies" of Government contractors or subcontractors doing more than \$1 million of business with the Government in a fiscal year.¹⁷
- Title VII allowed the Comptroller General to fix the limit for statistical sampling of vouchers, in lieu of the statutory limit of \$100 per voucher then in effect,¹⁸ and required GAO to evaluate statistical sampling procedures in its audits of accounting systems.
- Title VIII proposed to transfer primary responsibility for audits of transportation payments from GAO to the Office of Management and Budget.
- Title IX authorized GAO to audit nonappropriated fund activities.
- Title X authorized the Comptroller General to hire experts and consultants.
- Title XI changed the frequency requirements for GAO audits of Government corporations from every year to once every 3 years; and title XII placed on a discretionary basis other requirements for annual audits.

As it turned out, the 1973 legislation was a little too comprehensive, and it languished in committee in both Houses. The strategy to get the legislation moving, developed by GAO and congressional staff members, was to divide the comprehensive bill into two separate measures. In letters to Senator Ervin and Representative Holifield dated December 19, 1973, the Comptroller General formally suggested that the two new measures be substituted for the comprehensive bill:

**** we believe that consideration of the various provisions of S. 2049 could be simplified and expedited if the bill were divided into two separate bills: one dealing with relatively straightforward provisions relating to largely routine*

*changes in this agency's activities and a second bill dealing with what may be considered more profound and complex issues relating to our functions.*¹⁹

And so were born the "controversial" and "noncontroversial" GAO bills. The "controversial" bill, called the "Accounting and Auditing Act of 1973," consisted of the following provisions from the comprehensive bill: judicial enforcement of GAO decisions (title I); subpoena power (title II); budget, fiscal, and program information (title III); access to records (title IV); and the profits study authorization (title VI).

The "noncontroversial" bill, labeled the "General Accounting Office Act of 1973," included the remaining provisions from the comprehensive bill: statistical sampling (title VII); transfer of transportation payment audits (title VIII); nonappropriated fund audits (title IX); employment of experts and consultants (title X); control over the GAO building (title V); and changes in the frequency of statutory audit requirements (title XI and XII).

Senator Ervin introduced the noncontroversial bill as S. 3013, and the controversial bill as S. 3014.²⁰ On December 21, 1973, Representatives Holifield and Horton had likewise introduced these bills as H.R. 12113 and H.R. 12114, respectively.

The predictions underlying the splitting of the GAO bill proved to be accurate. The "controversial" bill went nowhere. However, the "noncontroversial" bill was enacted as the "General Accounting Office Act of 1974" in much the same form as first introduced.²¹

94th Congress

The "controversial" bill was introduced again the next year as S. 2268, "General Accounting Office Act of 1975."²² This bill was identical to the prior year's version except that it omitted the title on budget, fiscal, and program information, the substance of which had been included in the Congressional Budget Act of 1974.

Earlier in the first session of the 94th Congress, Senator Metcalf and Representative Brooks had introduced bills which in some respects provide the antecedents of the

provisions in the General Accounting Office Act of 1980 concerning the appointment method of the Comptroller General and the Deputy Comptroller General. Senator Metcalf's bill, S. 2206, proposed to have the Comptroller and Deputy Comptroller General appointed by the Speaker of the House of Representatives and the President *pro tempore* of the Senate, after consideration of recommendations from the House and Senate Committees on Government Operations. It would also have reduced the Comptroller's term of office from 15 to 7 years and provided for the Deputy's term to coincide with the Comptroller's. Finally, it provided for removal of the Comptroller or Deputy by simple resolution of either House of Congress. Another bill (S. 2205), which Senator Metcalf introduced on the same day, likewise provided for congressional appointment of the Librarian of Congress, the Architect of the Capitol, and the Public Printer. The Senator described these two bills as "together constitut[ing] a congressional declaration of independence from the White House."²³

Hearings on several bills, including S. 2206 and S. 2268, were held by Senator Metcalf's Subcommittee on Reports, Accounting, and Management, Senate Committee on Government Operations, on October 2, 1975. While the Comptroller General supported S. 2268, he opposed S. 2206. Neither bill was reported from committee.

Representative Brooks' bill, H.R. 8616, also provided for congressional appointment of the Comptroller General as well as the officials covered by Senator Metcalf's S. 2205. The Brooks bill provided for the Comptroller General to be nominated by the Joint Committee on Congressional Operations, appointed by the Speaker of the House and the President *pro tempore* of the Senate, and confirmed by a majority vote of each House of Congress. H.R. 8616 also provided for the Comptroller to appoint his own Deputy, who would serve at the pleasure of the Comptroller. Finally the bill reduced the Comptroller's term to 10 years and provided for his removal by concurrent resolution of the Congress.²⁴

The next several years saw no formal legislative initiatives along the lines of S. 2268 and other versions of the "controversial" GAO bill. The closest legislation was H.R. 12729, 94th Cong., introduced by Representative Abzug on March 23, 1976, for the purpose of—

**** affirm[ing] the authority of the Comptroller General to have access to any books, documents, papers, or records of any Federal department or establishment for managerial and operational as well as for fiscal reviews and evaluation.*

The Abzug bill was designed to overcome GAO's problems in gaining access to FBI records and to respond to the argument occasionally raised by executive branch officials that GAO's access was limited to records relating to financial matters. The bill would have added to GAO's basic access authority under section 313 of the Budget and Accounting Act, 1921, 31 U.S.C. §54, and explicit provision that our access rights—

**** shall not be restricted to only those books, documents, papers, and records pertaining to the receipts, disbursement, or application of public funds, but shall extend to all books, documents, papers, or records within the possession or control of any such department or establishment.*

The Comptroller General supported the Abzug bill since it endorsed GAO's current legal position, but pointed out that what was really needed was an enforcement authority such as the access remedies proposed in S. 2268.²⁵

While progress was slow toward enactment of a general access enforcement remedy for GAO, significant developments had occurred, and continued to occur in some areas.

On May 7, 1974, the Federal Energy Administration Act was signed into law converting the old Federal Energy Office into a new statutory agency.²⁶ Section 12 of the act, 88 Stat. 106 (15 U.S.C. §771), gave GAO broad authority to monitor and evaluate the operations of the Federal Energy Administration. This audit authority was accompanied by an equally broad

grant of access to information materials from—

**** any person owning or operating facilities or business premises who is engaged in any phase of energy supply or major energy consumption, where such material relates to the purposes of this Act ***.*

Also, section 12 gave the Comptroller General subpoena power, for the first time ever, in connection with his broad audit and access rights under the act. This subpoena power could only be exercised, however, with the prior concurrence of an appropriate congressional committee reflected by adoption of a committee resolution.

In late 1975, title V of the Energy Policy and Conservation Act was enacted.²⁷ This legislation granted the Comptroller General authority to conduct verification examinations with respect to persons submitting energy information to designated Federal agencies. Title V also granted the Comptroller General authority to issue and enforce subpoenas in connection with verification audits and to issue orders imposing civil penalties on persons who refused to grant GAO access. Unlike the Federal Energy Administration Act, use of the title V enforcement remedies was not made subject to prior congressional approval.

Section 6 of the Medicare-Medicaid Anti-Fraud and Abuse Amendments, enacted in 1977,²⁸ added a new section 1125 to the Social Security Act, 42 U.S.C. §1320a-4, which granted the Comptroller General authority to issue and enforce subpoenas for the production by any person of information relevant to GAO audits of programs authorized under the Social Security Act.

Section 207 of the Department of Energy Organization Act²⁹ applied GAO's authority under section 12 of the Federal Energy Administration Act, discussed above, to all functions of the newly established Energy Department.

In addition to the legislation granting GAO subpoena power in particular instances, the Congress also enacted legislation dealing with longstanding access disputes between GAO and certain Federal agencies. The act, approved Octo-

ber 7, 1977, Public Law 95-125, provided express statutory authority for GAO audits of the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms of the Treasury Department.³⁰ The act thus removed objections by executive branch officials that GAO had no right to conduct program audits of the IRS and BATF.

The Federal Banking Agency Audit Act, approved July 21, 1978, as Public Law 95-320, granted GAO audit and access to records authority with regard to the Federal bank regulatory agencies.³¹

H.R. 12171, 95th Congress

While no comprehensive GAO bill was introduced in 1976 and 1977, there were extensive behind-the-scenes discussions among GAO officials and congressional staff members. By the fall of 1977, these discussions had focused on the following potential subject areas for a bill: GAO audits of so-called "unvouchered" expenditures; general access to records enforcement powers; revisions in the method of appointment of the Comptroller General and Deputy Comptroller General; GAO's process of getting agency comments on draft reports; revisions in the system governing GAO personnel; and revision of the Comptroller General retirement provisions. Other subject areas of prior year GAO "omnibus" bills—enforcement of legal decisions and permanent authority to conduct profit studies—had been dropped.

On February 28, 1978, the Comptroller General formally transmitted a package of three draft bills to Chairman Brooks of the House Committee on Government Operations and Chairman Ribicoff of the Senate Committee on Governmental Affairs.³² One draft bill proposed to amend the Comptroller General's retirement and survivorship law; another was the GAO personnel legislation.³³ The third draft bill, captioned the "Federal Accounting and Auditing Act of 1978," was the latest version of the "controversial" GAO bill. On April 18, 1978, Chairman Brooks introduced the proposed Federal Accounting and Auditing Act of 1978 as H.R. 12171, 95th Congress.

As originally introduced, H.R. 12171 had three basic provisions (the first section being the "short title" of the bill), which may be summarized as follows:

- Section 2 of the bill proposed to amend section 117 of the Accounting and Auditing Act of 1950 by adding a new subsection providing for GAO audits of "unvouchered" expenditures; *i.e.*, "expenditures *** accounted for solely on the approval, authorization, or certificate of the President of the United States or an official of a department or establishment ***." The Comptroller General was granted access to such information as he deemed necessary "to determine whether the expenditure was, in fact, actually made and whether such expenditure was authorized by law." The proposed unvouchered expenditure audit can be traced back to concerns expressed in earlier years by Representative Eckhardt that greater accountability was necessary in the use of confidential funds. Much of the language in section 2 of H.R. 12171 was taken from a bill introduced by Representative Eckhardt in 1977.³⁴
- Section 3 of H.R. 12171 proposed to give GAO across-the-board authority to enforce its existing access rights with regard to Federal agencies and non-Federal parties. It would have amended section 313 of the Budget and Accounting Act, 1921, to provide that if any department or establishment failed to make records available to GAO within 20 days after a request under the 1921 act or any other provision of law or agreement granting the Comptroller General access, the Comptroller General could bring an enforcement action in the United States District Court for the District of Columbia. Section 3 also granted the Comptroller authority to issue, and enforce in the courts, subpoenas "requir-

ing the production of contractor and subcontractor records pertaining to negotiated contracts and records of other non-Federal persons or organizations to which he [the Comptroller] has a right of access by any law or agreement." This authority was similar to earlier GAO bills.

- Section 4 of the bill revised the procedure for appointment of the Comptroller General and the appointment and term of the Deputy Comptroller General. The bill retained the feature of the present law that the Comptroller be appointed by the President, subject to Senate confirmation, but it required the President to make his appointment from a list of persons submitted to him by a commission composed of the Speaker of the House, the President *pro tempore* of the Senate, the majority and minority leaders of the House and Senate, and the chairman and ranking minority member of the House Government Operations Committee and the Senate Governmental Affairs. After consultation with the President, the commission would submit at least three names to the President. The President could request additional names. Finally, section 4 provided that the Deputy Comptroller General be appointed by, and serve at the pleasure of, the Comptroller General. This would have eliminated the Presidential appointment for the Deputy and also the statutory 15-year term of office.

Hearings on H.R. 12171 were held on May 17 and June 26, 1978.³⁵ Comptroller General Staats testified in support of all provisions in H.R. 12171. However, the bill was opposed by Larry A. Hammond, a Deputy Assistant Attorney General with the Justice Department. Mr. Hammond's objections centered on sections 3 and 4 of the bill. He suggested that, while the section 3 access enforcement provisions as applied to Federal agen-

cies were probably constitutional, it would be preferable to leave such access disputes for informal resolution without involving the courts. He also testified that the proposed change in the appointment process for the Comptroller General under section 4, requiring the President to nominate from a list of names submitted by congressional officials, would violate the Appointments Clause of the Constitution (Article 2, §2, cl. 2) since the Comptroller performs some "executive" functions.

On September 19, 1978, the House Committee on Government Operations favorably reported H.R. 12171 without amendments.³⁶ However, two changes were made in the bill before it was brought up for House action. First, language was added to the unvouchered expenditure provisions in section 2 to authorize the President to exempt from GAO audit sensitive information concerning foreign intelligence and counterintelligence activities. Exempted transactions were to be reviewable by the House and Senate Intelligence Committees. Second, the provisions in section 4 concerning the appointment and term of the Deputy Comptroller General were modified to meet potential Senate objections. The modification returned the Deputy to a presidential appointee, subject to the new appointment procedures applicable to the Comptroller. Also, rather than have the Deputy serve at the pleasure of the Comptroller, the Deputy's term was made to expire at the same time as the Comptroller's.

The full House passed the bill by voice vote on October 3,³⁷ but the Senate did not act on the bill. In the waning days of the 95th Congress, an attempt was made to secure Senate passage of H.R. 12171. However, when it became clear that the only provision that could pass at that stage was the subpoena power for non-Federal parties, the congressional sponsors, in consultation with GAO officials, decided not to push for Senate passage.

H.R. 24 and S. 1878

It was back to the drawing board with the GAO bill when the 96th Congress convened in January

1979. However, very little time was lost. On the first day of the new Congress—January 15, 1979—Representative Brooks introduced H.R. 24, the "General Accounting Office Act of 1979."³⁸ The introduced version of H.R. 24 was quite similar to the bill that passed the House the year before. It included the unvouchered expenditure audit provision as section 101, enforcement of access to records as section 102, and the provisions relating to the appointment of the Comptroller and Deputy Comptroller General as section 104.

The 1979 bill also included two new provisions. Section 103, captioned "Availability of Draft Reports," provided that a draft GAO report could not be made available for agency comments for period in excess of 30 days, unless the Comptroller General determined that a longer period was necessary and was likely to result in improving the accuracy or reliability of the report. Section 103 further provided that GAO could solicit agency comments on "only those portions of such reports which contained, in the opinion of the Comptroller General, factual determinations and conclusions ***." Finally, H.R. 24 contained a title II, which required the Inspectors General of the Department of Energy and the Department of HEW to conform to GAO auditing standards.

Introduction of H.R. 24 was followed by a period of intensive but protracted discussions involving GAO and executive branch officials, presided over by the staff of the House Government Operations Committee. The object was to arrive at a version of the bill that all parties could support. The result of these initial efforts was an "Amendment in the Nature of a Substitute to H.R. 24," prepared by the committee staff.³⁹ The amendment made several significant changes in H.R. 24. It added to section 102 a requirement that the Comptroller General give the Attorney General an additional 20 days notice before an action to enforce access against a Federal agency could be initiated. It removed from section 103 the prohibition against GAO obtaining comments on portions of draft reports other than factual determinations and conclusions. The

new section 103 added a requirement that whenever GAO requested agency comments on a draft report, the draft was to be made available upon request to certain congressional officials. Also, the Comptroller General was required by the new section 103 to prepare and issue with the final version of the report a statement of any significant changes from prior drafts in the findings, conclusions or recommendations which were based on the agency comments, and the reasons for such changes. Finally, and perhaps most significantly, the amendment changed section 104 to provide that the congressional commission "recommend" individuals to the President for appointment as Comptroller General and Deputy Comptroller General. No longer was the President legally required to nominate candidates from those names submitted by the commission.

The Amendment in the Nature of a Substitute did meet some of the objections that had been raised to the bill. The changes in section 104 removed the Justice Department's constitutional objection to the appointment provisions. However, the executive branch officials stood firm in their objections to sections 101 and 102, particularly the access enforcement remedy against Federal agencies, and Director McIntyre of the Office of Management and Budget testified against these sections of the bill.⁴⁰

Notwithstanding the executive branch objections, the House Committee favorably reported H.R. 24, with the text of the Amendment in the Nature of a Substitute, by a vote of 33 to 0.⁴¹ On October 29, 1979, the full House passed H.R. 24 under suspension of the rules.⁴² The only change from the reported version of the bill was a provision, requested by the House Permanent Select Intelligence Committee and agreed to by Representative Brooks, which precluded use of the access enforcement remedies in section 102 to obtain information relating to personally designated foreign intelligence or counterintelligence activities.

With House passage of H.R. 24, attention once again turned to the Senate, where H.R. 12171 had died the year before. However, the result

would be different this time. On October 11, 1979, Senator Glenn introduced a Senate version of the General Accounting Office Act of 1979 as S. 1878.⁴³ This bill was very similar to the House-passed bill except that it omitted the provisions on GAO draft reports.

On October 16, 1979, Senator Glenn's Subcommittee of the Senate Committee on Governmental Affairs held hearings on S. 1878.⁴⁴ The only witnesses at the October 16 hearing were Comptroller General Staats and other GAO officials. They supported S. 1878 in full, but recommended that the House-passed language on GAO draft reports be added to the Senate bill. At this point it appeared that the bill might have clear sailing, as no executive branch official had accepted the Senate Subcommittee's invitation to testify. However, it soon became clear that the executive branch objections had not dissipated. Several executive agencies sent letters to the Senate Committee opposing the bill, and on December 6, 1979, Deputy Assistant Attorney General Hammond again testified against the legislation. Once more the executive branch objections focused upon the section 102 access to records enforcement remedy against Federal agencies.

These objections prompted another round of internal negotiations, this time under the auspices of the Senate Subcommittee staff. The Senate negotiations resulted in a rewrite by Senator Glenn of section 102 of the bill, which ultimately provided the compromise leading to enactment of the bill. The essence of this amendment was to specify certain categories of information for which the Comptroller General could not invoke his access enforcement authority. The first exemption was the same as an exemption contained in the House-passed bill, covering material relating to foreign intelligence or counterintelligence activities designated by the President. The second and third exemptions were new, and applied as follows:

[2] *If such material is specifically exempted from disclosure to the Comptroller General by statute provided that such statute [A] required that the material be*

withheld from the Comptroller General in such a manner as to leave no discretion on the issue, or [B] establishes particular criteria for withholding from the Comptroller General or refers to particular types of matters to be withheld from the Comptroller General; or

[3] *If the President or the Director of the Office of Management and Budget within 20 days after the filing of a report under subsection [b] [1], certifies in writing to the Comptroller General, the Speaker of the House of Representatives and the President of the Senate, that [A] such material consists of matters which can be withheld from disclosure under section 552[b][5] or 552[b][7], of title 5 United States Code and [B] the disclosure of such material to the Comptroller General could reasonably be expected to substantially impair the operations of the Federal Government. Such certification shall be nondelegable by the President or by the Director of the Office of Management and Budget and shall be accompanied by a full explanation of the rationale therefore.*

The second exemption represented the heart of the compromise. It enabled the President or the Director of OMB to prevent GAO from going to court to get access to records that (A) could be withheld from the public under the Freedom of Information Act as either internal advice memoranda or law enforcement files if (B) the President or Director certified that giving GAO access "could reasonably be expected to substantially impair the operations of the Federal Government."

Senator Glenn proposed several other amendments to the Senate bill. One of these amendments allowed the President to exempt from section 101, unvouchered expenditure audits, transactions relating to certain domestic law enforcement investigations. Another Glenn amendment required OMB to produce a listing of unvouchered expenditure accounts. A third amendment limited the number of congressional committees that could receive reports on GAO's unvouch-

ered expenditure audits. Lastly, Senator Glenn offered an amendment adding the House-passed language dealing with GAO draft reports, along with an additional provision requiring GAO to follow statutory and executive order guidelines in its handling and storage of classified information in connection with draft report procedures.

The compromise language discussed above, particularly the language dealing with access enforcement, proved to be acceptable to the executive branch. On February 8, 1980, the Senate bill was favorably reported with these amendments.⁴⁵

After many long years, the end was now in sight. The full Senate passed S. 1878 on February 28, 1980.⁴⁶ It then passed H.R. 24 after inserting the language of the Senate bill and sending H.R. 24 back to the House. On March 19, 1980, the House of Representatives concurred in the Senate amendments to H.R. 24, thereby clearing the bill for the President.⁴⁷ President Carter signed H.R. 24 into law on April 3, 1980.

Looking to the Future

The General Accounting Office Act of 1980 was indeed a long time in the making. Will this protracted and difficult effort prove to be justified? Senator Glenn thought so when he suggested during Senate consideration that "[f]uture historians may well look upon this peice of legislation as one of the most significant to emerge from the 96th Congress."⁴⁸

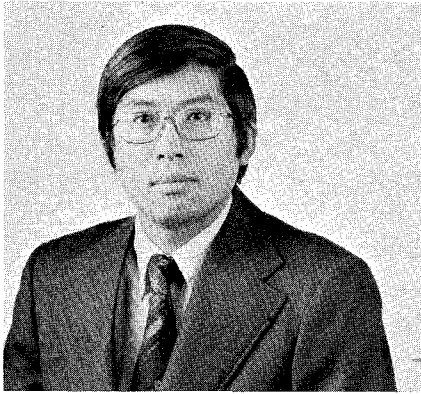
GAO is now planning its approach to the section 101 unvouchered expenditure audits, and procedures to implement the section 103 requirements for draft report comments are in effect. The section 104 procedures concerning the appointment of the Comptroller and Deputy Comptroller General will be invoked very shortly. The title II inspector general provisions are self-executing.

It is likely that the acid test for the General Accounting Office Act will come down to the effectiveness of its most controversial provisions—the section 102 access enforcement remedies. The impact of section 102 may be quite subtle;

in fact, this would be the preferable result. GAO officials have made clear throughout the course of the legislation that the judicial remedies should be invoked only as a last resort after reasonable efforts at accommodation have failed, and

Congress has endorsed this approach.⁴⁹ The key benefits of section 102 should be to prevent many access disputes from ever arising and stimulating the prompt and informal resolution of those disputes which do arise.

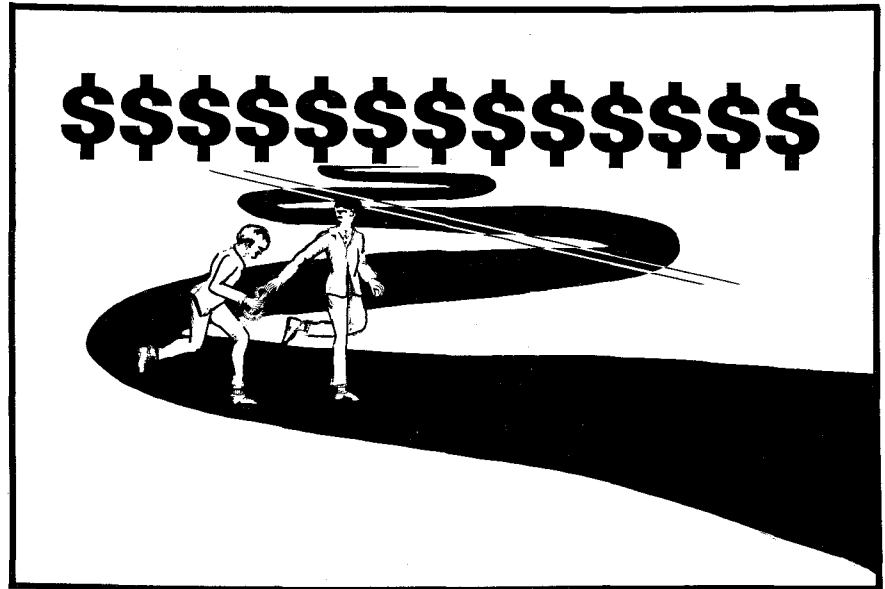
- ¹ Public Law 96-226, 94 Stat. 311.
- ² 16 Weekly Compilation of Presidential Documents 603.
- ³ Cong. Rec. for February 28, 1980 (daily ed.), at S2062.
- ⁴ S. Rep. No. 91-1264 at p. 4 (1970).
- ⁵ *Id.* at p. 1.
- ⁶ See particularly section 204 of the Legislative Reorganization Act as amended, 31 U.S.C. §1154 (1976).
- ⁷ This act, which originated as H.R. 12113, 93d Cong., is described in more detail later in this article.
- ⁸ S. Rep. No. 91-1264, at pp. 13-14.
- ⁹ 116 Cong. Rec. 35931-34.
- ¹⁰ See letter from the Comptroller General to Chairman Eastland, of the Senate Judiciary Committee, B-167710, November 24, 1971. In fact, the GAO had drafted similar language. See letter from the Comptroller General to Chairman Celler, of the House Judiciary Committee, B-167710, August 2, 1971.
- ¹¹ The last in a series of GAO opinions on the Philadelphia Plan is published at 49 Comp. Gen. 59 (1969). The Attorney General's opinion to the contrary can be found at 42 Ops. Att'y Gen. 385 (1969). Ultimately the courts sided with the Attorney General. See *Contractors Ass'n Eastern Pennsylvania v. Secretary of Labor*, 311 Fed. Supp. 1002 (E.D. Pa. 1970) *aff'd*, 442 F.2d 159 (3d Cir.), *cert. denied*, 404 U.S. 854 (1971).
- ¹² The rider was section 904 of the Supplemental Appropriations Bill, 1970, H.R. 15209. See 115 Cong. Rec. 39944 (1969).
- ¹³ The President's comments, and other aspects of the background of the bill, are discussed in Senator Ervin's remarks on introducing S.2702. See 117 Cong. Rec. 36641-42 (1971).
- ¹⁴ 119 Cong. Rec. 20656 (1973).
- ¹⁵ *Id.*, at 21861.
- ¹⁶ *Id.*, at 22432.
- ¹⁷ This title would have enacted a permanent authorization for the type of GAO study that was mandated on a one-time basis by section 408 of Public Law 91-121, 83 Stat. 204, 208 (November 19, 1969), and reported by GAO on March 17, 1971, B-159896.
- ¹⁸ See 31 U.S.C. §82b-1 (1970).
- ¹⁹ The letter to Senator Ervin is reprinted at 120 Cong. Rec. 3313-14 (1974).
- ²⁰ 120 Cong. Rec. 3313 (1974).
- ²¹ The 1974 act is Public Law 93-604, 88 Stat. 1959, approved by the President on January 2, 1975.
- ²² 121 Cong. Rec. 26794 (1975).
- ²³ 121 Cong. Rec. 25608 (1975). An earlier bill by Senator Metcalf—S. 1278, 93d Cong.—also provided for congressional appointment of the Comptroller General, Deputy Comptroller General, and the officials covered by S. 2205.
- ²⁴ 121 Cong. Rec. 22668-69 (1975). GAO also opposed the changes proposed by H.R. 8616 with respect to the Comptroller and Deputy Comptroller General. See letter from Mr. Staats to Chairman Hayes, Committee on House Administration, B-177913, November 5, 1975.
- ²⁵ A letter from the Comptroller General to Chairman Brooks, House Committee on Government Operations, dated May 24, 1976, B-167710.
- ²⁶ Public Law 93-275, 88 Stat. 96.
- ²⁷ Public Law 94-163, Title V, 89 Stat. 871, 956 (Dec. 22, 1975), 42 U.S.C. §§6381-6384.
- ²⁸ Public Law 95-142, §6, 91 Stat. 1175, 1192 (Oct. 25, 1977).
- ²⁹ Public Law 95-91, §207, 91 Stat. 565, 574 (August 4, 1977).
- ³⁰ This act added a new subsection (d) to section 117 of the Accounting and Auditing Act of 1950, 31 U.S.C. §67.
- ³¹ This act added a new subsection (e) to section 117 of the Accounting and Auditing Act.
- ³² B-167710, February 28, 1978.
- ³³ The retirement bill was introduced in the House as H.R. 12196 and in the Senate as S. 3412, 95th Cong. This legislation was enacted as the "Comptroller General Annuity Adjustment Act of 1978," approved October 25, 1978, Public Law 95-512, 92 Stat. 1799. The personnel legislation was considered during 1978 and 1979 and was enacted on February 15, 1980, as the "General Accounting Office Personnel Act of 1980," Public Law 96-191, 94 Stat. 27.
- ³⁴ This bill was H.R. 2422, 95th Congress. In a letter to Chairman Brooks dated May 10, 1977, B-167710, GAO supported H.R. 2422. In prior years, Mr. Eckhardt had proposed appropriation limitations to prevent the use of unvouchered funds without provision for GAO audits.
- ³⁵ Hearings before a Subcommittee of the Committee of Government Operations, House of Representatives 95th Cong. 2d Sess., on H.R. 12171, entitled, "Strengthening Comptroller General's Access to Records; New Procedure for Appointment."
- ³⁶ H.R. Rep. No. 95-1586.
- ³⁷ Cong. Rec. for October 3, 1978 (daily ed.), at H11358-60.
- ³⁸ Congressional Record for January 15, 1979 (daily ed.), H52.
- ³⁹ See Hearing Before a Subcommittee of the House Committee on Government Operations, 96th Cong., 1st Sess., on H.R. 24, General Accounting Office Act of 1979 (June 19, 1979), at pp. 30-39.
- ⁴⁰ *Id.*, at 86-117.
- ⁴¹ H.R. Rep. No. 96-425 (1979).
- ⁴² Cong. Rec. for October 29, 1979 (daily ed.), H9835-57.
- ⁴³ Cong. Rec. for October 11, 1979 (daily ed.), at S14439-40.
- ⁴⁴ See Hearings Before the Subcommittee on Energy, Nuclear Proliferation, and Federal Services of the Senate Committee on Governmental Affairs, 96 Cong., 1st Sess. on S.1878 and S.1879, *GAO Legislation*.
- ⁴⁵ S. Rep. No. 96-570 (1980).
- ⁴⁶ Cong. Rec. for February 28, 1980 (daily ed.), at S2059-62.
- ⁴⁷ Cong. Rec. for March 19, 1980 (daily ed.), at H1973-76.
- ⁴⁸ Cong. Rec. for February 28, 1980 (daily ed.), at S2061.
- ⁴⁹ See, for example, H.R. Rep. No. 96-425, 7 (1979); S. Rep. No. 96-570, 8 (1980).



Stephen J. Jue

Mr. Jue, a supervisory management analyst in the Seattle regional office, has been with GAO since 1972 and is responsible for the ADP issue area and the region's technical assistance group. He has a B.S. degree in statistics from San Francisco State College and an M.B.A. degree in operations research from California State University at Hayward. Mr. Jue is past president and founder of the Puget Sound Chapter of the EDP Auditor's Association. He is also a past contributor to the *GAO Review*.

The Road to a Billion-Dollar Saving: A Team Effort



In April 1976 the Air Force embarked on the largest single computer acquisition in Government history. The project, called Phase IV, was to replace current computer systems at Air Force bases around the world at an estimated 20-year cost of \$4 billion. Presently, most of the 118 Air Force bases located throughout the world have two computer systems, one for processing supply applications and one for processing administrative applications, such as finance and accounting, payroll, and personnel. The replacement plan would exchange computers on a one-for-one basis.

The Journey Begins

GAO's review, and later congressional interest, began in late 1978. Statutory survey of the use of functional specifications for computer acquisitions in the Government had uncovered the Phase IV project. At that time, the Air Force was seeking comments to its draft request for proposals from potential computer system bidders. The request was

1,300 pages long and had more than 400 pounds of supporting material accompanying it. The Boston staff's review of this material, along with the later release of an internal Air Force audit report critical to the proposal, caused GAO staff to discuss the computer acquisition with staff of the House Committee on Government Operations in mid-December 1978. Committee staff and GAO agreed that the Phase IV project should be reviewed and any possible procurement problems brought to the committee's attention before the contract award, scheduled for mid-June 1979.

This discussion, and vendor complaints to the committee, prompted committee Chairman Jack Brooks to formally ask GAO to review the Phase IV project. Specifically, the Chairman wanted GAO to determine why the Air Force needed to acquire two separate computer systems at each base, why few vendors participated in the competition, and how the Air Force handled unsolicited proposals made by an incumbent vendor before the request for proposals was issued.

Forming the Team

During the job scoping process, we began developing criteria for selecting staff who could best respond to the committee's request. Among the considerations was that staff would have to visit Air Force headquarters, major air commands, the Phase IV project manager's office, the computer acquisition center, and a representative number of air bases, including a geographically remote location to represent foreign-based operations.

With the criteria developed, the Financial and General Management Studies Division (FGMSD) selected the Atlanta, Dallas, Kansas City, (St. Louis), Seattle, and Washington regional offices to join the team. By mid-April 1979, each of the regions had ADP-knowledgeable staff ready to start. The team held a job kickoff conference the second week of May, and the following week the team members were off to all parts of the country. When fieldwork was completed 5 months later, the team had visited 14 air bases in 5 major air commands having installations in 12 States, from Alaska to Florida.

The Team Effort

A formal audit program was never written for the job because of the compressed timeframe involved. Instead, we used the committee letter and the Air Force response to its internal audit report as guides for our work. In addition, each audit staff developed a specific area of the audit and provided the other five sub-teams with audit questions to ask at their locations. For example, the Atlanta region concentrated on the facilities and personnel issues because much of the basic data was available at the project manager's office in the Atlanta region; Dallas and St. Louis developed issues stemming from their work at the major commands (SAC, MAC, and ATC); Seattle focused on the remote location and on questions concerning data processing during military buildups; and FGMSD and the Washington regional office concentrated on the issues of restrictive competition and unsolicited proposals, as well as Tactical Air



Key team members from left to right: Steve Jue, Seattle; Curt Carter, Atlanta; Bill Bradley, Dallas (front); Carl Palmer, FGMSD; Neal Seago, Atlanta; Carl Marora, Atlanta; Terry Young, St. Louis; Dave Dore, FGMSD. Other contributing team members not pictured: Carl Bruce, Dallas; Bettye Caton, Dallas; Walter Cyganowski, Dallas; Ted Gonter, FGMSD; Rodney Griffith, St. Louis; John Mollet, Kansas City; Greg Symons, Kansas City; Edward Waytel, WRO; David Zugsberger, Anchorage.

Command at Langley AFB, Va.

This arrangement made frequent meetings and phone communications mandatory. The team met almost monthly to exchange information and prepare for congressional briefings. Close communications with the committee staff resulted in three briefings, held in June, July, and August.

As the audit developed, some information needed from the Air Force became increasingly difficult to obtain. The general in charge of the Phase IV project openly labeled our review as unnecessary and a hindrance to completing the project. He began to require that our requests for information from the project manager's office be cleared with Air Force headquarters prior to releasing the information. In addition, project officials told us that some information was "source selection sensitive," and because of the sensitivity they would not give us the information until it was first reviewed by Air Force headquarters. Later, they specifically refused access to key data.

We told the committee about the difficulties we were experiencing in

obtaining information. As a consequence, Chairman Brooks wrote a letter to the Air Force requesting that it cooperate more fully with our review. At one point, committee subpoenas were contemplated to obtain critical project information. The Air Force tactic delayed us at least 2 months in completing our site work.

The Drive to the Finish

Originally, we had planned to give a final briefing to the committee in October 1979 and issue a report by the end of the year. However, this plan was drastically changed because the Air Force refused to accept Chairman Brooks' June 1979 suggestion to delay accepting vendor offers until GAO could complete its review. The Air Force proceeded not only to accept bid proposals, but even began the formal process of evaluating the proposals.

Therefore, the committee decided it was necessary to hold hearings on the Phase IV project to bring attention to the serious questions

being identified during the review. The committee alerted the team and told it that hearings could be held anytime, with GAO possibly having no more than 48 hours' advance notice. Because of the sudden change in reporting objectives and time schedule, the responsibilities for summarizing and developing reporting issues were divided among the team. Atlanta developed the facilities and personnel issues; Dallas and St. Louis developed the base and command summaries; Seattle developed the technical specifications issue and assisted FGMSD with the vendor concerns issue; and FGMSD concentrated on the equipment issue, the testimony statement, and the administrative details for issuing the product. Team members began putting together their issue areas to develop a detailed document supporting the testimony statement.

The committee finally set the hearing date for the first week of October, and all key team members migrated to Washington, D.C., to complete the assignment. The days before the hearings were hectic. The team made many changes to the testimony statement and supporting document, verified calculations and briefed the Comptroller General, the FGMSD division director, and other GAO personnel.

Although they had worked on previous congressional request assignments, most of the team members had never participated in hearings; therefore a lot of interest and nervous excitement existed. One team member said he was awakened early in the morning of the hearings by a voice asking him about "those facilities." He jumped out of bed saying, "What facilities?" He calmed down when he realized he was dreaming.

The hearings lasted 2 days with testimony being given by GAO, the Air Force, the General Services Administration, and the Department of Defense. Needless to say, there was considerable interest among computer industry personnel in the proceedings and findings presented, particularly those computer firms that had invested several million dollars to prepare bid proposals.

We told the committee that we found little justification for two

computer systems at most air bases. The Air Force had said that the demand to process classified information, the need for onsite backup, the need for increased processing during military build-ups, and the need for flexibility during the conversion were sufficient reasons to warrant two systems. To the contrary, we found that the amount of classified processing was minimal and could be scheduled during weekends and slack periods; no Air Force requirement for onsite backup existed and all bases had backup agreements with neighboring bases; Air Force personnel could prioritize their work during increased activity; and conversion to two systems would provide no more flexibility than to one.

We found that the reasons most vendors cited for not bidding on the project were the unnecessary technical restrictions specified in the request for proposals and the Air Force requirements for outdated technology. For example, our review identified that the incumbent was the only one of the major computer vendors that could meet the technical specifications for the video display units with an off-the-shelf unit. Also, the Air Force required equipment that either the industry no longer made or was obsolete.

Overall, we bluntly recommended that the Air Force should cancel the Phase IV request for proposals and issue a new one to increase competition and more accurately reflect actual system user needs. We estimated cost savings of between \$663 million and \$1 billion. The Air Force, of course, disputed our estimated cost savings as well as our recommendation. However, they did not offer the committee any further justification for the two-system Phase IV approach or the need to retain the restrictive technical specifications in the request for proposals.

The committee questioned GSA about its procurement oversight role and DOD about its policy and review procedures for processing computer procurements. The committee seemed less than satisfied with the answers it received from these agencies. Considering the magnitude of this project, the

committee believed that GSA and DOD should have taken a more active role in the procurement process.

At the conclusion of the hearings, Chairman Brooks and his staff personally thanked each team member for working on the job. Thinking the job was essentially finished, some team members returned to their respective locations that day, and others the following day. Later that week, the committee's staff director notified GAO that the Chairman wanted a written report within 10 days. All key staff members were recalled to Washington, D.C. to complete and process the supporting statement and the report.

The team members spent the next 10 days indexing, responding to review notes, meeting with GSA officials, reviewing testimony transcripts, preparing rebuttals to Air Force testimony, furnishing additional material to the committee staff, and processing the report.

The End of the Road

The somewhat weary but satisfied team completed its job when the report, titled "The Air Force Should Cancel Plans To Acquire Two Computer Systems At Most Bases" (FGMSD-80-15), was issued on October 26, 1979, 10 days after the committee's request. Several team members continued to work with GSA and the committee staff. On November 9, GSA suspended the Air Force's authority to acquire the Phase IV equipment pending completion of a GSA review, and on December 4 the committee issued its report, adopting all GAO recommendations. GSA completed its review on February 1, 1980, and issued a report agreeing with GAO that considerable savings could be realized from a redirection and recompetition of the Phase IV project.

On March 28, 1980, the Secretary of the Air Force agreed to redirect the Phase IV project to satisfy the concerns of GAO and the committee. Specifically, the Air Force will amend the request for proposals to reduce by 70 the proposed number of computers, eliminate 250 staff positions, reduce the need to construct or modify 16 facilities, improve current systems proces-

sing, and perform a functional analysis to better define its equipment requirements. The Air Force expects to achieve a cost savings of \$800 million from these changes. In addition, the Air Force will redistribute the amended request for proposals to all previously identified bidders to stimulate competition.

From the initial review to the end, the team never waived from its position concerning the weaknesses of the Phase IV project. The enthusiasm and support among the GAO team members remained

strong, even though the concluding days found the team members indexing sections of the report they did not write and helping other team members complete their work. Although the team members spent a lot of time on the road and were under considerable time and schedule pressures, they held together.

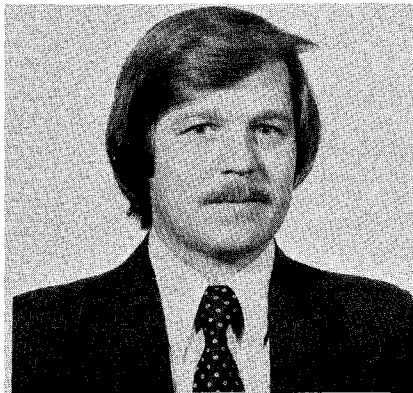
On January 21, 1980, Chairman Brooks wrote Mr. Staats, congratulating the staff for an outstanding job in highlighting ADP mismanagement. He added:

This investigation confirms my belief that the GAO should encourage the development of ADP auditing expertise in the various divisions and regional offices. While the Federal Government is becoming more and more dependent on the use of computers, the executive agencies are still paying little attention to the management of these resources. You can be assured that this committee plans to continue its oversight in this area and will utilize the GAO in the future to assist in this endeavor.



Jimmy R. Rose

Mr. Rose is a supervisory auditor assigned to the Atlanta regional office. He has been involved in a number of automated data processing reviews with GAO. He has a B.S. degree in accounting from Delta State University and an M.S. degree in accounting from the University of Mississippi.



Harold R. Sheely

Mr. Sheely, a management analyst in the Atlanta regional office, joined GAO in May 1974. He has a B.S. degree in production management from Troy State University (AL) and an M.B.A. from the University of Mississippi. He also attended the GAO-Wharton program. Mr. Sheely has extensive experience in auditing ADP systems and in system development activities, and has been recognized by the EDP Auditors Foundation as a certified data processing auditor.

A Structure For Managing ADP Resources

Despite increased attention in recent years, automatic data processing activities still present major management problems. These problems have resulted in part from the lack of an appropriate organizational structure and procedures for managing ADP activities. Top management generally does not consider information systems as a corporate asset, and therefore does not devote enough attention to managing them as a discrete entity.

Data processing activities are too easily categorized as part of other organizational functions. Purchasing applications are handled in the purchasing department, accounting applications in the controller's department, and other applications by other individual line organizations. Recent GAO reviews, however, suggest that with the development of large, integrated ADP information systems, this operating pattern is changing, and the emerging pattern points to a need for more centralized organization of ADP activities.

During a recent GAO review, we observed one organization in the process of changing from a largely decentralized management structure to one with more centralized management planning, control, and review of ADP activities. The experience of this agency illustrates the new management structure and processes likely to result from such a transition. Other reviews have reported similar changes underway in other Federal agencies.

This agency uses ADP resources extensively. In fiscal year 1978, the value of its ADP capital equipment exceeded \$10 million, and it had plans to invest an additional \$50 million in new equipment over the next 6 years. The agency spent about \$25 million to develop, maintain, and operate its computer applications during fiscal year 1978 and projected a 60 percent increase in these annual operating expenses in 1980. Before the agency decided to centralize ADP functions, re-

sponsibility for managing its ADP resources was fragmented among many offices and divisions. Only acquisition and operation of computer equipment were centralized; 56 separate development groups handled system planning, development, and implementation.

The lack of centralized management was most evident in the agency's piecemeal approach to planning system development. Each of the more than 50 separate development groups developed its own program, and the resulting ADP systems were designed only to accomplish specific tasks in support of an individual group's management responsibilities. Such an approach did little to minimize duplication among data bases or to ensure that applications were adaptable to the needs of multiple users.

However, Federal agencies are clearly obligated to manage ADP resources efficiently. Office of Management and Budget Circular A-71 assigns to agency heads the authority and responsibility for effective and efficient management of their ADP activities, including planning, coordinating, and controlling use of these resources. Trade literature also emphasizes ADP planning, especially given the age and condition of many computer systems; the vastly increased time, cost, and resource requirements of modern real-time, data-base projects; and the uncertain effect of new technology.

Planning

Effective ADP planning depends on how an agency organizes to accomplish the planning function and how it assigns the responsibilities for planning. A decentralized organization usually requires a strong central office with responsibility and authority for directing, controlling, and reviewing ADP planning. Such an office will func-

tion best if it has top management involvement and commitment. This support often takes the form of an executive management, ADP-steering committee, which includes representation from user management. The committee reviews and approves all major ADP decisions and prepares short- (1-year) and long- (5 year) range ADP plans annually.

Overall, these plans document executive management's decision to acquire and use ADP resources to achieve the organization's objectives. Specifically, the plans identify the agency's ADP objectives and strategy and set policies and procedures for acquiring and using ADP resources. The ADP plans should also serve as a foundation document for controlling and evaluating the effectiveness of ADP activities and system development projects.

Elements Of A Plan

Unfortunately, little guidance is available on the structure and content of a good ADP plan. We believe that, at a minimum, a good plan will contain the following elements:

- **A clear statement of short- and long-term ADP objectives.** This is a formal statement of what information systems the ADP steering committee believes the agency and its components will need over the next 3 to 5 years, an assessment of how well existing and planned systems meet the identified needs, and an outline of each project identified for development.

- **A concise, well-documented statement of existing and future requirements for computer support.** This will require a complete, accurate inventory of current and planned applications, identification of mission-essential applications, and ranking of incremental resource demands for non-mission-essential applications. It also entails: estimating how much computer and communications capacity is required to support the applications identified; determining how the capacity will be deployed; i.e., among central systems, minicomputers, and remote terminals; and outlining the communications net-

work necessary to link the capacity together.

- **A sound, management-endorsed strategy for achieving the agency's ADP objectives.** This statement should identify, develop, and analyze each technical and economic alternative for meeting total application support requirements effectively, efficiently, and economically.

The decision to develop an ADP system is an investment decision and, once made, the success or failure of the system is highly dependent on the adequacy of management's control over system development activities. A truly successful system is one which fulfills the user's requirements with a minimum investment of time, money, and effort. A sound ADP plan and appropriate management controls are essential to its success.

Controlling

The agency we reviewed had not implemented the management controls necessary to ensure that its ADP resources were being managed in the most effective manner. We found that its policies and procedures for system development, including its project authorization process and standard project management system, had been neither fully nor uniformly implemented. Also lacking were uniform financial and estimating controls. Without management controls, the agency could not effectively allocate its ADP resources among the many competing ADP activities of its various independent components.

While many types of management controls can be applied, three are basic: a project authorization process, a standard approach to managing the project, and a uniform financial and estimating system.

Project Authorization

The initial project authorization process is an important aspect of managing and controlling systems development activities. Without the specific review and approval from top management this process pro-

vides, developers and users of systems can undertake activities which are too expensive to develop or operate or not in the agency's best interest. For example, in the agency we reviewed, management regulations required approval from the agency head for development projects costing more than \$100,000, but we noted many examples of inconsistent interpretation and application of this regulation.

The need for top management review and approval of system development projects is illustrated by one organization's automated correspondence index system. This system, which duplicated a similar system being developed in another organization, had not received review and approval from top management, even though costs to develop it exceeded \$330,000. Operating costs for the system exceeded \$248,000 the first year and are projected to exceed \$350,000 in the short-term future. Recently, a management consultant firm reported that the system is probably not cost effective.

Standard Project Management

A standard management approach is generally recognized as desirable and useful in ensuring development of a successful system. The process or content of standard project management has never been fully defined. However, industries involved in development activities—construction and aerospace, for example—have developed mature project management systems. Conceptually, these industries segment the development efforts into six phases—planning, definition, design, construction, test, and implementation. This phasing divides the overall work into a logical, systematic sequence of smaller, manageable tasks. Under this approach, each phase must be successfully completed, reviewed, and approved before any work is started on the next phase.

In addition to organizing the development activities into phases, a standard project management system requires the user, designer, and management to document project objectives, the quality and quantity of resources needed, and the target completion dates for

each phase. This documentation helps management review and control each phase of the system development project.

Financial and Estimating Controls

One of management's most useful tools for monitoring the development process is comparing actual costs and benefits with estimated costs and benefits—ideally by task or phase. While a complete accounting system for ADP may not always be feasible, a system which records each project's development and operating costs is feasible if the development project uses an organized project approach. This system should provide reports in a timely, systematic manner and show actual versus planned costs for each phase, task, and function of the project's development. Such a format enables management to evaluate progress and performance and to decide whether system benefits still warrant continued development efforts. It also encourages cost consciousness on the part of management, users, and developers.

Reviewing

The advantages of an effective ADP audit group have been widely documented; as with a good ADP plan and adequate controls, such a group can help ensure the success of an ADP system. To function effectively, it needs sufficient resources, necessary skills, and adequate authority.

Although agency management generally recognizes ADP auditing as an important tool for monitoring and controlling operations, GAO continues to identify many examples of a lack of management attention to this function. For example, despite the large expenditures and widespread use of computers in the agency we reviewed, coverage of ADP activities by the internal audit group was extremely limited. Only two auditors were assigned full-time responsibility for ADP audits and the agency did not have an approved functional mission statement or job description for this group. As a consequence, some operating divisions questioned the

group's authority to audit their activities. Such an attitude is probably not uncommon in other decentralized organizations or agencies.

The question of authority is closely related to organizational placement of the ADP audit group. In the agency we reviewed, it was located in the Comptroller's office, which may be typical in most Federal organizations.

While organizational placement may vary according to the needs of the agency, the ADP audit group should report to a level high enough in the organization so that its function is perceived by other offices as important, ensuring that action is taken on recommendations made in its reports. Wherever located, all operating divisions must recognize that the ADP audit group's authority and responsibility are not limited to audits of financial operations.

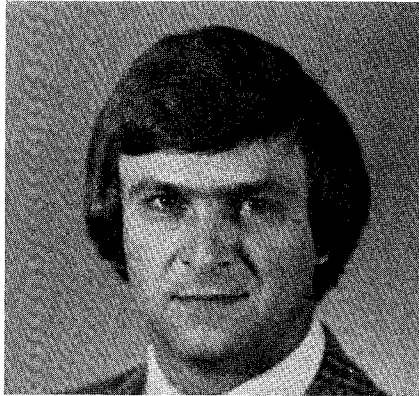
In March 1979, GAO published supplemental audit standards to provide guidance for auditors involved in ADP audit work.¹ These

standards should serve to enlighten management regarding the expanded role of the ADP auditor.

Why Do This?

ADP resources are costly and often have great effect on many aspects of an organization's work. Effectively managing them is challenging in any organizational setting, and a decentralized approach to the task—decisionmaking assigned to several offices or divisions—complicates management's job immensely. Trade literature on the subject and experience in managing ADP resources indicate the advantages of adopting the organizational structure and procedures discussed in this article. A sound ADP plan, adequate controls, and an effective review process—given strong support and involvement from top management—can increase efficiency and enhance benefits available from this valuable resource.

¹ *Additional GAO Audit Standards: Auditing Computer-Based Systems*. Foreword dated March 1979. This document is available through GAO Distribution.



William F. Mayo

Mr. Mayo, a supervisory management auditor in the Atlanta regional office, joined GAO in May 1969. He graduated from the University of Georgia with a B.B.A. degree in economics and government and is a member of the Association of Government Accountants.

Playing on Someone Else's Team; or Working on a Senate Subcommittee

Soon after joining GAO in 1969, I learned that working directly for a congressional committee is something many GAO auditors hope to be able to do at some point during their careers. In the Atlanta regional office (ARO), GAO veterans often regaled us with "war stories" about their experiences working directly for investigative committees, and the work they described seemed mysterious, exciting and possibly career-enhancing. The power and prestige of committee staff members are considerable. When detailed to a committee, a GAO auditor

- becomes an official member of the committee staff;
- takes orders from the committee, not GAO; and
- can dispense with much of the bureaucratic maze and paperwork that can accompany an audit.

Eager young auditor that I was, I too acquired the dream and placed it in the back of my mind, where it stayed for almost 9 years. In fact, I had long since forgotten about the dream when, in 1978, the Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs decided to bring its investigations to Atlanta.

Focus on the Federal Penitentiary

During one 20-month period (September 1976 through April 1978), the Atlanta Penitentiary had undergone an unprecedented and alarming rash of 11 inmate murders—half of the total number of inmate homicides that had occurred during the preceding 10 years. Moreover, in testimony before the subcommittee, a former inmate had alleged that "the Penitentiary is run like a country club"; inmates were free to roam, he said, had easy

access to weapons, and faced no detriment to criminal behavior within the institution. "Everyone is armed there," he added, "except the guards." Little wonder that subcommittee investigators were en route to Atlanta.

I had returned from a field trip to Providence, R.I., and was expecting to spend a routine Friday writing a progress report when word reached me that the subcommittee had requested the Comptroller General to detail three "good" GAO auditors to it for about 2 weeks. According to the assistant manager who brought me the news, a distinct possibility existed that I would be one of the fortunate three. Even so, I did not get too excited. In the past, promises of great assignments had not materialized, and the assistant manager had only his record of a phone call to back up this one.

Nonetheless, the assignment did come through a few days later. The subcommittee simply said that the investigation would involve "allegations of corruption and improprieties at the Atlanta Penitentiary." When I contacted one of the subcommittee team members to find out what advance preparations would be necessary, I had visions of having to get guns, badges, 2-way radios, etc., but what did he in fact ask for? One large conference room, a typewriter, and a calculator. Strange tools, I thought, for investigating corruption and improprieties in high places. The specific allegations under investigation, I had learned, were that

- corrupt prison employees had smuggled dope to inmates;
- inmates in Atlanta had been murdered because of lax security, widespread weapon and drug availability, and organized crime influence;

- employees had converted Government property to personal use;
- construction/maintenance funds and materials had been misappropriated and diverted to unauthorized purposes; and
- cases of medical malpractice had occurred.

The Subcommittee Team

The Investigations Subcommittee staffed this particular assignment similarly to the way in which GAO staffs its teams. The chart below lists the Senate Subcommittee team members and their GAO counterparts.

Senate Subcommittee

Subcommittee Chairman (U.S. Senator)

Chief Counsel

assistant Chief Counsel

Chief Criminal Investigator

Special Investigator (Criminal)

Chief Financial Investigator

Three Investigators (Financial)*

GAO

Division Director

Team Director

Team Leader

Sub-team Leader

Team member

Sub-team Leader

Team members

*Three GAO staff, grades 14, 12, and 9.

The Assistant Chief Counsel directed the entire investigation and, through the two chief investigators, managed the team's day-to-day activities. In the beginning, he reported to the Chief Counsel but later, as time became more critical and the findings more substantial, he reported directly to the subcommittee Chairman. The Assistant Chief Counsel was an attorney with substantial experience in criminal prosecutions. The Chief Criminal Investigator had several years experience as a investigator for the National Park Service, and his assistant (Special Criminal Investigator) was a former long-time crackerjack detective with the New York police department. During his 20-year career as a detective, the Special Criminal Investigator had, among other things, been beaten

up and threatened by the Mafia and once, as police chief, had arrested an entire city council on corruption charges. Most of the council members were indicted. As we later learned, he was also a superb criminal interrogator.

The Chief Financial Investigator, a former investigative reporter for some prominent newspapers, had a background in law, journalism, and business. As investigators for the subcommittee, the GAO staff reported to the Chief Financial Investigator and worked directly under his control and supervision. We examined the more critical issues concerning property misuse and misappropriation of funds. The criminal investigators, on the other hand, focused on employee corruption, drug smuggling, inmate murders, weapon availability, and other such mundane matters.

With team members from diverse backgrounds and disciplines, the subcommittee was able to draw upon a storehouse of information in conducting its investigation, an advantage that contributed significantly to the success of its efforts. Its members had backgrounds, education, and experience in areas such as political science, law, law enforcement, corrections, journalism, economics, accounting, auditing, government operations, personnel management, financial management, budgeting, and building construction.

The Investigation

On August 28, 1978 at 10:00 a.m., the investigation actually got underway. As requested, I had reserved the regional office conference room and obtained the typewriter and calculator. The subcommittee staff arrived at about 10:15 a.m. but, much to my surprise and disappointment, without trench coats, dark sunglasses, Kojak hats, and shoulder holsters. They all wore conservative three-piece suits and carried briefcases. The only weapons they carried were tape recorders.

After formal introductions and greetings, the team leader briefed us on the investigation and our role. It was obvious from the start that the subcommittee staff had graduated from Dale Carnegie Tech—

they easily felt at home, quickly took charge, had superb interpersonal communication skills, and probably could have developed rapport with their toughest opponents.

Our first task was to deliver letters which the permanent subcommittee Chairman had written to the local Bureau of Prison officials. The letters requested that the Bureau turn over certain records and documents to the subcommittee staff by a specified time. Just in case Bureau officials did not cooperate, we had subpoenas secured in our coat pockets. However, Bureau officials did comply and by noon of the next day, the subcommittee had impounded in the GAO conference room two truckloads of records and documents covering activities of 4 fiscal years at the Atlanta Penitentiary. Included were 26 boxes of data, 6 full file cabinets, 8 volumes of Bureau regulations, and numerous computer printouts.

Somehow, the local newspapers found out that the subcommittees had impounded volumes of Bureau records and was keeping them in vacant offices at GAO. A newspaper article in the August 31 edition described almost exactly the records we had. This was not the last we were to hear from the media.

After dividing into two teams—criminal and financial—the subcommittee staff continued its investigation. With our lightning-fast GAO reasoning skills, we GAO members soon figured out which team was going to examine the mountain of records stockpiled in the GAO conference room. During the next 2 weeks, besides poring through reams of purchase requests, purchase orders, receiving reports, invoices, payment vouchers, blueprints, drawings, progress reports, cost estimates, payroll time sheets, and numerous other documents, we also "interrogated" former and current Atlanta Penitentiary inmates and employees. Normal 8-hour days grew slowly to 10, 12, and 16 hours. On four occasions, the subcommittee worked around the clock, but eventually we got our payoff—by the end of the second week, we knew the investigation would prove successful.

By Friday, September 8, the

subcommittee staff had prepared a rough draft of findings and, over the weekend, delivered it to the subcommittee Chairman in Washington, D.C. The team leader returned on Monday and informed us that the subcommittee had decided the evidence gathered to date was "sufficient to fly" and the investigation would continue. The subcommittee set September 29 and October 2 as dates for the hearings in Atlanta. Our remaining tasks included preparing a final report on Penitentiary financial mismanagement, firming up the evidence, and drafting statements for the hearings.

During the investigation, the U.S. Marshal's Service assisted the subcommittee staff by escorting inmates to our office for interrogation, by guarding building entrances and exits to prevent escapes, and by warding off nosy reporters. During lunch one day, we left an inmate informant locked up inside the conference room. A U.S. Marshal guarded the conference room doors and, as if to demonstrate the effectiveness of the Atlanta Penitentiary rehabilitation program, the inmate stole my candy bar. My sub-team leader advised me not to file charges.

About midpoint during the investigation, we received an anonymous letter addressed to the subcommittee. It alleged that a particular Penitentiary employee had questionable sexual traits, conspired with inmates, and, over several years, had stolen government property. This letter cost us 2 days' work in checking out the character, history, and property owned by the accused employee. None of the allegations proved true, nor did we ever find out who wrote the letter.

Talk about timing—as the staff was drafting hearing statements on causes for inmate murders at the Pen, a local Atlanta TV reporter called us at about 1:30 p.m. on September 21. He asked we could give him some information about the inmate who had just been murdered at 12:25 p.m. We didn't want him to know that we were unaware of the murder (after all, wasn't the subcommittee investigating inmate murders?), so we said that the subcommittee could not give out any information at this

time. We then immediately hung up the phone and made a mad dash to the Penitentiary, where we learned that another inmate had indeed been stabbed to death with a homemade spoon knife—allegedly either over drugs or homosexual activities. FBI agents were already at the scene, of course, and seemed to have the situation well in hand; they did not appear to need our help. So back we went to writing statements for the hearings, but now we had a new paragraph to add.

A few days later, at about midnight on Saturday, September 23, the team leader and sub-team leaders met at the Atlanta airport with the subcommittee Chairman. They decided that the evidence on employee corruption, dope smuggling, and inmate murders was so overwhelming that they would focus the hearings primarily on these allegations.

The Hearings

The subcommittee held 2 full days of hearings on corruption at the Atlanta Penitentiary. The hearing room at the Federal courthouse was packed both days. All three national TV networks sent reporters, as did local TV and radio stations and newspapers. In addition, Penitentiary and Bureau employees, interested citizens and students, and certain GAO family members, associates, and friends also attended.

The Subcommittee heard testimony from three Atlanta Penitentiary inmates, two former employees, two current employees, subcommittee staff, the Atlanta Penitentiary warden, and the Southeast Director of the Bureau of Prisons. Three inmates not only admitted their involvement in drug trafficking within the Penitentiary but also named two employees who brought contraband to them. One of the employees invoked the fifth amendment and chose not to answer subcommittee questions; this employee was later indicted, convicted, and sentenced to 3 years in a Federal prison. The second employee denied charges and was never indicted because of insufficient evidence. The Bureau later transferred him to another institu-

tion. A third employee testified with immunity and admitted taking large amounts of money into the Penitentiary and giving it to inmates suspected of being in the narcotics business. Another employee, who had recently resigned, admitted in a sworn statement that he received gratuities from inmates.

During the investigation and hearings, the subcommittee solved two inmate murders. Two Penitentiary inmates came forward "voluntarily" and testified that they witnessed the brutal murders of two inmates who were known drug dealers. One of the murdered inmates had been part of the famous "French Connection" case. Trials concerning these murders were completed in December 1979, resulting in dismissal of the indictment in one murder, and two convictions and one acquittal in the second.

On the second day of hearings, GAO members of the subcommittee staff testified that no evidence was found concerning employees converting government property to personal use. However, we did state that conditions and controls over property, materials, and equipment were such that conversion might easily occur. In addition, we noted that the subcommittee found substantial flaws in the Penitentiary's construction and maintenance management systems that allowed prison officials to divert, misallocate, and misuse funds and materials for purposes not intended by the Bureau or the Congress. One case showed that Penitentiary managers had diverted over \$50,000 of routine maintenance funds to office and residence renovations for themselves. In doing so, they ignored a previously established and approved maintenance priority list. Overall, the subcommittee concluded that neither the Congress nor the Bureau had any assurance that funds provided the Atlanta Penitentiary had not resulted in waste, loss, or extravagance. The subcommittee Chairman later requested that GAO do a full-scale review of Bureau of Prisons management practices.

The Results

Overall, the subcommittee's investigation was successful. Evi-

dence presented at the hearings substantiated the allegations concerning inmate security, weapons availability, employee corruption, and property and financial management.

One employee has been dismissed since then for dealing in contraband drugs within the prison and is awaiting prosecution. Two inmates have been murdered since September 1978, and in November 1979—just before the Thanksgiving holidays—an inmate brutally murdered a female dietetic consultant

who worked part-time in the prison hospital. According to newspaper accounts, this was the first time in over 50 years that a non-inmate had been killed in the Penitentiary. The inmate suspect was found guilty and sentenced to a second life term.

Bureau of Prisons officials testified at our hearings that they planned to close the Atlanta Penitentiary by at least 1985.

The Aftermath

Five weeks as part of the Per-

manent Subcommittee staff definitely lived up to my expectations. The experience provided firsthand knowledge of and insight into the actual decisionmaking process and inner workings of the Congress and its committees. The whole affair left me feeling exhausted, but also gave me a sense of pride in our system of government. It is satisfying to know that in the government's vast bureaucracies, a team of "experts" can quickly be assembled to ferret out waste, inefficiency, corruption, and fraud.



William J. Schad

Mr. Schad is an assistant regional manager, GAO Chicago regional office. He previously served as an audit manager with the Cincinnati regional office. Mr. Schad is a member and past president, Chicago chapter, Association of Government Accountants, a certified professional manager, and the principal moderator for Midwestern Forum activities. As chairperson of the Midwestern Intergovernmental Audit Forum, Mr. Schad managed the forming and testing of the peer quality system and the reviews, and is the principal author of the publication, *A System for Peer Quality Assessment of Government Audit Agencies*.

Who Audits the Auditors?

The title question is, quite legitimately, often posed by those subject to the eyes and ears of auditors. Agencies spend about \$1 billion every year to conduct internal audits of agency management and external audits of grantees and contractors. So that this spending may result in improved program operations, audit organizations need periodic evaluation to ensure the quality of their audits.

Periodic evaluation is important, not only to maintain audit quality, but to maintain confidence in that quality among program managers, legislators, and other audit groups. Auditors need each other's confidence to avoid unnecessary repetitive audits of the same agency, contractor, or grantee—as called for by Office of Management and Budget Circular A-102. They need legislators' confidence to avoid the budget cutter's scissors. Most of all, they need the confidence of program managers, who must act on their audit findings. Equally essential is their credibility in the eyes of the taxpayers, whose faith in government depends partly on them.

An Answer

In May 1978, members of the Midwestern Intergovernmental Audit Forum met to discuss the question of who should audit the auditors. Its conclusion? Other auditors.

The forum set out to devise a peer assessment system. First, we drafted an evaluation guide consistent with audit standards of the Comptroller General and the American Institute of Certified Public Accountants. The guide included various evaluation standards for the auditing organization to meet, accompanied by "aids," or criteria, to help a review team assess compliance. This guide was then sent to forum members for comment. Affirming their support for the project, 10 agency directors offered their organizations as guinea pigs and nearly 50 audit supervisors and

managers volunteered for test review teams.

Testing the Answer

The forum established a committee to fashion questionnaires, design a scoring system, and manage the reviews. The committee chose one agency at each level—Federal, State, and local—and choose five-member teams for each review. Team members represented three Federal Inspector General Offices, the General Accounting Office, and three State and two local government audit agencies.

During a forum meeting following the tests, panels of team leaders and organization directors candidly described their review experiences. We learned that the tests fostered a fuller understanding of the system among forum members, the committee, review teams, and agency officials. Also significant was the bonus to the agencies—professional interchange and advice on how policies, procedures, and audit work could be improved.

For our part, the improvements needed were

- a clear distinction between evaluation standards and aids,
- a clear reporting format and coherence among the various instruments, and
- a clear way to decide on compliance with evaluation standards.

Revising the Answer

To make the improvements, the forum's Executive Administrator and the committee chairperson subjected each standard, aid, and questionnaire statement, line by line, to a seemingly endless list of suggestions and critiques from committee members, team members, and agency directors. While the process took several months and was sometimes discouraging, we made progress and our concern turned again to enthusiastic optimism.

Still the task of revision was not yet finished. The draft went to the committee, where a great deal of thought went into polishing the evaluation standards and instruments. The committee presented the results to the forum. After considerable discussion and some changes to the review instruments, the forum adopted the peer quality assessment system.

Publicizing the Answer

While refining the system, we spread the word that an answer was on the way. The committee chairperson spoke at meetings and conferences of the Municipal Finance Officers Association, the Association of Government Accountants, and the National Intergovernmental Audit Forum. He participated in a seminar sponsored by the Joint Conference of the National Forum, and is expected to participate in meetings of other professional organizations in the next several months.

In December 1979, the forum published *A System for Peer Quality Assessments of Government Audit Agencies*. We distributed copies to the National Forum executives and chairpersons, State and local governments, professional organizations, and national and international special interest groups. To date, over 900 copies have been distributed.

The System in Brief

In its present form the system includes

- an overview of the project,
- a guide containing 52 evaluation standards and 129 aids,
- bylaws for a managing committee,
- a scoring and compliance scheme,
- a report format,
- a typical engagement letter contracting for the assessment,
- a review team applicant questionnaire, and
- questionnaire and related

transmittal letters for audit staff, report users, and auditees.

The guide has 10 major descriptive chapters: organizational planning and controls, independence, qualifications, supervision, workpapers, legal and regulatory requirements, internal control, financial audit reports, reporting procedures, and external auditors. Each chapter includes a broad concept statement followed by evaluation standards and aids.

Evaluation standards are geared toward assessing compliance with policies and procedures that ought to be present in agency's operations and toward assessing the agency's financial and compliance work. Standards help the team determine whether policies and procedures are comprehensive and suitably delineated, documented, and communicated. The review team determines compliance by reviewing documents, interviewing management and staff, analyzing questionnaires, and observing practices.

Costs and Benefits

Test reviews show that a typical onsite peer quality assessment takes about 2 weeks. Staff orientation and preparation, onsite audit review, report preparation, and overall team leader responsibilities represent an investment of roughly 100 staff days by the audit community for the professional betterment of one of its members. Organizations contributing resources can expect reciprocal assessment services.

The Future

Our work is just beginning. The Committee on Peer Quality Assessment met in February 1980, and agreed on a timetable and strategy for assessing other forum members' audit organizations. At that time, seven agencies at various levels of government asked for an assessment review. Supervisory staff from our member organizations, all with their directors' recommendations, volunteered for review teams.

We have furnished draft guidelines and related system material to the National Intergovernmental Au-

dit Forum's Committee on Quality Review. That committee's chairperson and project director have organized a mechanism to form a national quality assessment system. We intend to cooperate in that endeavor. In the meantime, we expect to learn a great deal more in applying the system and will revise it, and the companion publication, as appropriate.

The Essential Ingredient

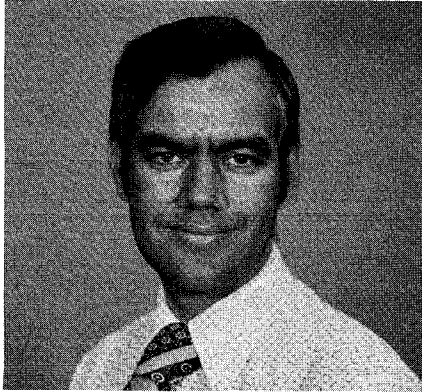
Members of the audit community at all levels cooperated to an unprecedented degree in the peer assessment project. The cooperation led to improved intergovernmental understanding. Such cooperation and understanding are as essential to the system's continued success as they were to its development.

How the Peer Quality Assessment System Works

A committee, review teams, and assessment instruments are not enough to make the system operational. A unified system needs a method and a timetable for planning and doing reviews.

The following chronology traces the Midwestern Forum's timetable from the engagement agreement to the issued report.

Description	Elapsed Calendar Timeframe in Weeks
Committee sends engagement agreement to audit agency for director's approval and signature.	Concurrent
Committee sends inquiry to audit agency to elicit representations on policies, procedures, and operations.	Concurrent
Committee receives signed engagement agreement from agency.	1
From a pool of volunteers, committee selects a five-person team of Federal, State, and local auditors with managerial/supervisory experience to conduct the onsite review.	Concurrent
Audit agency supplies committee with representations on policies, procedures, and operations.	1
Committee sends questionnaires to agency staff, report users, and auditees to obtain their views on policies, procedures, and operations.	1
Committee reviews responses to questionnaires and sends followup request letters as needed.	3
Committee completes questionnaire summaries and provides review team with results of questionnaires.	2
Committee representatives and review team meet to plan audit work. Agency spokesperson is present to discuss agency representations.	Concurrent
Review team conducts review.	2
Review team holds exit conference with audit agency director, presenting review results.	Concurrent
Review team meets to agree on, complete, and send report, including agency comments, to committee.	2-3
Committee meets to consider team report.	1
Committee recommends appropriate certification.	Concurrent
Committee issues report to audit agency.	1-2



Patrick Doerning

Mr. Doerning is an operations research analyst in the Institute of Program Evaluation. He has an M.S. in economics and a B.S. in economics and accounting. He worked for 2 years in the Chicago regional office as an auditor, and is currently providing technical assistance to the Community and Economic Development Division.

Alternative Mortgage Instruments – Their Importance To You

Most of us have heard the saying, "A man's home is his castle." This brings visions of a beautiful rock fortress on a lonely hilltop. The neighbors are too far away to cause you any concern, and you have all the space/rooms you could ever want.

However, in today's world the castle is likely to be a 1600-2200 square foot house located in a city or subdivision. It is surrounded by other homes that are basically the same as the one you are living in. Unlike the lord of the castle, who owns his castle outright, most of us will have a mortgage to pay. A mortgage, according to Webster, is "the pledging of property to a creditor as security for the payment of a debt." This definition contains no reference to an interest rate to pay on the loan, the size of the loan in relation to a person's income, the length of time in which repayment can be made, or what happens in the event that a payment isn't made. Yet all of these elements are contained in a mortgage.

Some of you are now saying, "So what! Tell me something I don't know." OK, do you know that the types of mortgage instruments used in home purchases are changing? Do you know why they are changing? Do you know what effect these changes will have on you when you sell a house, buy a house, or try to change the financing on a current house? If you know the answers, don't read this article. If you don't know all the answers, let me share a few ideas with you.

This discussion is based on a current GAO-HUD audit effort, planned for issue in December 1980. That report will contain a broader presentation of the usefulness of alternative mortgage instruments. It will also contain a discussion on how these instruments have actually worked in the marketplace.

Mortgage Document

Most people probably don't real-

ize that the mortgage instrument they are familiar with is less than 40 years old. In the 1930's, a home purchase could require a 50 to 70 percent downpayment with the remaining loan for a 1 to 5 year period. During this period, only interest was paid. No amortizations occurred and the buyer paid all principal at the end of the term, in a "balloon" payment. How many of us could purchase under those terms?

The Federal Government, through the use of the Federal Housing Administration, pioneered the fully amortized low downpayment which required 5 to 25 percent down and 20 to 30 years to pay. These loans proved to be a good investment for mortgage investors in the 1940's. This instrument became known as the standard, fixed-rate, level payment mortgage instrument which is still widely in use.

We will be discussing several different mortgage instruments, using a sample house (valued at \$66,000) and at a starting interest rate of 13 percent.

Standard Mortgage

An item used as a standard must contain certain characteristics, such as a total dominance of the field. It provides a needed service to *all* those who use it. Yet circumstances will occur causing a standard to fall and a new standard to arise. Simply put, the need for alternative mortgage instruments (AMI's) stems directly from the increasingly recognized inadequacies of the standard fixed payment mortgage (SFPM). The standard instrument was designed to operate in a relatively stable economic and financial environment. However, since the mid-1960's, the American economy has been characterized by periods of high and/or rising interest rates induced by rapid inflation and restrictive credit policies. In the face of such economic conditions, the lack of payment flexibility in-

herent in the SFPM affects both borrowers and lenders. The borrowers experience a number of problems—they have monthly payments which are initially high relative to their income, and because of these payments they are “house poor”; that is, they don’t have sufficient income to make other purchases they want or need. In addition, because of mortgage writing standards and their income, borrowers can only buy a small house. This doesn’t take into account buyers’ long-term income expectation or their housing needs. These are all items of the “financing gap” problem that can be ameliorated by an alternative form of the mortgage instrument.

The lender also experiences problems with the SFPM, such as:

- Earnings on outstanding SFPM’s have not kept pace with sharp increase in lender’s cost of funds.
- Lender’s cost of funds decreases the amount of funds available to support the mortgage market.
- Lenders are unable to pay their depositor the market rate of interest on their deposits.

However, the SFPM’s are still used heavily. Table 1 shows the payment on our test home.

Graduated Payment Mortgage

When a person graduates from high school or college and begins economic work life, the graduate assumes that yearly earnings will increase. There are aggregate national figures available that show the average annual increase for individuals between their 20th and 30th birthdays is an 8 percent increase in pay per year.

The graduated payment mortgage (GPM) recognizes this, and enables individuals to pay for their homes more easily in the early years. Under a GPM, a borrower in effect borrows additional money during the early years of the mortgage to reduce the monthly mortgage payments due during this period. This additional loan is added to the mortgage and is repaid by slightly increasing payments made in later years. This will enable those who

expect income increases to take advantage of those expected increases and buy a home sooner. The GPM program is likely to appeal to first-time home buyers in the \$14,000 to \$25,000 income range. These individuals, who would have had difficulty meeting monthly mortgage payments under the SFPM, will now have five

the mortgage balance. Thus, slightly larger downpayments are required to ensure that the outstanding balance doesn’t exceed the maximum permissible mortgage limit.

For example, let’s consider our test home valued at \$66,000. Current Federal regulations require that the outstanding principal cannot

Year	Monthly Payment	Cum. Interest Paid	Principal Outstanding
1	\$663.72	\$ 7,789	\$59,825
2	663.72	15,555	59,626
3	663.72	23,293	59,400
4	663.72	31,000	59,142
5	663.72	38,672	58,849
6	663.72	46,303	58,515
7	663.72	53,884	58,135
8	663.72	61,420	57,703
9	663.72	68,893	57,211
10	663.72	76,298	56,652
end of 30 years		178,939	-0-

Plan	Rate of Graduation	Term of Graduation
1	2.5%	5 years
2	5 %	5 years
3	7.5%	5 years
4	2 %	10 years
5	3 %	10 years

payment plans to choose from, illustrated in Table 2. Three of the plans permit mortgage payments to increase at an annual rate of 2.5, 5, or 7.5 percent over the first 5 years of the loan. The other two plans permit payments to increase 2 and 3 percent annually over 10 years.

Starting with the sixth year for the 5-year plans and the eleventh year for the 10-year plans, the payments will be level in amounts for the remaining term of the mortgage. The greater the rate of increase, or the longer the period of increase, the lower the mortgage payments in the early years.

The outstanding principal amount due on a graduated payment mortgage increases during the initial years as unpaid interest is added to

exceed 90 percent of purchase price at any time during the life of the mortgage. Our test home will have \$60,000 as the maximum mortgage amount. For the five plans we would have the downpayments and loan amounts as shown in Table 3. Table 4 shows the resulting monthly mortgage payments, and Tables 5 and 6 show the interest paid and the outstanding principal at the end of the year. Note that the highest outstanding principal is \$60,000 in all cases.

Tables 3 through 6 demonstrate that for the same house, these plans require a larger downpayment than the SFPM; however, they have lower monthly mortgage payments in the early years.

Table 3

Required Downpayment and Loan Amounts on
Our Test Home Value at \$66,000, 13% Interest Rate, 30-Year Term

Plan	Downpayment	Loan Amount	Total
1	\$ 7,220	\$58,780	\$66,000
2	9,136	56,864	66,000
3	10,947	55,053	66,000
4	8,804	57,196	66,000
5	11,019	54,981	66,000

Table 4

Monthly Payments on a \$66,000 Home With a Maximum \$60,000 Loan,
13% Interest Rate, 30-Year Term

Year	Plans				
	1	2	3	4	5
1	\$597	\$530	\$471	\$570	\$519
2	612	557	507	581	535
3	627	585	545	593	551
4	642	614	586	605	567
5	658	644	629	617	584
6	675	677	677	629	602
7	675	677	677	642	620
8	675	677	677	654	638
9	675	677	677	668	658
10	675	677	677	680	677
11	675	677	677	694	698
.
.
.

Table 5

Cumulative Interest Paid for the
Different Plans at Year End

Year	1	2	3	4	5
1	\$ 7,164	\$ 6,362	\$ 5,656	\$ 6,837	\$ 6,229
2	14,506	13,043	11,737	13,810	12,645
3	22,032	20,058	18,273	20,923	19,253
4	29,747	27,424	25,300	28,179	26,059
5	37,540	35,157	32,854	35,572	33,070
6	45,306	42,938	41,280	43,128	40,910
7	53,024	50,671	48,367	50,827	48,366
8	60,294	58,351	56,046	58,624	55,389
9	68,294	65,970	64,666	66,403	63,183
10	75,830	73,520	71,217	74,141	70,950
Cum. 30	180,279	178,169	175,861	181,542	178,828

downward adjustments are unlimited. The determining factor of rate increase or decrease is an index, in some cases the cost of funds to savings and loan associations. The index used will be specified on the mortgage instrument.

This instrument has several advantages over the standard mortgage. For the consumer, it allows downward adjustment in the mortgage interest rate without the problem of refinancing. It provides the lender with some "interest risk" protection, in that the loan interest rate can increase. Thus, the lender can offer a lower starting interest rate. Also, this instrument would allow the lender to pay a higher return to the depositor, to maintain support to the mortgage market and the possibility to protect profit.

We may all know people who have SFPM with a 6 to 7 percent interest rate. These loans are probably from savings and loan associations that are today paying 14 percent for funds. This excess of cost over revenue could cause associations to go out of business, seriously harming the mortgage market, and eventually, all of us.

Again using the \$66,000 house with a \$6,000 downpayment, Table 7 shows the worst-case increase in interest rates.

Rollover Mortgage

The rollover mortgage is a special case of the variable rate mortgage. This type of instrument is used widely in Canada, where the financial institutions issue 5-year bonds. The yield on these bonds determines the interest rate that institutions charge the borrower. The rate may change at the end of each 5-year term.

The regulations in the U.S. differ from those in Canada. U.S. regulations limit the increase in the interest rate for the life of the mortgage to five points (5 percent). The downward adjustments are unlimited. This enables the home borrower to gain any advantage of a downward movement of interest rate without the problem of refinancing. In periods of increasing interest rates, it allows the savings and loan industry to remain competitive with the rest of the money market. Being competitive allows

Variable Rate Mortgage

Current Federal regulations allow financial institutions to offer a variable rate mortgage. The regula-

tions allow the interest rate to change no more than once a year, for a maximum of one-half of 1 percent. During the life of the mortgage the interest rate can increase no more than 2.5 percent. The

Table 6
Outstanding Principal for
the Different Plans at Year End

Year	1	2	3	4	5
1	\$59,287	\$57,957	\$65,646	\$57,832	\$55,956
2	59,674	58,864	58,009	58,410	56,868
3	59,920	59,540	59,076	58,920	57,701
4	60,000	59,938	59,769	59,349	58,439
5	59,886	60,000	60,000	59,683	59,062
6	59,546	59,660	59,628	59,906	59,572
7	59,160	59,273	59,272	60,000	59,879
8	58,720	58,832	58,831	59,944	60,000
9	58,220	58,331	58,329	59,713	59,903
10	57,650	57,760	57,759	59,280	59,542

Table 7
Worst-Case Monthly Payment on a \$66,000 Home
With a \$60,000 Loan, 30-Year Term
Interest Rate Starts at 13% and Increases by 1/2 of 1%
for Each of the First Five Years

Year	Month Payment	Cum. Interest	Outstanding Principal
1	\$664	\$ 7,790	\$59,825
2	687	15,855	59,646
3	710	24,194	59,462
4	733	32,804	59,270
5	757	41,681	59,068
6	780	50,831	58,854
7	780	59,927	58,605
8	780	68,990	58,314
9	780	78,006	57,975
10	780	86,946	57,579
Cum. 30 Years		216,477	-0-

Table 8
Worst-Case Monthly Payment on a \$66,000 Home
With a \$60,000 Loan, 30-Year Term
Interest Rate Starts at 13% and Increases by 1%
Every Five Years

Year	Month Payment	Cum. Interest	Outstanding Principal
1-5	664	\$ 38,672	\$58,845
6-10	708	79,295	56,967
11-15	750	120,932	53,597
16-20	787	161,559	46,992
21-25	817	196,432	32,862
26-30	834	213,639	-0-

them to provide funds to new purchasers and sellers of homes.

The examples will be the same \$60,000 mortgage. However, since the payment will change every 5 years (using the worst-case example), Table 8 will have a slightly different format.

Other Monthly Costs

The previous tables contain only the principal and interest (PI) portion of the monthly mortgage payments. A number of factors (such as taxes, home insurance,

utilities, maintenance, and repairs) were not included. These costs would not vary, based on the type of mortgage instrument used. They do vary from one part of the country to the other.

If you are a proposed buyer or seller, you could calculate these costs for your area and add them to the monthly payment. There is a general rule of thumb (used by leasing institutions) that total monthly mortgage payments should be in the range of 25 to 33 percent of a person's gross monthly income. From this, you can calculate the most house you could purchase for each type of mortgage instrument and/or the income a buyer would need to purchase your home at your asking price.

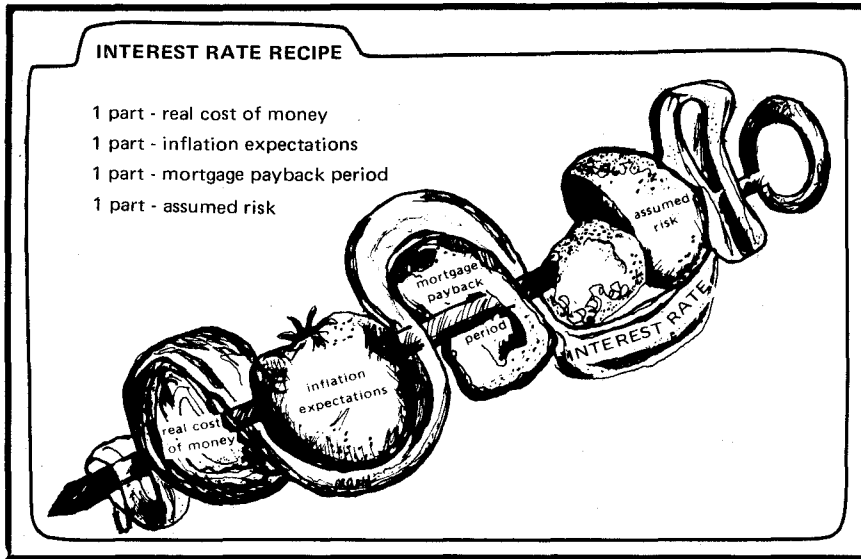
Interest Rate

Many people would like to know when the interest rate is going to be lower. The recipe cartoon indicates that the interest rate can be divided into four parts. One of these "ingredients" must decline before the interest rate on homes can drop.

So you ask, "What is the real cost of money?" It is a concept of what Person A would charge Person B to use A's funds, if the loan were a riskless loan and no (zero) inflation was occurring. It is considered between 2 to 3 percent. This component will not decrease.

Well then, how about the mortgage payback period? The trend has been to increase this variable from 1 year, to 20 years, to 25 years, to the current 30 years for the normal home mortgage. From the lender's point of view, the longer the term, the greater the chance of an interest rate increase (interest rate risk). Therefore, the shorter the mortgage term, the lower the risk and, in theory, the lower the rate the lender charges. However, the shorter the term, the higher the monthly mortgage payment.

Does the assumed risk offer a better hope? Yes and no. Risk is made up of several parts. One part is the "interest rate risk," discussed above. Another part is the "lost risk." If a person didn't make a payment, and the property was defaulted and the lender sold the property, would the lender recover



INTEREST RATE RECIPE

- 1 part - real cost of money
- 1 part - inflation expectations
- 1 part - mortgage payback period
- 1 part - assumed risk

number of private companies provide free information. One is Ticor Mortgage Insurance Company, 6300 Wilshire Boulevard, Los Angeles, CA., 90048, which provides the following:

- Mortgage Lending Regulation and Compliance, 1978, 64 pages
- Alternative Mortgage Instruments, 1978, 32 pages
- What is Private Mortgage Insurance? Fact sheet

Considering all things, a private home is still a good buy. Be sure of the implications of the mortgage instrument you sign, then have a good time.

the amount of the loan plus his foreclosure expense? This risk, from the lender's viewpoint, can be lessened by a larger downpayment and by a general economy having real growth with nearly full employment. Can the home buyer afford a larger downpayment for a lower interest rate?

That leaves the inflation expectation. How does this affect the interest rate and how can the individual affect inflation? Most people with money to lend like to maintain in purchasing power, then the lender must earn at least the inflation rate on their money to maintain their wealth. Since no one knows what inflation will be, we all work with our personal idea of inflation expectation. If these expectations can be lowered, then the interest rates should decrease. The individual has no control over inflation expectation, except the power to vote for public officials who will follow policies to limit inflation.

One factor not mentioned affecting the interest rate is the demand for funds. This article was written viewing the dollars (funds) presently in the mortgage market and not with the idea of increasing or decreasing these funds in relation to other sectors. For that reason, the demand for funds is not discussed.

We have now reviewed a number of mortgage instruments and briefly discussed interest rates. Table 9 provides a short summary of these mortgage instruments and selected costs for our \$66,000 sample home.

Table 9
Summary of Mortgage Instruments
All Figures Rounded to Nearest Dollar

Standard Mortgage	Graduated Payment (Plans)					Variable Rate Mortgage (Worst Case) ¹	Rollover Mortgage (Worst Case) ¹
	1	2	3	4	5		
Monthly Mortgage Payment Principal & Interest Only							
Low (beginning)	\$ 664	597	530	471	570	519	664
High (end)	\$ 664	675	677	677	680	677	786
Downpayment	\$ 6,000	7,220	9,136	10,947	8,804	11,019	6,000
Home Price	\$ 66,000	66,000	66,000	66,000	66,000	66,000	66,000
Cumulative Interest Paid, 30 Years	\$178,939	180,279	178,169	175,861	181,542	178,828	216,477
Total Cost ²	\$244,939	246,279	244,169	241,861	247,542	244,828	279,639

¹The discussion only presented the worst case assumptions. If the best case assumptions were used, this mortgage would cost less than the standard mortgage.
²This represents the total principal and interest payments only.

Educate Yourself Before You Buy Or Sell

A home mortgage is a contract that most of us will make during our lifetime. It determines the type of payments we will be making for 20 to 30 years. Because changes in these instruments substantially affect how we buy or sell homes, it is important to maintain a general knowledge in the area.

The Department of Housing and Urban Development furnishes a number of publications on home buying and mortgage instruments.¹ Some are free; others have a small charge. However, if you are signing a contract that commits you to large payments over time, a \$10 to \$20 cost for some publications may be a good investment. In addition, a

Amortization Formula

For those of you who may be interested in calculating what your payment would be using these mortgage instruments, you will need the following amortization formulas.² First is the explanation of what the factors in the formulas are:

- P = monthly mortgage payment
- A = loan amount at origination
- ir = nominal interest rate divided by 12
- m = number of months of mortgage
- Pt = monthly mortgage payment, at time t
- OPt = outstanding principal, at time t
- t = number of payments already made

r = annual rate of increase in monthly payment

k = number of years payment will increase

s = number of months to maturity of the loan

Now that you have gathered this information, here are the formulas:

The formula for the standard mortgage gives the single payment (P) necessary to amortize the loan. The VRM and rollover mortgage payment (P_t) must be recalculated each time the interest rate or term changes. The formula for the graduated payment mortgage gives the first month payment (P_s). This value is then multiplied by r (the annual rate of increase to obtain the monthly mortgage payments for future years).

A. Standard Mortgage Instrument

$$P = \left(\frac{\frac{A}{1 - (1 + ir)^n}}{ir} \right)$$

B. VRM and Rollover Mortgage

$$P_t = \left(\frac{\frac{OP_t}{1 - (1 + ir)^{n-t}}}{ir} \right)$$

C. Graduated Payment Mortgage

$$P_s = \left(\frac{\frac{A \cdot ir \cdot (1 + ir)^{12 \cdot k}}{((1 + ir)^{12} - 1) \cdot (1 + ir)^{12 \cdot k} - (1 + r)^k} + (1 + r)^k \cdot (1 - (1 + ir)^{12 \cdot k - s})}{(1 + ir)^{12} - r - 1} \right)$$

1. Examples of HUD documents are:
 - a. *Homebuyer's Information Package, A Guidebook for Buying and Owning a Home.* 97 pages.
 - b. *Homeowner's Glossary of Building Terms.* 13 pages.
 - c. *Homebuyer's Vocabulary.* 14 pages.
 - d. *Home Mortgage Insurance.* 13 pages.
 - e. *Learning More About Housing and Mortgage Credit . . . An Annotated Bibliography for Women.*
 - f. *Mortgage Instruments Fact Sheets.* 2-10 pages.
2. I would like to thank Mr. Chris Doyle and Mr. Ben Gottlieb of the TAG-Actuarial Science Group for their assistance in verifying these formulas.

Perspectives on Changes in Internal Auditing

Eugene M. Zuckert

Mr. Zuckert is a partner in the law firm of Zuckert, Scoutt and Rosenberger. He is a former Secretary of the Air Force and Commissioner of the Atomic Energy Commission.

Adapted from a November 19, 1979 speech presented by Mr. Zuckert to the Washington chapter of the Institute of Internal Auditors.

I have great respect for the auditing profession, and I want you to understand it at the outset because I am going to say some things with which I am sure you will heartily disagree. While I was doing the research for this article, I found that yours is a much older profession than I thought. While perhaps not the oldest profession in the world, it is perhaps even older than mine, the legal profession. Historians tell me that auditing began either with the advent of taxation, or when the oldest profession was transformed from the status of a single proprietorship into an industry.

I want to address the evolution of the internal auditor's function in two areas. One is the internal auditor in Government, and the other is the internal auditor in business.

Because I have been devoting most of the last 15 years to business, I hadn't been aware of the development of the internal auditor in Government expected through the Inspector General Act of 1978. You remember the Inspector General Act was passed because of evidence that fraud, abuse, and waste in the operations of the Federal Government were commonplace. Examples of fraud were uncovered in the Department of Agriculture food stamp program, GSA contracts, and HEW federally-funded programs. Waste and mismanagement were also considered to be widespread in many other Government agencies, though their problem was a bit more difficult to pin down.

Because the Congress found Government detection and prevention efforts unsatisfactory, it decided to establish statutory Offices of Inspector General to correct existing deficiencies and prevent future ones from occurring. As a former agency head, I applaud the wider use of an Inspector general with investigative and auditing functions. From my own experience, I

know how important it is to have an effective, competent investigative organization as a key element of the defensive team. This is essential for a Government administrator. I must confess that 15 years ago I had a much closer relationship with the investigator than I did with the auditor.

Inspector General Too Insulated

The Inspector General Act ensures, in my opinion, that the agency head is going to know and utilize the internal auditor. There is a growing opportunity for the professional development and usefulness of the internal auditor.

That's the good news. On the other side, I believe that in an attempt to combat corruption in Government, the Congress has overreacted by giving the inspector general and his staff an unwarranted degree of job insulation. This and the reporting functions give the office a potentially dangerous weapon, one which is open to great political exploitation. As a lawyer, I am not objecting merely on constitutional grounds of the separation of powers between the legislative and executive. The thrust of the law makes it practically impossible to fire the inspectors general. I do not object to the fact that they are Presidential appointees. In reality, they are not responsible to the agency heads with whom they work. As a result, the agency head has, as top manager, lost no responsibility, but has lost a significant measure of authority.

The inspector general's charter to free-wheel goes far beyond tracking down corruption in the agency—not just in my book; this is what the law says. It gets into the gray areas of efficiency of operations where it is possible for reasonable people to differ. Given a confrontation, the agency head will too often be at a disadvantage, partly because of the reporting provisions—the fast track

the inspector general has through semiannual reports to the Congress. The result of this kind of thinking, that puts a person in an organization without a superior to whom he or she is responsible, is demeaning to the top executive and adds to the difficulty of discharging already formidable responsibilities.

Again, let's be sure that I am clear. I applaud the concept of an inspector general with investigative and auditing responsibilities, but I believe that in its effort to root out evil, the Congress, as it so often does, has gone too far.

While preparing this article, I consulted one of the outstanding practitioners and students of management whom I know. I asked him for an appraisal of the inspector general legislation. His comment was: "In setting up the inspector general in this fashion, the Congress has done nothing more than set up a super commissar." Now if this were a Russian organization, we would say that was bad. As with most unsoundly conceived organizations, they can work for a time. I have consulted some people who are participating in the system, and they tell me that the inspector general operation has gotten off to a good start. But the test of the structure is, as always, stress, and I am not optimistic.

Oversight Actions in Business

Let me explain my views on the state of the internal auditor in business. These years have seen a great surge in the demand that corporate enterprise assume a more public character. We have come far beyond the requirements for disclosure that were embodied in the early New Deal reforms. Demands for higher standards of ethics and greater social responsibility have produced not just voluntary action, but laws, enforcement of those laws, and regulatory action. They made it necessary for business to change many of its concepts of organization and operation. The example which has the most effect upon your own profession, of course, is the Foreign Corrupt Practices Act (FCPA) with its requirements that corporate internal controls be thoroughly effective.

You will recall that the FCPA was passed in 1977 as a reaction to the disclosure of widespread bribing of top officials of foreign governments by U.S. corporations. The statute goes far beyond regulating conduct of U.S. companies overseas. The second part of the act is directed to all companies reporting to the Securities and Exchange Commission (SEC), whether or not they have any foreign operations or transactions.

The second section is concerned with accounting standards, and its purpose, briefly put, is to ensure that corporate books accurately reflect corporate activity. The SEC states that compliance makes it important that "issues subject to the new requirements review their accounting procedures, systems of internal accounting control and business practices."

The effect of this movement toward greater and different corporate responsibility is an entirely new outlook among the key corporate actors. Boards of directors have changed in composition and operation. There is a trend toward more outside than inside directors. In fact, in Martin Marietta, there are only two inside directors. Some companies appoint to their boards individuals who represent primarily social interests rather than those of the stockholders. Boards are now more participative in their oversight. One mechanism for that is the increasing use of committees, particularly auditing, nominating, and compensation committees.

The effect of the pressure on the board is to move it into the role of constructive management critic rather than the wholehearted advocate of management. This is a delicate relationship; there must be continuing care to ensure that boards are truly participative and yet do not destroy management's responsibility for operating decisions. This evolution toward more and difficult corporate responsibilities has changed the role of the top manager.

Strengthening Business Defenses

Fifteen years ago, I gave talks about the difference between the jobs of the top public and top pri-

vate administrator. The theme was that the public administrator has to spend a greater share of time and effort in what I called defensive operations, those having nothing to do with forwarding the programs for which he or she is responsible.

That difference between the public and private top administrator, the emphasis on defensive operations, is being sharply reduced. Today's business executive is obviously concerned with profit, but is also greatly involved with the myriad problems in corporate responsibility; ethical standards, environment, employment standards and practices, and the effectiveness of the company's internal controls. Here again, as in the case of the board of directors, we must strive for balance among responsibilities. The effectiveness of our system depends upon industry management capable of being competitive and productive in an ever more difficult environment.

Just as the board and top management have changed their focus, it is inevitable that those elements upon which management must depend for defensive operations need to add to their responsibilities. I refer to principally the independent auditor, the general counsel, and the internal auditor. They are the bulwarks of the new defensive team upon whom top management must depend. This becomes particularly true when we consider the pressures resulting from the Foreign Corrupt Practices Act, the pressures exerted by the SEC, and other attacks upon questionable and illegal corporate conduct. The remarkable element of this development is the increased degree of independence from management expected of the general counsel and the internal auditor. In your case, there is insistent demand that the internal auditor report to the audit committee of the board, as well as a high enough level of internal management so that it can be reasonably assured there will be objective consideration of findings and recommendations.

What is my response to that as an audit committee chairman? In the first place, I am in favor of it. As chairman, the committee and I must satisfy ourselves about the organizational and reporting ar-

rangements under which the auditor functions. And the audit committee has to make it quite clear to the management, and to the auditor, that it expects direct communication when the internal auditor believes it warranted. This may take a lot of courage on the part of the internal auditor, but that is what we expect. More difficult, but essential, is that the audit committee knows enough about the auditor's operation to be satisfied that there is an effective internal auditing program. This requires that we know the auditor well enough to have confidence in his or her character, maturity, and ability. It requires an understanding of the auditor's activities, and the extent to which the audit office is effectively staffed. In making such a determination, the audit committee needs to know how the outside auditor appraises the operations of the internal auditor.

Proposed Role for the Internal Auditor

It would be unreasonable to expect that in the brief period of the importance of the internal auditor we have solved all the inherent problems of concept and operation. For example, some questions which concern me are what should be the areas in which internal auditors function? Besides auditing for integrity of operations, what are the auditor's responsibilities for the development of internal control systems? Should the internal auditor perform management or operational audits? What is the most effective relationship between the external and the internal auditor? How can we best use the complementary skills and responsibilities of the internal auditor and the general counsel? Those are but a few.

At this point in the development of the internal auditor, except in situations where the internal auditor has an extremely mature and accepted organization, the management or operational audits should take a subordinate role. This is a matter of the priorities and limitations of talent and experience that so often exist. In addition to its oversight of the honesty of the corporation's activities, I believe that

through the auditing process, the internal auditor should give urgent attention to becoming the corporate expert in the development and operation of internal control systems. The complexity of corporate operations as they are, and the dynamic growth of automated data processing, make this area a formidable challenge and absolutely essential to effective corporate response to the demands of the law and public opinion. In my view, achieving such an objective requires increased corporate management's recognition of the professional responsibilities involved. We have a long way to go in developing a career path for internal auditing that will attract, retain, and develop the quality of personnel needed to accomplish the tasks.

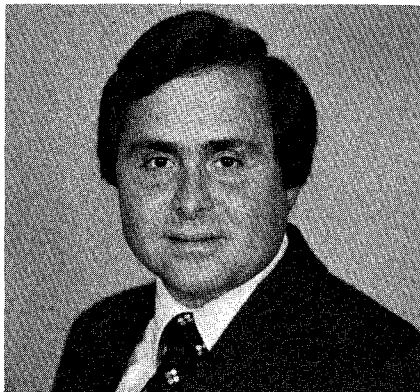
Improving Defensive Efforts

I have placed great stress on the need to improve what I call the defensive side of corporate operations, and appropriately, particular emphasis is placed upon the internal auditor. It is my belief that the effectiveness of these defensive operations goes far beyond enabling the corporation to meet the requirements of laws and regulations. I believe that the corporate response to this growing problem will have a critical influence on whether our corporate system, as we know it, survives.

I have mentioned the recent vast changes in the way corporations and their boards of directors function. About a year ago, I coauthored an article about corporate governance and corporate boards, in which my coauthor and I concluded that so many changes had been made with the development of the outside board and the greater activity of the board committees, that before new changes are made, there should be a breathing spell to permit us to gain experience with these initial changes. That is a beautiful view, but in one year I have concluded it's pretty naive. Clearly, we failed to take into account the strength and breadth of the movement aimed at the so-called democratization of corporations. Tom Hayden, Ralph Nader, Senator Met-

zenbaum, the AFL-CIO, to name but a few, are taking dead aim at the legitimacy of the American corporation. As is usual with reformers and reorganizers, they focus on flaws they find in the established order and give no consideration to preserving the strengths and contributions of the system as it exists. As a professed friend of industry, the Chairman of the SEC has warned us that failure of business to respond to the letter and spirit of the Foreign Corrupt Practices Act will invite increasingly more stringent Federal corporate accountability measures.

An interesting development of great potential significance is the provision of the Chrysler rescue effort that would place Douglas Fraser of the United Auto Workers on the board. This could be an isolated event resulting from the special circumstances of the Chrysler case. I believe it is more likely one step along the lines of European precedent toward a basic change in corporations and their fundamental nature. The only response which will be salutary under these circumstances is timely, aggressive, and constructive response by corporations. The best way to stem the tide of reform is to place real emphasis, not just lip service, upon mechanisms and actions designed to assure and make manifest corporate integrity. A strong, effective internal auditor is one of the most important mechanisms. In this battle, in which I think all of us are concerned with the prospering of the American corporate system, you, as internal auditors, have a key role to play.



Martin M. Ferber

Mr. Ferber, a group director in the Logistics and Communications Division, began his career with GAO in 1968. He has a B.S. degree in accounting from the University of Maryland and an M.S.A. degree in governmental administration from the George Washington University. He has worked on defense, civil, and international audits, and formerly served in the European Branch and the Office of Program Planning. Mr. Ferber is a previous contributor to the *GAO Review*.

GAO Financial Savings: Defense Audits Lead The Way

Measurable financial savings resulting from GAO audits are great—annually many times its operating budget—and most come from defense-related audits. In today's competitive environment, being associated with such audits may provide a competitive edge that staff members should consider in their career and goal planning.

Although many GAO staff members already find personal rewards in audits of defense and other Logistics and Communications Division (LCD) areas, there are others who haven't been exposed to the "defense" side of GAO and may not be aware of the importance of GAO's defense work and challenges it offers.

Importance of Defense Audits

Testifying on GAO's fiscal year 1980 budget request, the Comptroller General stated that GAO will need to increase the proportion of resources devoted to defense-related work—it should constitute 25 percent of GAO's total effort. Some statistics explain why defense audits are so important. For example, during fiscal years 1978 and 1979, GAO's defense-related work, although consuming less than 25 percent of GAO's resources, accounted for 65 percent of GAO's measurable financial savings, including 51 percent of actual collections.

Moreover, our defense reports are useful to the Congress. The Comptroller General went on to testify that:

**** I just reread the House Appropriations' Committee Report on the Department of Defense FY 1979 appropriations bill. That report refers some 93 times to GAO reports and recommendations. *** In many instances, it translates our findings and recommendations into reductions in DOD appropriations where this is appropriate to prevent waste.*

LCD's Share Of GAO's Financial Savings

GAO's financial savings are significant and LCD contributes greatly to them. As shown in the table, for fiscal years 1976 through 1979, GAO reported measurable financial savings of almost \$13 billion dollars—over 18 times operating expenses during the same period.

During this 4-year period, LCD's measurable financial savings increased annually and totaled about \$3.4 billion. LCD, in programming 10 percent of GAO's audit effort, accounted for over 26 percent of GAO's measurable savings.¹

Challenging Work

There are many aspects of the defense area that present audit challenges for GAO staff. For example, the sensitivity of the area

Fiscal year	Measurable financial savings from GAO operations	GAO's operating expenses
	(millions of dollars)	
1976	\$ 2,127.0	\$176.0
1977	5,656.9	157.1
1978	2,503.0	176.0
1979	2,575.4	184.7
Total	\$12,862.3	\$693.8

requires GAO to "walk a tightrope" so that we do not make judgments on military strategy and tactics or threat assessment. Instead we must confine our judgments to the capability of the military to carry out the strategy and tactics they have decided are required.

To obtain the sensitive data in this area requires GAO auditors to be effective negotiators, deal with access to records problems, and appropriately handle classified material. Also, because the United States' military policies involve changing worldwide scenarios, GAO auditors are challenged to understand these scenarios and relate their requirements to military programs and audit objectives. Finally, because of the sensitivity of the area and the military's somewhat parochial attitude, solid audit support and constructive audit recommendations are needed to effect improvements.

Logistics and Communications Division

Although primarily defense related, LCD also has responsibility for some civil agency functions. Statistically, LCD has about 8 percent of GAO headquarters' staff and programs 10 percent—444 staff years—of GAO's audit work. Primarily this effort is in five LCD-led issue areas:

- Logistics management
- Facilities acquisition and management
- Military readiness
- Federal information
- Communications

A report by the House Republican Study Committee also recognized the contribution GAO can make to the Government. Speaking on the report in September 1979, Representative Gerald B. Solomon (R-N.Y.) stated that "**** if the advice of GAO is followed, the American taxpayer will have been spared billions of dollars."

The report, which identified examples of fraud, waste, abuse and mismanagement in the Federal Government, highlighted 25 GAO reports. Again LCD was prominent, with 8 reports totaling \$1.9 billion

in savings, 44 percent of the GAO total.

Relationship With Competitive Environment

GAO staff are well aware of today's competitive environment in competitive selection and the upcoming merit pay and senior executive service systems, but may not have thought of LCD audits as they can relate to this environment.

Because there is so much competition, staff members must look to areas that can provide the "edge" to help make them desirable employees. Some areas are obvious—chances to demonstrate leadership supervisory competence, and professional development—but others are more subtle, such as working on audits resulting in measurable savings which help GAO pay for itself many times over. Such experience, when measured against others, may provide just the edge that the staff member needs. After all, it's hard to argue with success that can be measured in dollars and cents.

The Director's Perspective

During one of my first meetings with Richard W. Gutmann, LCD's director, he philosophized on the importance of LCD's work and its large contribution to GAO's financial savings. Since his philosophy was the impetus to this article, I asked him to expound on his views.

Mr. Gutmann believes that the statistics, as compiled in this article impressively show the importance to GAO of LCD audit and analytical work. He also shares my views that the potential for contributing to GAO's financial savings should be considered by individuals in their career and goal planning.

To further encourage this, Mr. Gutmann feels that GAO could be more generous with its cash awards when feasible, making the amounts more commensurate with the magnitude of the measurable savings resulting from an individual's performance. He also feels there is a role in the competitive environment for performance which contributes

to financial savings. However, since many GAO audits do not provide the opportunity to achieve measurable savings, it is difficult to determine what this role should be. For example, staff members may work on audits that result in more Federal funds being spent to respond to congressional intent. Such performance is equally important to GAO and should also be recognized.

LCD and Career Planning

By highlighting GAO's work that results in measurable financial savings, it is not my intention to downplay other GAO work which contributes greatly in areas which cannot be as easily quantified—for example, direct advice and assistance to congressional committees and staffs, and results-oriented evaluations of the multitude of Government programs. Yet, because savings from GAO efforts and their relationship to its costs are so dramatic, staff members should be aware of them and consider them in career and goal planning. As the statistics show, the greatest opportunities are on defense audits and LCD audits in general.

Want to find out more about LCD? In the summer of 1979, LCD published a booklet, "Welcome to the Logistics and Communications Division," which explains not only the issue areas but LCD in general. Rather than summarizing here, I suggest interested staff members read the booklet. (Copies are available from Room 5804, or call FTS 275-6518). By showing the questions addressed in each issue area and examples of assignments, the booklet is especially useful to field staff who may get the opportunity to work on LCD audits.

¹ Eliminating an extraordinary GAO fiscal year 1977 Government-wide saving of \$3.8 billion makes LCD's 4-percent share even more dramatic—37 percent.

Unaccustomed As I Am . . .

Although GAO staff would not write speeches for Members of Congress, many help write testimony for the Congress and some draft remarks for public speaking engagements of Mr. Staats or other senior GAO officials. Mr. Whittier's insights can apply to many aspects of this work.

Charles H. Whittier

Charles Whittier is an analyst in American National Government (humanities and religion), Government Division of the Congressional Research Service.

Reprinted with permission from the *Congressional Research Service Review*, January 1980.



President Theodore Roosevelt rouses a crowd with his speechmaking. Few public speakers have captivated audiences as he did. (*Library of Congress photo*).

"Half the world," wrote Robert Frost, "is composed of those who have something to say and can't say it, the other half of those who have nothing to say and keep on saying it." The demand for speeches and public statements on every conceivable issue and occasion is a constant challenge to Members of Congress who are already burdened with heavy work loads. Having something to say and being able to say it clearly and well requires some reliance on speechwriters, whose task is to express the Member's ideas persuasively, to inform, to motivate, to inspire—at times even to entertain.

Those who help in preparing speech drafts, whether by gathering information or clothing it in effec-

tive rhetoric, share in the process called "ghostwriting," which began on these shores with the Founding Fathers. Today the "ghostwriter," formerly heard but never seen, is both seen and heard, often *highly* visible, even a celebrity—a Goodwin, a Sorensen, a Fallows, a Hertzberg. Ghostwriters, in the public image, subordinate themselves so that the final product reflects both the ideas and the style of the speaker. In practice, ghostwriter roles may range from that image to something considerably more influential, with salaries in proportion.

The "secret" of effective speechwriting—apart from practice and experience, certainly the best teachers—is learning to "write aloud," for the ear rather than for

the eye. "The best orator," says an Arab proverb, "is one who can make men see with their ears." So, too, with the best speechwriter.

Easy intelligibility is a paramount concern so that the listening span is not strained. By numerous rhetorical techniques, the speaker states, restates, and states again in different ways the central themes of the speech. Repetition with variation emphasizes key elements while avoiding monotony. Martin Luther King's "I have a dream" speech is a striking example of this technique, using that phrase to introduce a series of future visions; similarly, Churchill's bold defiance of Hitler:

We shall fight in France and on the seas and oceans; we shall fight with growing confidence and growing strength in the air. We shall defend our island whatever the cost may be; we shall fight on the beaches and landing grounds, in fields, in streets and on the hills.

Franklin D. Roosevelt's "One-third of a Nation" speech in 1937 imparts a sense of urgency by his deliberate repetition of a "Here are ..." construction to describe conditions in the country, followed again and again with "now":

Here is one-third of a Nation ill-nourished, ill-clad, ill-housed—NOW.

Here are thousands upon thousands of farmers wondering whether next year's prices will meet their mortgage-interest—NOW.

Here are thousands upon thousands of men and women laboring for long hours in factories for inadequate pay—NOW.

It is a technique used with great skill by Pope John Paul II during his recent visit to America, in a series of cadenced affirmations each beginning with the phrase, "We will stand up."

George Orwell's advice to cut out any word which can possibly be cut is helpful so long as the resulting effect is clarity and not verbal shorthand. Ciceronian oratory on the one hand and Dick-and-Jane simplicity on the other are extremes to be avoided.

Moreover, no speech will sound fresh and vivid if it is not animated

by imaginative imagery, by metaphor in its myriad forms ("the hatred of entrenched greed": "America will always stand for liberty": "Democracy is the healthful lifeblood which circulates through the veins and arteries of society ..."; "Whether in chains or in laurels, liberty knows nothing but victories"). As Emerson observed: "Condense some daily experience into a glowing symbol, and an audience is electrified."

Hold That (Mixed) Metaphor!

Two or more metaphors in a single sentence or thought can be safely ventured only by the most nimble writers ("To take arms against a sea of troubles") without incurring ridicule, as in the famous example attributed to PRAVDA: "The fascist octopus has sung its swan-song."

Above all, in the spoken word there must be an element of identity and rapport with the listener, whether the speaker uses a "natural" conversational tone or a more oratorical style. Effective speechwriting for Congress is not really a branch of "creative writing." Its "rules" are meant to foster clarity of expression, whatever the occasion and purpose of any given speech. But mere clarity is not enough. Indeed, there are times when clarity and brevity are *not* appropriate. The issues may defy such treatment, or the occasion may call for some measure of deliberate ambiguity.

Time, place, theme, purpose, method of approach—all these, once determined, will help shape the speech to the audience and to the occasion. A formal address to a learned society will differ dramatically from friendly remarks at a lodge banquet, yet for the speaker both should be equally significant, prepared with the same attention to audience, occasion, and purpose.

Having a fixed time stimulates careful preparation. Both a time limit and notes or text help guard against logorrhea or excessive verbiage. They also encourage the speaker not to try saying everything there is to be said on the speech topic, a temptation difficult to resist but capable of transforming an effective speech into an archive report.

Theme, audience, time and place—these being settled, the next concern is to gather ideas, facts, examples, illustrations, quotations, humor, whatever is needed to give substance, character, and interest to the speech. A wide range of resources are available for speechwriters.

Plagiarize At Your Own Risk!

The responsible speechwriter will take great care in selecting material for use to quote accurately and to give full credit for whatever is borrowed outright. Plagiarism is illegal, at least in print, and conceivably costly if proven. It is always unethical, and sometimes embarrassing. It remains, however, a gray area of the copyright laws and courts tend to weigh both degree and intent of alleged plagiarizing, and the extent of "fair use." On the other hand, it is entirely proper to *adapt* existing materials to one's own purpose in preparing a new speech for any occasion.

"I did not," wrote Jefferson in response to accusations of plagiarizing the Declaration of Independence, "consider it as any part of my charge to invent new ideas altogether and to offer no sentiment which had ever been expressed before."

Straining after originality—defined by "Anon." as imitation not yet detected—can ruin the best of speeches.

Throughout the speech, the writer ought to be constantly asking: "What is it I am trying to say," and, after it is written: "Have I, in fact, said it—clearly and well."

"There are those," wrote Pascal, "who speak well, and do not write well. It is because the place, the audience, warms them, and elicits from their mind more than they find in it without this warmth." An effective speaker solicits that warmth by first communicating it.

Far more important than the schoolmarm's "rules" is the communication of personality by which a speech—as opposed to a lecture—is clothed with emotion and enthusiasm so that the speaker is perceived to be sincere and trustworthy, neither "talking over people's heads" nor "talking down" to

them. While this may belong more to the presentation or delivery, it should be striven for in the preparation as well. In short, to quote again from a never-failing source, "Anon." (as cited by H. L. Mencken):

*If wisdom's ways you wisely seek,
Five things observe with care:
Of whom you speak—to whom you speak,
And how—and when—and where.*

The rise and, indeed, the virtual triumph in American political speaking of "the popular conversational idiom," with its emphasis on simplicity, brevity, and terseness, has tended, according to James L. Golden, to encourage "simplistic language together with slogans or catch words," influenced by the techniques of mass media advertis-

ing. In a similar vein, Patrick Devlin points out, "Repetition and retention of a few simple ideas are stressed more than a complex concept."

Golden too notes a growing trend towards a numbing mediocrity: "Since the 1920s more political speakers have addressed larger audiences on a wider range of topics than at any time in history. Yet so marked is the decline in the quality of style that the majority of speeches are pedestrian, prosaic, and impotent."

The remedy, in part, is to be found in the cultivation of style. "Time should be devoted," writes Devlin, "to using impressive language," which he defines as "the most vivid, clear, concise, and meaningful style." It will be most effective if it bears the personal stamp of the speaker. "The process

of persuasion" says James McBath and Walter Fisher, "is ... more a matter of communicating values than logical information."

Finally, there is Franklin's warning in Poor Richard's Almanac, addressed to those who would have something to say rather than those who feel that they must say something:

*Best is the tongue that feels the rein;
He that talks much, talks in vain;
We from the wordy torrent fly:
Who listens to the chattering pye?*

This article is based upon "Speechwriting in Perspective: Brief Guide to Effective and Persuasive Communication." July 17, 1979. 26 p. CRS Report No. 79-153 Gov. It as well contains an 8-page guide to further reading.



John Vialet

John Vialet is Issue Area Planning Director/Transportation for the Community and Economic Development Division. Prior to joining GAO in 1973, he was a member of the Technical Staff, the MITRE Corporation, McLean, Virginia, where he specialized in systems analysis and operations research studies of transportation problems. He received his bachelor's degree in government with honors from Harvard College in 1959, and a master's degree in city planning from the Massachusetts Institute of Technology in 1964, where he was awarded a Sears-Roebuck Fellowship. He recently attended the Federal Executive Institute's Executive Leadership and Management Program, in Charlottesville, Virginia.

A Week's Worth

This issue of the *GAO Review* contains a new feature—"A Week's Worth"—designed to capture the activities of various employees as they move through a week. The events described will encompass work and home life, with the intention of getting a glimpse of the many experiences that affect various GAO staffers. Those who would like to let *Review* readers share their experiences for a week are invited to contact the Assistant Editor.

Monday, January 21, 1980. This morning, Denny Dugan, GAO's chief economist, and a group of PAD staffers briefed Mr. Staats on the economic factors and trends affecting the Chrysler Corporation. Public Law 96-185, the Chrysler Corporation Loan Guarantee Act of 1979, was signed by the President on January 7. The act established a board to administer the loan guarantees—the Comptroller General is one of the three voting members.

PAD has the lead responsibility for GAO's work on the loan guarantees, and there are no plans for CED to get directly involved. I attended the briefing to keep informed about what PAD was doing and make sure CED's work didn't conflict with it.

The briefing was fascinating. I was struck by Japan's growing share of the world auto production and the U.S. auto market. I think Japan's success partly reflects their emphasis on encouraging innovation and improving productivity. I'm very interested in these issues; my division director, Henry Eschwege, and I have jointly written an article on encouraging transportation innovation for the April 1980 issue of *Traffic Quarterly*.

After the meeting, I went back to my office at DOT. In the courtyard, I met two friends from DOT. Bob Nutter was my boss at the MITRE Corporation—we worked on the Northeast Corridor Transportation Project together a decade ago. Bob and I worked as consultants for the other DOT staffer, Don Igo, back then.

In the afternoon I revised the program plan for the transportation issue area. CED is the lead division for GAO's work in transportation. As issue area planning director, I'm

responsible for putting the plan together. The Comptroller General's Program Planning Committee reviewed the plan in November and approved it on the condition we make some changes recommended by the Office of Program Planning. Herb McLure, associate director of CED's transportation operating group and the CED/Trans group directors have suggested possible changes in the plan to address OPP's concerns—I revised these, made some editorial changes, and sent the plan back to OPP for their comments. I got home late, but my wife Joyce kept supper waiting.

Tuesday, January 22, 1980. This morning Joyce and I took Route 66 to Charlottesville, Virginia, where I had agreed to give a lecture on transportation issues. A friend of mine, Ira Dye, is a visiting professor at the University of Virginia; I met Ira when he was director of the Office of Systems Analysis for the Department of Transportation. I spoke to one of Ira's classes in January 1979 on transportation issues in the 96th Congress, and he asked me to come back. Joyce took the day off from her job as an immigration specialist at the Library of Congress' Congressional Research Service to come with me. I enjoy public speaking; I'm scheduled to give the keynote address to the Warner Robins Air Logistics Center's annual transportation and traffic management conference in June on "Transportation Issues in the 1980's."

Ira's class was a graduate seminar in the Civil Engineering Department. I began my lecture with a brief overview of current issues, then focused in on the details of some issues I'm particularly interested in: rail and truck deregulation, Amtrak, and mass transit operating subsidies.

I gave a similar lecture last January, and the previous class seemed to like it more. Ira was complimentary afterwards, but it was clear that I needed to spend more time explaining how ICC regulation works—I think I lost part of the class at that point.

On the way home, we stopped for barbecue sandwiches at the Three

Pigs Restaurant in McLean—one of my favorite restaurants when I worked at MITRE—and had dessert at the McDonalds around the corner.

Wednesday, January 23, 1980. I spent the day talking on the phone and catching up on paperwork. My job used to be called "transportation program coordinator," and that's still an accurate description of what I spend much of my time doing.

The actual mechanics of "coordination" are simple. Before any GAO division can start a new audit or issue a report involving transportation issues, the project has to be coordinated with CED. As CED's Issue Area Planning Director/Transportation, I serve as the focal point for this activity. This means I spend a lot of time reading draft reports and descriptions of proposed audits, and talking with people about them.

My goal is to know about everything GAO has done in the past, is doing now, and plans to do in the future, involving transportation. I want to know this so that I can make sure our work is accomplishing our planned goals and objectives, and doesn't seriously duplicate any of our work or the work of the other congressional support agencies: the Congressional Research Service, Congressional Budget Office, and Office of Technology Assessment.

To make the process work, it's necessary to be both aggressive and tactful. As a practical matter, my authority is limited. I try hard to understand the other person's point of view. Very little of what I do involves clear-cut decisions in which one side is right and the other wrong.

In the evening, Joyce and I watched the State of the Union message after supper. Our daughter Jill was attending a conference—a meeting of the Maryland Association of Student Councils. Jill is a sophomore at Bethesda-Chevy Chase High School and active in student government. She's also a good student and an outstanding athlete. The net result is she's very busy and we see less of her than we used to.

Thursday, January 24, 1980. Every year about this time, I meet

with the staff of the House and Senate Appropriations Subcommittees on Transportation—the subcommittees which review and approve the budgets for the Department of Transportation and related agencies. Today, I visited Tom Kingfield and Larry Johnson, the staff members for the House subcommittee.

At lunchtime, I took a cab to the Rayburn Building and met Tom and Larry in their offices next to the committee hearing room. We went downstairs to the Rayburn cafeteria for a sandwich. Tom is the senior staff member and an ex-GAOer; we discussed recent happenings at GAO over lunch.

I brought along a computer printout, which showed the status of all of our audits at DOT and the other transportation agencies. After we finished lunch, we quickly went through the list and discussed audits which were of particular interest to the subcommittee. I've worked with Tom and his Senate counterpart, Jim English, for a number of years, and we've developed a good working relationship. They understand how GAO operates, and make very productive use of our assistance. Over the next few months, our staff will meet with the subcommittee staff to discuss specific audits in more detail. We'll also provide suggestions regarding issues that should be explored during the appropriations hearings.

Friday, January 25, 1980. I spent the day reviewing the progress of one of the audits for which I'm team director—a study of the Federal mass transit operating subsidy program. As team director, I'm responsible for the audit's overall direction. Jim Bonnell from the Washington regional office is team leader, responsible for the basic day-to-day management of the audit. On this multiregional assignment, Jim is in charge of staff from WRO, CED, BRO, NYRO, SFRO and DRO. He's doing an outstanding job—it's his second team leader assignment in the transportation area.

When I joined GAO in 1973, projects were managed through a hierarchical management structure in which as many as four levels of management made decisions about an audit. This was a very thorough way to conduct our work, and kept

mistakes to a minimum. It was also slow, and tended to diffuse the responsibility for making decisions about a given project. I think the team approach is better. Management responsibilities are clearer, and the number of review levels has been reduced. We're getting our work out faster, and maintaining the quality of our products. I've been selected to attend the Federal Executive Institute later this year, and I hope to learn more about how other agencies organize project management responsibilities.

Looking at GAO's transportation work from my perspective as issue area planning director, I think we're making a real contribution through improving the efficiency and effectiveness of the Federal Government and providing needed support to the Congress. Over the past year we've worked with all of the major congressional committees, providing assistance through reports, testimony, briefings, and questions for hearings. We're working on the major issues in transportation: auto fuel economy, auto safety, mass transit, ICC regulation, railroad revitalization, Amtrak, highway needs and aviation safety. I think we're doing a good job—useful work that needs to be done.

In the evening, Joyce and I went to the movies and saw "Going in Style" with George Burns. We enjoyed it.



Judith Hatter



Legislative Developments

GAO Legislation

Both the General Accounting Office Personnel Act of 1980 and the General Accounting Office Act of 1980 have now been enacted into law (Public Law 96-191, February 15, 1980, and Public Law 96-226, April 3, 1980, respectively).

Of the General Accounting Office Act, Senator John Glenn of Ohio states:

**** Future historians may well look upon this piece of legislation as one of the most significant to emerge from the 96th Congress. The legislation is intended to strengthen the General Accounting Office's ability to discharge its functions as an investigative and auditing arm of the Congress.****

Reporting Requirements of the Law

On March 24, Senator Abraham Ribicoff of Connecticut submitted legislation to discontinue or amend certain reporting requirements of the law.

The bill, S. 2467, was introduced at the request of the Comptroller General to fulfill certain requirements of the Congressional Budget Act of 1974. The Comptroller General, by the terms of that legislation, was required to monitor the various reporting requirements imposed by the Congress and recommend that any duplicative or unneeded reporting be eliminated. The legislation would eliminate 18 reporting requirements and modify one other.

Paperwork Reduction Act of 1980

On March 24, the Paperwork Reduction Act of 1980 passed the House of Representatives under suspension of rules. The purpose of the bill is to reduce paperwork and enhance the economy and efficien-

cy of the Government and the private sector by improving Federal information policymaking.

Among the objectives of the legislation, as explained in the report of the House Committee on Government Operations (H. Rept. No. 96-835, March 19, 1980) is the establishment of a single focal point for information management within the Office of Management and Budget—the Office of Federal Information Policy—which will have specific authority, responsibility, and accountability to the President, the Congress, and the public for Government-wide information policy and oversight.

The legislation rewrites the Federal Reports Act governing the clearance of information collection requests made by Federal agencies. All Federal agencies are subject to the act and the authority to approve agency data collection requests is consolidated in the Office of Management and Budget. The Comptroller General has supported the legislation in testimony and correspondence to the committee.

Productivity Improvement Act of 1980

On March 12, Senator Lloyd Bentsen of Texas introduced the Productivity Improvement Act of 1980, which establishes a National Productivity Council to, among other things, develop and annually review a comprehensive national productivity plan.

The following excerpt is from Senator Bentsen's remarks when he introduced the legislation:

**** Last April, I asked Elmer Staats, Comptroller General of the United States, to evaluate the wisdom of establishing a focal point for Federal efforts to stimulate productivity. Mr. Staats and the General Accounting Office were a logical choice for this task. More than*

any other official, Mr. Staats has consistently stressed the urgency of renewing our productivity growth. And more than any other Federal entity, he and his staff have plumbed the best minds worldwide in fashioning solutions to the question of how best to spur productivity.

*The legislation I am introducing today reflects the best thinking of Mr. Staats and the GAO. It is drawn largely on material prepared by them.****

National Publications Act of 1980

The Committee on House Administration, House of Representatives, favorably reported a substitute version of H.R. 5424, to amend

Title 44, U.S.C., to provide for improved administration of public printing services and distribution of public documents. (H. Rept. No. 96-836, Pt. 1, March 19, 1980)

The amended bill proposes creating a National Publications Office in the legislative, rather than executive, branch of the Government. The amended version continues to require audit of the activities of the Office by GAO. The bill has now been referred to the Government Operations and Rules Committees of the House.

Control of Year-End Spending

On April 15, Congressman William L. Dickinson of Alabama introduced H.R. 7044, to require that not more than one-fourth of the budget

authority of any department or agency of the executive branch may be obligated during the last quarter of the fiscal year.

In his remarks introducing the legislation, Mr. Dickinson indicated that language suggested by the General Accounting Office in testimony before the Government Operations Committee was incorporated in the bill.

The Comptroller General is to review for the Congress a report to be provided by the Director of the Office of Management and Budget on the results of administration of this limitation and actions taken to strengthen the budget execution and procurement processes. The Comptroller General will make recommendations concerning continuation of the limitation beyond 3 fiscal years.

¹*Congressional Record*, Vol.125, (Feb. 28, 1980), p. S2061.



Josephine M. Clark



Reflections

Since *The Staff Bulletin* stopped appearing in March 1960 and *The GAO Review* was not published until the winter of 1966, here are several interesting items taken from the summer issues of *The Watchdog*. Twenty years ago:

- Arthur Schoenhaut, recently retired executive secretary of the Cost Accounting Standards Board, was designated assistant director of the Civil Accounting and Auditing Division in charge of accounting and auditing activities of the Commerce Department.
- John D. Heller, Assistant Comptroller General, then with the Civil Accounting and Auditing Division, was assigned to the Capital Accounts assignment for several months.
- Victor Lowe, director, Far East Branch, then supervisory auditor in Civil Accounting and Auditing Division, was nominated to attend the Harvard University Sixth Program for Management Development in their Graduate School of Business Administration.
- J. Kenneth Fasick, director, International Division, was designated as assistant director in Civil Accounting and Auditing Division in charge of audit of the Military Assistance Program and other defense-related programs.

Ten years ago, in the Summer 1970 issue of *The GAO Review*, you will see:

- F. Henry Barclay, Jr., recently retired associate general counsel, was appointed to that position on March 22, 1970.
- Walter H. Henson, regional manager of Seattle, was designated regional manager of the Norfolk regional office, effective July 1970.
- Louis W. Hunter, senior associate director in International Division—now on loan to Treasury Department and working in Saudi Arabia—

was appointed manager of the New Delhi Office, European Branch, July 1970.

- William L. Martino, assistant to the director for issue area planning/land use in the Community and Economic Development Division, was designated assistant director of the European Branch, International Division, July 1970.
- Frank M. Mikus, group director, Community and Economic Development Division, returned to the Civil Division in August 1970, after serving 5 years with the European Branch.
- Milton J. Socolar, general counsel, was appointed assistant general counsel in charge of civilian personnel work in the Office of General Counsel, March 22, 1970.
- Alfonso J. Strazzullo, regional manager of Norfolk, was appointed regional manager of the New York office, July 1970.
- Comptroller General Staats delivered the commencement address at his alma mater, McPherson College, McPherson, Kansas, on May 24, 1970.
- Fred D. Layton, director, European Branch (then assistant director, Civil Division) attended the Program for Management Development at the Harvard Graduate School of Business Administration, February 8-May 13, 1970.
- Morton E. Henig, senior associate director, Human Resources Division, (then assistant director, Civil Division) attended the Advanced Management Program at the Harvard Graduate School of Business Administration, February 8-May 7, 1970.
- A news note on a "skeleton hidden in the closet"—a very unusual GAO finding. In April 1970, the Seattle newsletter reported:

It finally had to happen. The auditees kidded the GAO auditors one time too many about having hidden the skeletons where the auditors couldn't find them. So our nominee for auditor-of-the-year, Sandy Olson, plunged into a dusty vault in the County Court House in Grants Pass, Oregon, to find and examine 33-year-old property tax assessment records, and uncovered a human skull and assorted bones that were intermingled with the ancient records.

Henceforth, if anyone tells you they've hidden the skeletons where you can't find them, you can confidently say, "Don't be too sure; one of our auditors did."

[A County Commissioner told Sandy that the skull, believed to have come from a historic Indian grave, had originally been picked up by deputy sheriffs as evidence against grave robbers.]

- Comptroller General Staats testified on March 31, 1970, on cost accounting standards for negotiated contracts before the Subcommittee on Production and Stabilization of the Senate Banking and Currency Committee. Bill S. 3302 would extend the Defense Production Act and provide for the

establishment of uniform cost accounting standards for defense contracts. The legislation was later passed by the Senate with an amendment providing for the establishment of a five-member Cost Accounting Standards Board with the Comptroller General as Chairman. The House Banking and Currency Committee later held hearings on the same subject and the Comptroller General testified on June 19, 1970. (Public Law 91-379, signed August 15, 1970.)

- The Comptroller General also testified on the following: Status of the defense profits study at a hearing before the Subcommittee on Economy in Government of the Joint Economic Committee, May 20, 1970; on the F-111 aircraft program, before the Permanent Subcommittee on Investigations of the Senate Committee on Government Operations, April 28, 1970; and on a bill to establish an Office of Technology Assessment as an arm of the Congress, on May 20, 1970, before the Subcommittee on Science, Research, and Development of the House Science and Astronautics Committee.
- In a memorandum dated May 25, 1970, President Nixon

directed that an intensive program evaluation effort be initiated in each executive department and agency and results reported to the then Bureau of the Budget, predecessor of the Office of Management and Budget. Results were to be considered in formulating the next year's budget.

- Announcement of a revised policy on qualifications of public accountants doing audits of federally chartered, financed, or regulated private organizations. The Comptroller General announced this change in GAO policy in a letter dated April 17, 1970, to the Chairman of the General Subcommittee on Labor of the House Committee on Education and Labor, and in a circular letter to the heads of departments and agencies (B-148144, May 12, 1970). The prior policy, sometimes called the GAO model audit language, called for audits by independent CPAs or independent licensed public accountants; the revised policy provided for such audits by CPAs only after December 31, 1975, with the provision that, if heads of agencies deemed it necessary in the public interest, they might prescribe higher standards than those imposed by State regulatory authorities.

GAO Staff Changes



Harry S. Havens

Harry S. Havens was designated Assistant Comptroller General for Program Evaluation effective April 18, 1980. In this position, he is responsible for overseeing the operations of the U.S. General Accounting Office's Program Analysis Division and Institute for Program Evaluation. In addition, he is a member of GAO's Program Planning Committee, Assignment Review Group, Executive Resources Board, Budget Committee, and Information Policy Committee. He has additional duties overseeing the use of consultants in GAO's work and participating in the development of program evaluation training programs for GAO staff. Prior to his present assignment, Mr. Havens was Director of the Program Analysis Division.

Mr. Havens served in the U.S. Navy from 1957 to 1964, and with the Bureau of the Budget (now Office of Management and Budget) from 1964 to 1974. Before coming to GAO in 1974, he was Deputy Chief of the Human Resources Division of OMB and Chief of the Income Maintenance Branch.

Mr. Havens graduated from Duke University in 1957 with a B.A. in economics. He attended Oxford University, England, from 1957 to 1959 as a Rhodes Scholar, receiving a B.A. in politics and economics in 1959 and an M.A. in 1963.

Mr. Havens received the Roger W. Jones Award for Executive Leadership in 1980, and the Comptroller General's Group Award for outstanding work on improving GAO effectiveness in 1978.

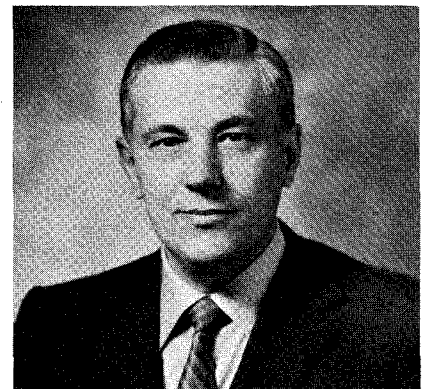


John D. Heller

John D. Heller was designated Assistant Comptroller General April 18, 1980. He will retain responsibility for the overall direction of the Office of Policy and the Office of Program Planning; editorship of the *International Journal of Government Auditing* and *The GAO Review*; and responsibility for the *Annual Report of the Comptroller General*.

Mr. Heller will also chair the Assignment Review Group and the Information Policy Committee; co-chair the Budget Committee; participate as a member of the Program Planning Committee and the Executive Resources Board; provide staff support to the Comptroller General as a Board Member of the International Organization of Supreme Audit Institutions; oversee GAO's International Auditor Fellowship Program; facilitate the Comptroller General's Consultant Panel; and represent the Office on behalf of the Comptroller General in various internal environments.

Mr. Heller joined the General Accounting Office in 1959. Before his present appointment, he was Assistant to the Comptroller General, Director of the Office of Program Planning, Deputy Director of the General Government Division, and Associate Director in the Human Resources Division. He has been the recipient of several awards including the 1979 Comptroller General's Award.



Clerio P. Pin

Clerio P. Pin was appointed Assistant Comptroller General for Administration on April 18, 1980. He will be responsible for providing policy guidance and direction on major issues affecting GAO personnel operations, financial management activities, and general support operations. Mr. Pin is a member of the Program Planning Committee and the Information Policy Committee, Vice-Chairman of the Executive Resources Board, co-Chairman of the Budget Committee, and is a member of the Assignment Review Group. He has also assumed several responsibilities held by Mr. Keller, the former Deputy Comptroller General.

Mr. Pin first joined the GAO staff in 1951. In 1968 he went with the Atomic Energy Commission as special assistant to the director of the Division of Reactor Development and Technology. In April 1971, Mr. Pin returned to GAO as director, Organization and Management Planning Staff, and later was designated director of the Office of Administrative Planning and Services. He was appointed Deputy Assistant Comptroller General for Management Services in September 1974; Director, Management Services in September 1975; and Assistant to the Comptroller General in July 1978.

Mr. Pin received the Distinguished Service Award in 1967; and the 1978 Comptroller General's Group Award for outstanding work on improving GAO effectiveness.



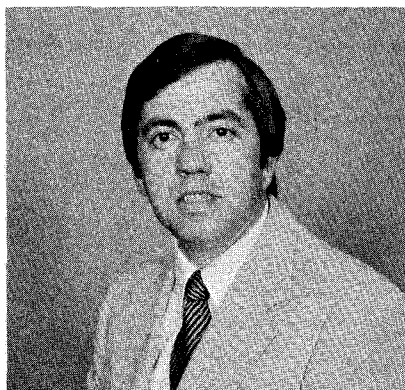
William J. Anderson

William J. Anderson was designated director, General Government Division, on May 19, 1980.

Mr. Anderson received a B.S. degree in Foreign Service in International Commerce, cum laude, from Georgetown University School of Foreign Service in 1956; a B.S. degree in business administration, cum laude, from Georgetown University School of Business Administration in 1961; and an M.B.A. degree from the American University in 1966. In 1973, he attended the Executive Development Program at Cornell University.

Before joining GAO, Mr. Anderson served as an Army Russian linguist, and worked in public and corporate accounting. Since joining GAO in 1962, he has had diverse assignments, including responsibilities for audits at the National Aeronautics and Space Administration; U.S. Forest Service; Atomic Energy Commission; Far East Branch; International Division; and the U.S. Postal Service. He served as associate director, Manpower and Welfare Division and deputy director, General Government Division and director, Office of Policy.

Mr. Anderson is a member of the National Association of Accountants and Association of Government Accountants. He received the GAO Meritorious Service Award in 1967; a superior performance award in 1968, and the Distinguished Service Award in 1975.



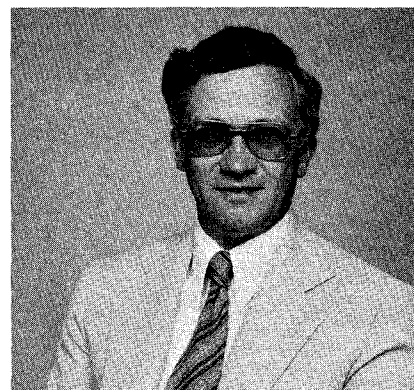
F. Kevin Boland

F. Kevin Boland as Chairman, Professional Audit Review Team (PART) has been designated associate director senior level, Energy and Minerals Division, effective March 16, 1980.

Under Title I of the Energy Conservation and Production Act (Public Law 94-385, August 14, 1976) the Comptroller General has the responsibility to designate a Chairman for PART which is to perform a thorough annual performance audit review of the Energy Information Agency, Department of Energy, prepare a report describing its investigation, and report its findings to the President and the Congress. PART consists of representatives from six designated Federal agencies.

Mr. Boland's position is established within the Energy and Minerals Division which has audit and analysis responsibility for the Department of Energy.

Mr. Boland joined the former Civil Division of GAO in 1962 after graduating from the University of Scranton with a B.S. degree in accounting. During the past 18 years he has held positions of increasing responsibility for GAO audits and analyses of activities in six major Federal departments. Mr. Boland has received a group Meritorious Service Award in 1972, a Director's Award in 1977, and was recognized in June 1978 by the William A. Jump Memorial Foundation for noteworthy service in public administration.



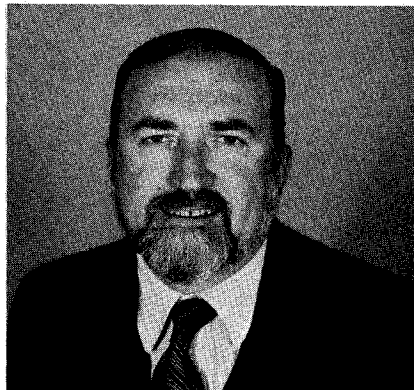
Brian P. Crowley

Brian P. Crowley has been designated associate director senior level in the Community and Economic Development Division, effective April 20, 1980. In this position, he will be responsible for directing GAO's work on food, agriculture, and land use programs.

Since October 1978, Mr. Crowley was associate director in the Federal Personnel and Compensation Division. He has also served as assistant director in the Community and Economic Development Division in charge of the Agriculture audit site, and was in charge of the Environmental Protection Agency audit site.

Mr. Crowley graduated cum laude from Fairfield University, Fairfield, Connecticut, in 1962 and received a B.B.A. in accounting. He is a CPA (Virginia) and a member of the American Institute of Certified Public Accountants and the National Association of Accountants. Mr. Crowley received the Wall Street Journal Award (1962) for scholastic achievement, the Virginia Society of Certified Public Accountants Gold Medal Award (1964), the GAO Career Development Award (1970), and the GAO Distinguished Service Award (1977).

Mr. Crowley participated in the Civil Service Intergovernmental Affairs Fellowship Program in 1971. He also attended the Senior Executive Education Program at the Federal Executive Institute from April to May 1978.



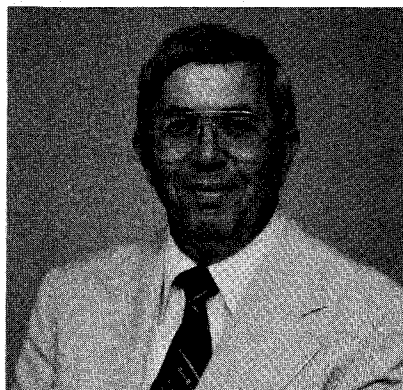
Robert M. Gilroy

Robert M. Gilroy, senior group director, Logistics and Communications Division, has been designated Director of the Office of Internal Review effective May 5, 1980. He is responsible for the review of all operations of the GAO and will report directly to the Comptroller General or Deputy Comptroller General.

Mr. Gilroy joined the General Accounting Office in the Field Operations Division and served in Philadelphia from 1957 to 1963, transferring in 1963 to the International Division and serving in the European Branch until 1969. He then served in the Defense Division from 1969 to 1971, following which he served for 2½ years as deputy director of the Office of Internal Review.

Mr. Gilroy is a graduate of the University of Scranton and has a master's degree in international relations from George Washington University. He is also a graduate of the National War College.

Mr. Gilroy served in the U.S. Navy from 1951 to 1953. He is a certified internal auditor and the recipient of GAO Meritorious Awards in 1967 and 1970 and an LCD Certificate of Merit in 1979.



Clifford I. Gould

Clifford I. Gould was designated Special Assistant to the Comptroller General to serve as an advisor responsible for directing the effective implementation of requirements of the GAO Personnel Legislation, effective March 20, 1980.

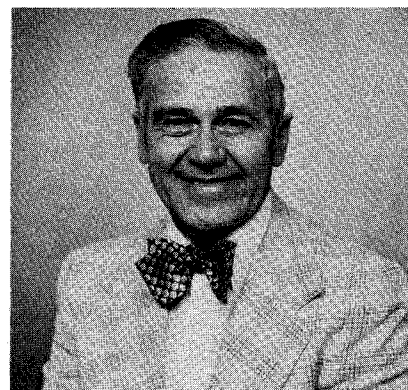
Mr. Gould began his career with GAO in 1954. He served as a supervisory auditor in the Kansas City regional office until 1965, assistant director of the Far East Branch until 1971, assistant regional manager in charge of the St. Louis suboffice until 1972, and associate director of the Federal Personnel and Compensation Division until 1976 when he was designated deputy director.

Mr. Gould served in the Air Force from 1946 to 1949 and from 1951 to 1952. He received his B.S. in business administration from Kansas State University in 1953 and has graduate credits in economics.

He completed the Program for Management Development at the Harvard Graduate School of Business Administration in 1962 and the Senior Executive Education Program at the Federal Executive Institute in 1975.

Mr. Gould has received a variety of awards from GAO, including a Meritorious Service Award in 1958, an Outstanding Award in 1967, a Career Development Award in 1969, and the Distinguished Service Award in 1977.

He is a past chapter president of the Association of Government Accountants and a member of the Federal Executive Institute Alumni Association.



Max Hirschhorn

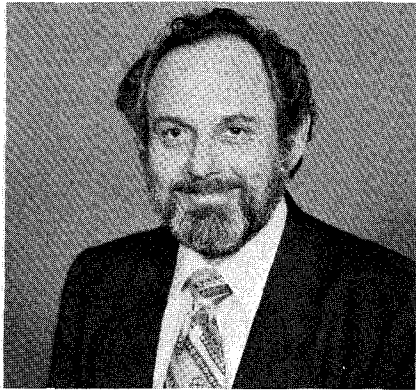
Max Hirschhorn, deputy director, Community and Economic Development Division, retired on February 29, 1980, after more than 31 years of distinguished Federal service, of which 28 were with the General Accounting Office.

After joining GAO in 1952, he assumed increasing responsibilities for accounting, auditing, and investigating many Government agencies, including the Departments of the Interior, Agriculture, Justice, Housing and Urban Development, Post Office Department, Veterans Administration, and General Services Administration.

Mr. Hirschhorn received his B.B.A. from the City University of New York and CPA Certificate from the State of New York. He completed the Executive Development Program at Stanford University in California and the Executive Education Program at the Federal Executive Institute in Virginia.

Mr. Hirschhorn received the GAO Meritorious Service Awards in 1959 and in 1968, GAO Distinguished Service Award in 1970, and two Comptroller General's Group Awards in 1976.

Mr. Hirschhorn is Chairman of the Committee on Financial Management and Accounting of the Graduate School, Department of Agriculture, and a member of the faculty. He is also a member of the American Institute of Certified Public Accountants, the Association of Government Accountants, and the American Society for Public Administration.



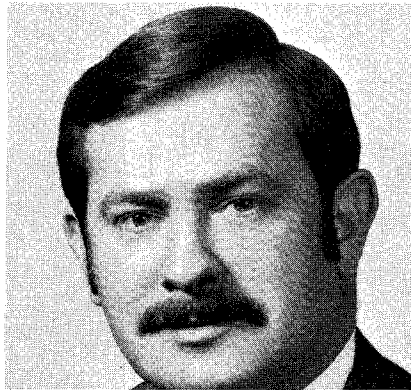
Kenneth W. Hunter

Kenneth W. Hunter has been designated associate director senior level of the Program Analysis Division, effective May 4, 1980. He is responsible for leading GAO's activities concerning improvements in the reporting of program and policy information to the Congress, improvements in the Congress' ability to acquire and use program and policy information and improvements in the supporting information and analysis systems.

Mr. Hunter joined GAO in 1959 and has previously served as director of a working group staff of the Committee on House Administration, U.S. House of Representatives; and in the Field Operations Division involving the review and evaluation of Federal programs and activities in operations, including military combat readiness and command and control systems, NATO financing, postal operations, submarine construction, and others.

Mr. Hunter's academic work was in accounting and economics at Golden Gate University, and he is a CPA (California). He is a lecturer in public administration at George Washington University.

Mr. Hunter received the GAO Career Development Award in 1973 and the PAD Director's Award in 1979. He is a member of the American Society for Public Administration, American Accounting Association, Association of Budget and Program Analysts, World Future Society, American Institute of CPAs, California Society of CPAs, and the Association of Government Accountants.



Fred D. Layton

Fred D. Layton has been designated director of the European Branch, effective August 1, 1980.

Mr. Layton joined the General Accounting Office in 1960 and has had a wide variety of experience in the former Civil Division, the Financial and General Management Studies Division, and the Field Operations Division, where most recently he was manager of the Boston regional office.

Mr. Layton received his B.A. in accounting from East Carolina University in 1960 and has done graduate work at George Washington University. He also attended the Program for Management Development at the Harvard University Graduate School of Business Administration. Mr. Layton is a CPA (Virginia), is a member of the American Institute of Certified Public Accountants, the Association of Government Accountants, and has served on various committees of both organizations. He served as President of the Boston Chapter of the Association of Government Accountants in 1980. He also served as Chairman of the New England Intergovernmental Audit Forum from 1976 to 1978 and on the Forum's Executive Committee from 1976 to 1980.

Mr. Layton received the GAO Career Development Award in 1967 and the Distinguished Service Award in 1975. He also received a Certificate of Appreciation, FGMSD, in 1976, and a Certificate of Merit in 1977 from the Assistant Comptroller General.



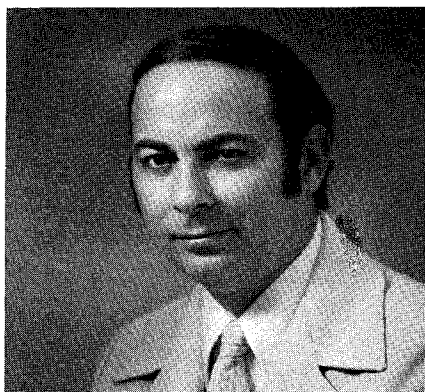
James D. Martin

James D. Martin was appointed chairman of the Senior Executive Service Committee on November 13, 1979. The Committee is responsible for the development of the Senior Executive Service throughout GAO. After completion of the assignment, he will become the regional manager, Dallas. Mr. Martin has served as director of the Office of Program Planning since February 1978.

Since joining GAO in 1958, Mr. Martin has had a wide variety of experience in the former Civil Division, the European Branch of the International Division, and the Human Resources Division.

Mr. Martin received a B.S. degree in accounting from Central Missouri State College in 1958 and attended the Program for Management Development at the Harvard Business School in 1967. He is a CPA (Virginia), and a member of the American Institute of CPAs and the Association of Government Accountants.

Mr. Martin received the GAO Career Development Award in 1967; headed the task force on health facilities construction costs which received the Comptroller General's Award in 1973; Federal Government Accountants Association's (Washington chapter) Outstanding Achievement Award for 1973; and the Federal Government Accountants Association's Achievement of the Year Award for 1973.



William McCormick, Jr.

William J. McCormick, Jr. has been selected for the position of Deputy Director, Federal Personnel and Compensation Division, effective April 1, 1980. He will share responsibility with the director for the overall management and direction of the division.

Mr. McCormick joined the Los Angeles regional office in 1962 after graduating from California Western University, San Diego. While in Los Angeles, he served in a variety of positions, including professional development coordinator.

In 1972, Mr. McCormick transferred from a senior audit manager position in Los Angeles to the Organization and Management Planning Staff (OMPS) in Washington, D.C. He served as assistant director, Organization Development; director, Office of Publishing and Graphic Services; and director, Planning and Analysis Staff before being promoted to director, OMPS. In March 1979, he was reassigned to his present position of associate director (Management Policies) in FPCD.

Mr. McCormick received GAO's Career Development Award in 1971, a Meritorious Service Award in 1975, and a Director's Award in 1977. He is a member of the Academy of Management. In May 1977, he received his M.B.A. from George Mason University.

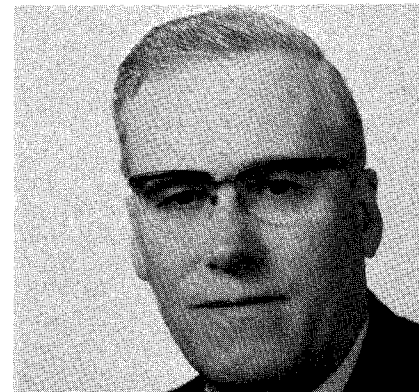


Patricia Kielty Moran

Patricia Kielty Moran was appointed as GAO's Information Officer on February 6, 1980. In this role Mrs. Moran will be responsible for the numerous public information activities of the Office and will be under the direct supervision of the Comptroller General.

Mrs. Moran has had diverse experience in the communications field. During the past 3 years she has served as a communications consultant to such organizations as the National Commission on the International Year of the Child, the National Association of Educational Broadcasters, the National Advertising Review Board, and the Public Broadcasting Service. Previously Mrs. Moran was Director of Corporate Communications for Data Transmission Company; Director, Information and Editorial Services, Council of Better Business Bureaus; and Director of Information and Public Relations, National Association of Educational Broadcasters. She has also been feature editor for *Broadcasting*, a weekly news magazine in the radio and television industry, and editor-in-chief of *Broadcasting Yearbook-Directory*, the most comprehensive reference sources in the commercial broadcasting industry.

Mrs. Moran is the recipient of awards for excellence in design, production, and editorial content of corporate literature, promotional literature, audiovisual aids, and educational materials. She is graduate of Marymount College and has a master's degree from Catholic University.



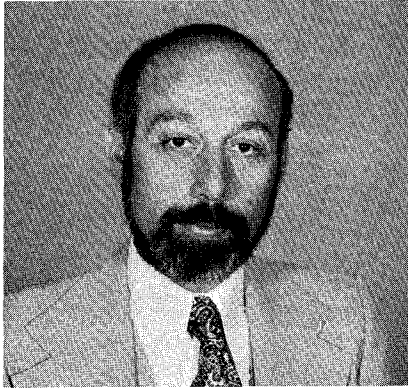
Lloyd G. Smith

Lloyd G. Smith, director of the Office of Internal Review, retired on February 8, 1980, after more than 30 years of Government service, of which 26 years were with GAO.

Mr. Smith graduated with honors from the University of California at Los Angeles in 1939, with a B.S. degree in business administration. From 1941 to 1945 he served in the Navy as a flight instructor and as a transport pilot. Before joining the General Accounting Office in 1953, he served as a staff member of a public accounting firm in Beverly Hills, California, and as controller of a manufacturing company. With GAO he has served as an audit manager in the Los Angeles regional office; as manager of the Frankfurt, Germany, suboffice of the European Branch; as director of the European Branch; as an assistant and an associate director in the Civil Division; and, for the past 8 years, as director of the Office of Internal Review.

Mr. Smith completed the Advanced Management Program at the Harvard University Graduate School of Business Administration in 1963 and the Senior Executive Education Program at the Federal Executive Institute in 1978.

Mr. Smith is a CPA (California) and a certified internal auditor. He is a member of the American Institute of CPAs, the Association of Government Accountants, the Institute of Internal Auditors, and the Federal Executives League. He received the Meritorious Service Award in 1959 and the Distinguished Service Award in 1976.



Michael Zimmerman

Michael Zimmerman was designated associate director in the Human Resources Division on February 26, 1980. He will be responsible for carrying out GAO's activities in the area of health financing and quality assurance.

Mr. Zimmerman received his B.S. in civil engineering from the University of Maryland in 1962. He joined the GAO in 1968 and has held various managerial positions in the former Civil Division, Resources and Economic Development Division, and the Human Resources Division.

Mr. Zimmerman received a Distinguished Service Award in 1978; a Meritorious Service Award, HRD's Director's Award, and an Outstanding Rating in 1977; Certificate of Merit in 1976; and was a member of a Group Meritorious Service Award in 1973.

Other Staff Changes

NEW INFORMATION SYSTEMS AND SERVICES OFFICER

Office of Information Systems and Services
Susan Burns

NEW MANAGEMENT ANALYST

Community and Economic Development Division
James H. Blume

NEW OPERATIONS RESEARCH ANALYST

Program Analysis Division
Chan Kwatcheung
Waverly E. Sykes, Jr.

NEW SUPERVISORY ACCOUNTANT

Financial and General Management Studies Division
Thomas F. O'Connor

NEW SUPERVISORY COMPUTER SYSTEMS ANALYST

Financial and General Management Studies Division
Jack D. Kerns

NEW SUPERVISORY MANAGEMENT ANALYST

Federal Personnel and Compensation Division
Charles J. Bonanno, Jr.
Ronald J. Maccaroni

Human Resources Division

Daniel W. Blades
Thomas G. Dowdal
Gaston L. Gianni, Jr.
Andrew F. Kulanko

REASSIGNMENTS

SUPERVISORY MANAGEMENT ANALYST

International Division
Harry R. Finley

RETIREMENTS

Allen, Walter C.	Office Appliance Repairman	Office of Administrative Services
Barclay, F. Henry, Jr.	Associate General Counsel	Office of General Counsel
Coffey, Ruth R.	Claims Examiner	Financial and General Management Studies Division
Coleman, Dianne	Claims Examiner	Financial and General Management Studies Division
Cote, Paul S.	Supervisory Auditor	FOD-Boston
Driscoll, Kenneth I.	Supervisory Auditor	Logistics and Communications Division
Durrah, Fred D.	Attorney Advisor General	Office of General Counsel
Eibetz, Stanley R.	Group Director	Procurement and Systems Acquisition Division
Engelstad, Francis N.	Supervisory Systems Accountant	Financial and General Management Studies Division
Flynn, John F.	Associate Director—Senior Level	Procurement and Systems Acquisition Division
Glick, Jacob P.	Supervisory GAO Auditor	General Government Division
Goguen, Charles J., Jr.	Deputy Assistant General Counsel	Office of General Counsel
Gordon, Theodore G.	Supervisory Auditor	FOD-Washington Regional Office
Hess, Albert R.	GAO Auditor	FOD-Denver
Hirschhorn, Max	Deputy Director	Community and Economic Development Division
Kaufman, Sam	Supervisory GAO Auditor	International Division
Keller, Robert F.	Deputy Comptroller General	Office of Comptroller General
Long, Richard O.	Supervisory Auditor	FOD-Seattle
Lynch, Paul E.	Supervisory GAO Auditor	Financial and General Management Studies Division
Millward, Richard J.	Supervisory Auditor	FOD-Denver
Ogolin, Earl J.	Supervisory Auditor	FOD-Kansas City
Rollins, Kenneth S.	Supervisory Auditor	Logistics and Communications Division
Ross, Josephine K.	Secretary	Financial and General Management Studies Division
Suniega, E. Virginia	Personnel Security Clerk	Personnel
Washington, Rosie E.	Claims Examiner	Financial and General Management Studies Division
Weigler, Harold A.	Adjudicator	Financial and General Management Studies Division
Wilberger, H. Louise	Management Assistant	International Division

New Staff Members

The following new staff members reported for work during the period January 1, 1980, through March 31, 1980.

Office of the Comptroller General	Thompson, Rhonda	D.C. Superior Court
Office of the General Counsel	Blow, Darri Bowie, Patricia A. Thomas, Marilyn L.	Department of Labor U.S. Marine Corps Department of the Treasury
Community and Economic Develop- ment Division	Czerwinski, Stanley J. Goodman, Margaret A.	Congressional Research Service School of Public Health
Energy and Minerals Division	Brownstein, Alan B. Dunich, Mary E. Elstein, Steven L. Rothenberg, Michele	General Public Utility Service Corp. Standard Federal Savings and Loan Kentucky Department of Energy Department of Commerce
Financial and General Management Studies Division	Heckman, Cynthia Schafer, Kim A. Stello, Lisa Wagner, Robert W., Jr.	Department of Health, Education, and Welfare Parking Management, Inc. National Credit Union Administration Town of Vienna
Federal Personnel and Compensation Division	Fraher, Mary P. Lamparter, Ellen Svestka, Sherlie S. Toiv, Helene	Department of the Treasury Department of Health, Education, and Welfare Graduate Student Unemployed
General Government Division	Bernard, Leonard W. Beverly, Marian G. Bley, William F. Chess, Linda P. Heppe, Christopher W. Hopkins, Frances E. Kershow, Kurt W. McPhail, Weldon	Environmental Protection Agency Housewife American Hospital Supply Corp. Xavier University D.C. Superior Court Potomac Temporaries State of Maryland Management Innovations Systems

Mayfield, Anne E.	LBJ School of Public Affairs
Novak, Mary M.	Chesapeake College
Patterson, Kevin R.	Office of International Operations
Perry, Thomas C.	Robinson Terminal Warehouse Corporation
Powell, Durwood R.	Arthur Andersen & Co.
Rorie, James W.	General Motors Corporation
Sacco, Susan A.	Assistant to Congressman Gus Yatron
Tanzer, Marc L.	Howrey and Simon
Taylor, Carolyn M.	George Washington University
Whitney, Gregory D.	State University of New York
Wise, Elaine B.	District Government
Zappacosta, Ralph E.	New England Merchants National Bank
General Services and Controller	Department of the Army
Baber, Melcina	Department of Health, Education, and Welfare
Bahlaman, Leonard	American Psychological Association
Baker, Linda F.	Mental Health Association
Baker, Robert R.	Military District of Washington
Barrett, Linda L.	Department of Housing and Urban Development
Black, Allison A.	Bolden Ceramic Tile Company
Brown, Audrey C.	Department of the Interior
Drewry, Cheryl Y.	Federal Bureau of Investigation
Ownby, Harold T.	AFSCME
Ernest, Margaret M.	Department of Justice
Foleen, David J.	Smithsonian Libraries
Fontaine, Christie B.	Unemployed
Groover, Ida A.	General Services Administration
Hall, Darcel B.	Department of the Treasury
Harrison, Vernell M.	Woolco
Hartinger, Robert J.	Matzen Real Estate
Hense, Robert A.	

Kurtz, Susan D.	Department of the Interior
Little, Patricia	General Services Administration
Maxwell, Margaret L.	Unemployed
Lloyd, Richard	General Services Administration
Miles, Harold P.	Veterans Administration
Minnis, Barbara J.	Department of the Treasury
O'Neal, Francine	M.A.T.S.C.O. / GE
Post, Helen E.	Department of the Treasury
Purnell, Shirley V.	D.C. Department of Corrections
Reed, Phyllis J.	Military District of Washington
Scully, Mark F.	Consumer Product Commission
Tansill, Linda S.	Woodward & Lothrop
Taylor, Linda K.	Vogue Professional Cleaners
Warren, Carolyn E.	Federal Supply Service
Watters, Deirdre L.	Department of Housing and Urban Development
Weiss, Sandra L.	Department of Commerce
Whiteing, Patricia P.	Department of Human Resources
Worcester, Mary Jo	Department of the Air Force
Zeiter, Sharon E.	Unemployed
Human Resources Division	Pizza Hut
	Department of State
International Division	Department of Labor
Bendekgey, Beverly A.	Congressman
Greenspan, Janet F.	Hamilton Fish
Hughes, Barbara M.	TLC Learning Center
Lilly, Jackie L.	Unemployed
Stormer, Theresa D.	Department of Justice
Personnel	Peoples Life Insurance Company
Abbey, Angela M.	Department of the Treasury
Bolger, Robert E.	Department of the Navy
Bretton, Gene E.	

Clark, Cynthia B.	Department of Human Resources
Coffin, Janet W.	Department of Health, Education, and Welfare
Cox, Beverly A.	Department of Commerce
Ester, Patricia A.	Department of Defense
Goodine, Willette	Norrells Temporary Service
Hedlund, Cory L.	University of Maryland
Holley, Samuel J., Jr.	Department of Labor
Leach, Brenda A.	D.C. Government
Long, Brenson E.	Department of the Army
Medlin, Steven M.	Department of the Army
Meyerson, Robert	Environmental Protection Agency
Moore, Leanne V.	Consumer Product Safety Commission
Powell, Florenda G.	General Services Administration
Reynolds, Stuart L.	Department of the Treasury
Robertson, Sharon A.	Friends of the Earth
Robinson, Laforris J.	Unemployed
Sanders, Christine	Fidelity Bank
Skelly, Linda B.	Washington Intelligence
Smith, John E.	D.C. Department of Housing and Urban Development
St. Clair, Kerry R.	Department of Health, Education, and Welfare
Steele, Karen L.	Memorial Hospital
Warman, Bonnie M.	S&K Industries
Wise, Elaine B.	Department of Licenses
Procurement and Systems Acquisition Division	General Services Administration
	ACTION
	Department of the Navy
Program Analysis Division	George Washington University
	Department of Housing and Urban Development
	University of Maryland
	Syracuse University
	Department of Housing

Gruenberg, Barry T.
Kirby, Carolyn R.
McAtee, Michael P.
Myers, Brooks E.
Roberts, Paul E.
Schober, Gerald C.
Spisak, Teresa F.
Updegraff, William D.
Warner, Carmel
Wright, David F.
Young, Carlotta J.

Zemple, Patricia C.

and Urban Development
Wesleyan University
Michigan State University
Syracuse University
University of Texas
Consultant
American University
Boston University
University of Maryland
Suitland High School
Prospect Associates, Ltd.
Pennsylvania State
University
Department of Defense

REGIONAL OFFICES

Atlanta

Hahn, Allen J.
Roach, Harry E.
Scally, Kenneth V.

Vinson, Louis B.

Willis, John C.

Wynne, David L.

Hertz Corporation
Department of the Interior
Federal Bureau of
Investigation
Department of Housing
and Urban Development
DeKalb Community
College
Sperry Univac

Chicago

Cobbs, Barbara L.
Diersen, David J.
Hardin, George C.
Hoovler, Judy K.
Jacques, Alan
Jonikas, Alvydas J.
Morris, Mavis M.
Reid, Linda A.
Ross, Robert D.

Poole, Gwendolyn

Veterans Administration
Internal Revenue Service
Xerox Corporation
Internal Revenue Service
Department of the Army
Department of Justice
Veterans Administration
Department of Justice
Department of the
Air Force
Department of Agriculture

Cincinnati

Braddock, Beverly R.
Magyar, Patricia

WVU Extension Service
Central Trust Company

Dallas

Baggs, Amelia Y.

Deep East Texas
Counselor Agency

Denver

Haggard, Sharon K.

Internal Revenue Service

Detroit	Berryman, Betty J.	Department of Housing and Urban Development
Kansas	Baker, Royce L.	Department of the Treasury
	Crown, Patricia H.	Commodity Futures Trading Commission
	Gant, Debbie	Social Security Administration
	Hicks, Lynette K.	William Jewell College
	Miller, James D.	State of Kansas SRS
Los Angeles	Askew, Frizell	Automated Business Services
	Jackson, Lemuel N.	Long Beach Naval Shipyard
	Kauffman, Dean	Equal Employment
	Lewis, Michele D.	Sears
	Nagamatsu, Glenn T.	Food Pantry, Ltd.
	Sachs, Helene S.	Office Overload
	Silbert, Richard B.	Temporaries
	Westlund, Thomas E.	Veterans Administration
New York	Bednard, Ruth J.	Department of Labor
	Hatzelis, Despina	Unemployed
	Schick, John J.	N.Y. State Department of Tax Finance
	Schlitt, Richard G.	Department of the Navy
Philadelphia	Glass, Audrey M.	Glyder Realty Corporation
	Konyk, John	The Fidelity Bank
	Mitchell, DeShon P.	Federal Reserve Bank
San Francisco	Bufkin, Mary C.	Sonoma County CETA Services
	Davis, Kathleen E.	Defense Logistics Agency
	Ellis, Owen D.	Department of Agriculture
	Ortega, Floyd N.	Unemployed
	Polony, Dorothy L.	Department of Health, Education, and Welfare
	Sosnowski, Dona J.	Italia Delicatessen
	Strick, Arlene D.	Carnegie-Mellon Region
	Vigus, Dale W.	DLA Defense Subsistence
	Ward, Alexander A.	Manpower Temporaries Agency

Norfolk

Jones, Keith M.
Scalise, Nicky T.
Simms, Sandra V.

Tinee Giant Stores
U.S. Naval Station
City of Portsmouth

Washington, D.C.

Belin, Michael J.
Dawson, Jeffrey W.

Fuller, Lenora R.

Mohler, Richard L.
Peck, Millard III
Peyman, Kathleen M.
Smith, Donald E.
Taylor, Vanessa R.

Ward, Mark E.

Robert Low, Chartered
Lawrence Johnson and
Company
Olsten's Temporary
Services
Self-employed
Syracuse University
Centrex Office
Internal Revenue Service
Maryland Department of
Transportation
Manpower Temporary
Services

Professional Activities

Office of the Comptroller General

The Comptroller General, **Elmer B. Staats**, addressed the following groups:

The Emanuel Saxe Distinguished Lecture, Baruch College, City University of New York, "Making Accounting Serve Government Better—A Challenge to the Accounting Profession," New York, Dec. 10.

American University, Washington—Seminar Students in Political Science, "Role and Functions of the General Accounting Office," Jan. 21.

Massachusetts Institute of Technology, Alfred P. Sloan School of Management, Alfred P. Sloan Fellows, "The General Accounting Office," Jan. 22.

University of Virginia, White Burkett Miller Center for Public Affairs, Roundtable Discussion on "The Congress and the Presidency," Charlottesville, Va., Jan. 24-25.

Presidential Management Interns, Introduction of the speaker, the Honorable John J. Rhodes, Jan. 29.

Machinery and Allied Products Institute, Executive Committee and Board of Trustees of the Council for Technological Advancement, "The General Accounting Office and the Cost Accounting Standards Board," Jan. 29.

U.S. General Accounting Office Program on Afro-American History, "Opening Day Observance, Afro-American History Month," Feb. 12.

Chief Accounting Officers Conference, American Gas Association, "The GAO: How Its Activities Affect Federal Regulatory Policy," Scottsdale, Ariz., Feb. 22.

San Fernando Valley Engineers' Council, Honor Awards Banquet, "Productivity Challenge of the 1980's" (also acceptance of "Engineer of the Year—1980" award), Mission Hills, Calif., Feb. 23.

Ninth Annual Conference, Joint

Financial Management Improvement Program, "Accurate Information—Government Managers Cannot Do Without It," Mar. 3.

The Internal Control Conference, The Institute of Internal Auditors, Inc., and The Foundation for Auditability Research and Education, "Internal Controls in Government—Are They Good Enough To Prevent Fraud?" New York, Mar. 18.

The Conference Board, "Improving Industry—Government Cooperation in Policymaking," New York, Mar. 19.

Twenty-fourth Annual Career Service Awards Ceremony, "Career Challenges in a Changing Civil Service," Mar. 20.

The Brookings Institution, "The GAO Perspective on Management of the Government," Apr. 14.

National Legislative Conference, Associated Builders and Contractors, Inc., "Managing Design and Construction: The General Accounting Office Perspective," Apr. 16.

Third Joint Conference, Intergovernmental Audit Forums, "Intergovernmental Audit Forums and the General Accounting Office," Dallas, Apr. 25.

The Brookings Institution, Conference for Business Executives on Federal Government Operations, "The Role of the General Accounting Office," Apr. 28.

Arthur Andersen & Co., Government Services Advanced Industry Specialty Meeting, "CPA Firms and Government Relationships and Subjects of Mutual Interest," Apr. 28.

The Conference Board, Congressional Assistants Program, "U.S. General Accounting Office and the Congress," May 1.

U.S. Chamber of Commerce, "What's the Issue?" radio program, "Interview on Current Subjects Related to the General Accounting Office," May 1.

The Truman Library Institute, Conference on the Conduct of Foreign Policy During the Truman Administration, Moderator of Panel on "The Truman Doc-

trine and the Marshall Plan," Independence, May 2.

1980 Harry S. Truman Scholarship Foundation Awards Ceremony, "Always Do Right," Independence, May 4.

Spring Meeting of the Council, American Institute of Certified Public Accountants, "Report From The GAO," Miami, May 6.

At the invitation of Secretary of Labor Ray Marshall, Mr. Staats attended the Frances Perkins Building Dedication ceremony as an Honorary Sponsor, Apr. 10.

The following are recently published articles of the Comptroller General:

"Reconciling the Science Advisory Role with Tensions Inherent in the Presidency," *Technology in Society: An International Journal*, Vol. 2, 1980, pp. 79-96.

"Government and Industry Partners in Progress for Reversing the Productivity Slump," *Manufacturing Productivity Solutions*, Oct. 1979.

"The General Accounting Office and the Public Health," (adapted from Mr. Staats' Nov. 6, 1979 address at the 90th Annual Meeting of the Association of American Medical Colleges), *Journal of Medical Education*, Feb. 1980.

"Resource Scarcity on Our Interdependent Public Sector: Challenges and Opportunities," (adapted from a Nov. 13, 1979 address to the National Municipal League 85th Annual Conference), *National Civic Review*, Jan. 1980.

John D. Heller, Assistant Comptroller General for Policy and Program Planning:

Participated in the presentation of two case studies on GAO developed for use in Boston University's Graduate School of Management, Boston, Apr. 10.

Spoke on the expanding role of GAO before the students of the Maxwell Graduate School of Syracuse University at its annual Washington seminar, May 13.

Harry S. Havens, Assistant Comptroller General for Program Evaluation, addressed students and
GAO Review/Summer 1980

faculty of the Committee on Public Policy Studies at the University of Chicago. His topic was "The Development of Program Evaluation in GAO," Chicago, May 7.

Office of the General Counsel

Milton J. Socolar, general counsel:

Spoke before the National Contract Management Association, Association of Government Accountants, on "The Role of GAO in Federal Procurement," Los Angeles, Feb. 13.

Addressed the Federal Bar Association Seminar on Grant Law on New Developments in Grant Administration, Feb. 22.

Harry R. Van Cleve, deputy general counsel, spoke on "The Role of GAO in Bid Protests" before the NOVA Chapter, National Contract Management Association, Alexandria, Apr. 3.

Seymour Efros, associate general counsel:

Participated in the FBA/BNA Briefing Conference on Government Contracts, Philadelphia, Mar. 10 and 11.

Spoke to the Defense Personnel Support Center on Problems in Formal Advertising, Philadelphia, Mar. 12.

Ronald Wartow, deputy assistant general counsel, addressed the Forest Service National Contracting Officer's Workshop on bid protests, Reno, Mar. 24.

Roger Ayer, attorney-adviser, spoke before the Naval Surface Weapons Command Contracting Course on "Negotiation, Discussion & Clarification," Silver Spring, Mar. 17.

Michael J. Boyle, attorney-adviser, spoke before the following groups:

Defense Advanced Procurement Management Course on "Problems in Formal Advertising," Fort Lee, Mar. 12.

Naval Surface Weapons Command Contracting Course on "Negotiation, Discussion & Clarification," Silver Spring, Mar. 17.

Interagency Committee on Automatic Data Processing on "ADP GAO Review/Summer 1980"

Procurement Pitfalls," Apr. 8.
Contract Law Course, Air Force Institute of Technology on "Negotiated Procurement Pitfalls," Crystal City, Apr. 10.

Jerold Cohen, attorney-adviser, spoke before the Naval Surface Weapons Center on questions centering on competitive range, as well as clarification and discussion vs. negotiation, Dahlgren, Mar. 18.

Bert Japikse, attorney-adviser, spoke before the Naval Surface Weapons Center on current problems in ADP procurement, Silver Spring, Apr. 21.

Lawrence Lebow, attorney-adviser, spoke before the Defense Advanced Procurement Management Course on "Problems in Formal Advertising," Fort Lee, Feb. 13.

James Roberts, attorney-adviser, spoke at an in-house weekly training class at the Naval Surface Weapons Center on Government Contracting Regulations, Policies and Procedures, Dahlgren, Apr. 22.

Office of Congressional Relations

Martin J. Fitzgerald, director:

Spoke before two Washington Semester groups: American University students on Jan. 30 and Kent State students on Apr. 22.

Spoke before the U.S. Chamber of Commerce, Feb. 4.

Participated in an OPM-sponsored Congressional Briefing Conference, Mar. 28.

Participated in a Seminar for Administrative Assistants sponsored by the Secretary of the Secretary and the Clerk of the House on Mar. 12.

T. Vincent Griffith, legislative attorney; addressed the following groups:

Senior executives in Government, Jan. 30.

An OPM-sponsored Congressional Briefing Conference, Mar. 6.

Accounting students on "The Role of the GAO," Apr. 11.

M. Thomas Hagenstad, legislative adviser:

Spoke before several internal GAO orientation courses, Mar. 13 and Apr. 9.

Discussed GAO's role before a group of VA supergrades, Feb. 6; and the Chamber of Commerce, Mar. 24.

Peter J. McGough, legislative adviser:

Addressed an OPM-sponsored Congressional Operations Institute, Feb. 6.

Addressed an internal GAO orientation course, Feb. 7.

Participated in the Commerce, Science Fellowship Program, Mar. 26.

Personnel

Dr. Carol Blimline, chief, and **James E. Wilcox**, psychologist, of the Counseling and Career Development Branch, presented a program at the American Personnel and Guidance Association Convention held in Atlanta, Mar. 26-29. The title of their program was "Counseling in a Government Agency: Interventions for Supervisors, Employees, and Families."

Dr. Blimline was the editor of a monograph, *Innovations in Counseling Services* published by the International Association of Counseling Services in Feb. 1979. The monograph describes a variety of innovative counseling practices in a variety of counseling settings.

Marlene Thorn, psychologist, Counseling and Career Development Branch, and **Bruce Ritter**, career development specialist, Naval Research Laboratory, gave a presentation on Feb. 19, entitled "Selling the Career Development System to Management and Users," at a symposium sponsored by the American Society for Training and Development. The theme of the symposium was "Developing People and Organizations: The 80's and Beyond."

Steven M. Medlin, personnel psychologist, Research and Analysis Branch, presented a paper entitled "Multidimensional Sealing Analysis of Unit Performance in Field Exercises" at the Seventh Psychology in the DOD Symposium, Apr. 16-19, at the U.S. Air Force Academy, Colorado Springs.

Community and Economic Development Division

Henry Eschwege, director, and **John Violet**, issue area planning director for transportation, coauthored "Stimulating Transportation Innovation—The Federal Role," which was published in *Traffic Quarterly*, Apr. 1980.

Gerald Killian, group director, spoke on "Evaluation of Transportation Programs for the Elderly and Handicapped" to students in a Public System Evaluation course at Virginia Polytechnic Institute and State University, Fairfax County, Feb. 2.

Ed Schaefer, agriculture economist, discussed "The Changing Character and Structure of U.S. Agriculture," at an Agriculture Roundtable on "Does the U.S. Have a Cheap Food Policy?" sponsored by the National Family Farm Education Project, Feb. 14.

Frank V. Subalusky, group director, spoke on membership development in professional organizations before the Virginia Council of the National Association of Accountants in Charlottesville, Apr. 19.

Todd D. Weiss, supervisory management analyst, reviewed GAO's work on the Food, Agriculture, and Nutrition Inventory before approximately 20 State legislators from around the country in Rosslyn, Apr. 24.

Federal Personnel and Compensation Division

H. L. Krieger, director:

Moderated a workshop on "Merit Pay: Difficulties of Administration" at the 6th Annual National Capital Area Conference of the International Personnel Association, Mar. 26.

Spoke on "The How's and Why's of GAO" at the Brookings Institution, Mar. 24.

Bill McCormick, deputy director, spoke on "Employment Limitations in the Federal Government: Personnel Ceilings and Hiring Freezes" before a Presidential Management Intern cluster group, Mar. 31.

Joe Gloystein, auditor, was a panel member discussing "Position

Management, Pitfalls and Possibilities" at the quarterly meeting of the Classification and Compensation Society, Mar. 26.

Financial and General Management Studies Division

Donald L. Scantlebury, director:

Spoke on "Internal Controls in Government—Are They Good Enough to Prevent Fraud," at the Northern Virginia Chapter of the Association of Government Accountants monthly meeting, in Springfield, Jan. 15.

Gave a talk on "Program Evaluation in GAO" at a meeting of the American Institute of Certified Public Accountants Committee on Social Measurement, Jan. 29.

Wilbur D. Campbell, deputy director:

Spoke on the GAO audit program at the Fourth Environmental Protection Agency ADP Conference, Southern Pines, N.C., Feb. 12.

Spoke on functions of the General Accounting Office at the National Chamber of Commerce Corporate Executive Development Program on Taxation, Feb. 25.

Walter L. Anderson, senior level associate director:

Gave the keynote address at the Air Force Academy Conference on Computer Related Information Systems at Colorado Springs, Jan. 24. His address was "Providing Quality Computing Systems in the 1980's."

Spoke on "Procurement Strategies for ADP/Telecommunication Systems" at the Fourth Annual Executive Seminar of MITRE Corporation, Williamsburg, Jan. 31.

Gave the closing address on "Latest Findings and Conclusions Offered by the GAO" at the Federal ADP Procurement Conference, Feb. 6.

Brian L. Usilaner, associate director, spoke on "Can We Expect Productivity in the Federal Government?" at the conference on Productivity Research sponsored by the American Productivity Center, Houston, Apr. 24.

George L. Egan, Jr., associate director:

Conducted a workshop on "Internal Control, Fraud Prevention and Accountability" at the Joint Financial Management Improvement Program's Ninth Financial Management Conference, Mar. 3.

Conducted a workshop on Fraud and Internal Control at the Atlanta Chapter of the Association of Government Accountants, Atlanta, Apr. 17.

Spoke to the Kansas City Chapter of the Association of Government Accountants on "Fraud, Abuse, and Mismanagement in Government—GAO's Disposition and results of 14,000 Telephone Allegations from the Fraud Hotline," Kansas City, Apr. 8.

John F. Simonette, associate director, chaired a workshop on "Internal Control, Fraud Prevention and Accountability" at the Joint Financial Management Improvement Program's Financial Management Conference, Mar. 3.

Carl R. Palmer, group director, participated as a panel member on "How Considerations Differ in Acquiring ADP Hardware, Software, and Services" at the Federal Data Processing Exposition, Apr. 28.

Ken Pollock, deputy associate director:

Accepted an appointment to serve on the Editorial Board of the *EDP Auditors Journal*.

Spoke on "Computer Auditing" at the Conference on Security of Federal Automated Information Systems sponsored by the National Bureau of Standards and the Federal ADP Users Group in Gaithersburg, Apr. 7.

Was reappointed to the Institute of Internal Auditors' Advanced Technology Committee for 1980-81.

Spoke on "Current Issues in ADP Security Auditing" at the National Conference of the American Society for Public Administration in San Francisco, Apr. 16.

Ronell B. Raam, group director, spoke on "Writing Meaningful Audit Reports" at the AK-SAR-BEN Chapter of the Institute of Internal Auditors meeting, Omaha, Mar. 31.

Joseph J. Donlon, senior group director, spoke on "The Lack of

Approval of Accounting Systems and the Practicalities of Using Cost Accounting in Government Agencies" at American University's Institute for Applied Public Financial Management, Apr. 7.

Bob Ryan, assistant director:

Was General Chairman of a conference on Governmental Accountability—Emerging Issues, in Albany, March 24-25. The conference was jointly sponsored by the Association of Government Accountants, the Municipal Finance Officers Association, and the New York/New Jersey Intergovernmental Audit Forum.

Was General Chairman of an Emerging Issues Seminar in Atlanta, on Apr. 17. The conference was sponsored by the National Office and Atlanta Chapter of the Association of Government Accountants.

Was General Chairman of the 1980 Joint Conference of the Intergovernmental Audit Forums in Dallas, Apr. 23-25.

Samuel N. Mento, group director, spoke on railroad accounting matters at the Association of American Railroad's Disbursements Committee, Jacksonville, Feb. 27.

W. A. Broadus, Jr., team director:

Spoke to officials from the New York City's Human Resources Administration Department and to Public Accountants engaged by the Department on "Expanded Scope Auditing" in New York City, Jan. 22.

Discussed the "Single Audit Concept" at the New England Intergovernmental Audit Forum meeting in Eastham, Mass., Jan. 25, and at the Mid-Atlantic Intergovernmental Audit Forum meeting in Philadelphia, Feb. 6.

Participated in a panel discussion on "The Current Status of Implementation of the Single Audit Concept" at the Western Intergovernmental Audit Forum in Sacramento, Feb. 21.

Lectured on the "Role of the General Accounting Office" before the American University graduate class on Public Financial Management, Feb. 25.

Spoke to the Pacific Northwest

Intergovernmental Audit Forum on the "Status of the Single Audit Approach" in Portland, Mar. 26. Spoke to the Seattle Chapter of the Association of Government Accountants on "The New Developments in the Single Audit Concept" in Seattle, Mar. 27.

Chaired a panel discussion on "OMB Circular A-102, Attachment P—Single Audit Approach" at the Mid-America Intergovernmental Audit Forum in Kansas City, Mar. 13.

Participated in an OMB/GAO panel discussion "On the Single Audit Concept" before the Associated Accounting Firms International, Mar. 3.

Addressed the 26th Governmental Accounting and Finance Institute on "Cost Principles and Organization-Wide Audits in Federal Grants" at the University of Texas in Austin, Apr. 22.

Co-directed workshops on "The Single Audit Concept" and on "Government Audit Standards" at the 1980 Joint Conference—Intergovernmental Audit Forums held in Dallas, Apr. 23-25.

Joe Boyd, senior group director, spoke on "Computer Auditing" at the Association of Government Accountants Emerging Issues Conference in Chicago, Apr. 17.

Roy Taylor, team leader, spoke on "GAO Studies of Debt Collection Practices in the Federal Government" at the Joint Financial Management Improvement Program Debt Management Workshop, Apr. 22.

Lawrence R. Sullivan, group director, and **Steve Sadler**, assistant to the director, spoke on the work of the Special Task Force for the Prevention of Fraud and Abuse before the National Association of Accountants' Fraud and Abuse Seminar in Rosslyn, Apr. 24.

John J. Adair, group director, spoke on "GAO's View of Audits of Federal Grants" at the Pennsylvania Institute of CPA's Governmental Accounting and Auditing Seminar, Pittsburgh, Apr. 9.

Ronald C. Oleyar, supervisory auditor, spoke on "Congressional Interest and Legislative Affect of the Single Audit Concept" at the Pacific Northwest Intergovernmental Audit Forum, Portland, Mar. 26.

Chuck Gruber, auditor, was elected Director of Meetings for the Northern Virginia Chapter of the National Association of Accountants.

Jerry Goldstein, auditor, was elected Director of Member Acquisition for the Northern Virginia Chapter of the National Association of Accountants.

Theodore F. Gonter, principal analyst:

Was chairman for four sessions sponsored by the Audit Project of SHARE Inc., an IBM Users Group, at the SHARE 54.0 Conference, Anaheim, Mar. 2-7.

Was chairman of a workshop session on planning at the 1980 Conference on EDP Performance Management, Scottsdale, Feb. 14.

Charles M. Davidson, computer specialist, was a panelist in discussing "Capacity Management Experiences in Government and Education" at the International Conference on Computer Capacity Management, San Francisco, Apr. 9.

John W. Lainhart, supervisory management analyst, gave a presentation on "Parallel Simulation" at a seminar on "EDP Auditing in the 80's," jointly sponsored by the Pittsburgh Chapters of the EDP Auditors Association and the Institute of Internal Auditors, Pittsburgh, Mar. 18.

Fred Tarpley, economist, spoke on "The Economy in the 1980's—A Closer Look" at the Aldeen Lecture Series, Wheaton College, Ill., Mar. 20.

Gordon J. Filler, systems accountant, is President-Elect of the Baltimore Chapter of the Association of Government Accountants for 1980-81.

Heber D. Bouland, supervisory operations research analyst, presented a paper on "Developing Grain Marketing Systems for Less Developed Countries" to the Commission Internationale ole Genie Rural in Brussels, Belgium, Feb. 13.

General Government Division

Bill W. Thurman, associate director, served as panelist at the National Assistance Management

Association's Conference on "Federal Grants: Who Manages the Red Tape?", Mar. 27.

Paul Posner, team leader, spoke on "The Role of State Legislatures In the Federal Grant Process" at the annual meeting of the National Association of State Budget Officers, Apr. 13.

International Division

J. Kenneth Fasick, director, and **James A. Duff**, senior associate director, represented the General Accounting Office at the Fifth Meeting of Experts on the United Nations Programme in Public Administration and Finance, New York, Jan. 17-25. Mr. Fasick participated in the opening session and Mr. Duff represented the Office throughout the rest of the 9-day conference.

Frank M. Zappacosta, senior group director, as the United States Representative and Chairman of the Organization of American States Board of External Auditors, chaired the Board's first session for 1980, to discuss audit matters related to OAS operations. **Jesus Martinez**, auditor, of Mr. Zappacosta's staff, also participated in the session, Mar. 19-21.

Thomas J. Schulz, assistant director, Far East Branch, and **Dale M. Yuge**, management analyst, conducted a tour of the Branch Office and presented a seminar on "The Nature of GAO Operations" for the combined membership of the University of Hawaii Accounting Club and the Beta Alpha Psi Honorary Society, Honolulu, Mar. 14.

Joint Financial Management Improvement Program

Susumu Uyeda, executive director:

Was designated chairperson of the "Task Force on Proposed Standards for Executive Reports on Internal Controls" of the Association of Government Accountants.

Chaired and gave a presentation on "Government Cash Management Research and Training Pro-

grams," at the Second Annual Government Cash Management Conference on Feb. 27, sponsored by Marshall D. Sokoll Associates, Inc.

Gave a presentation on JFMIP and the audit of federally assisted programs for the First Department Conference for Grants Professionals sponsored by the Department of Health and Human Services, Mar. 26.

Spoke on how the public accounting profession can improve its services in the governmental sector at the seminar of the District of Columbia Institute of Certified Public Accountants, Apr. 17.

Doris Chew, assistant to the executive director, coordinated a mini-seminar on Job Standards for Financial Management Positions in Government for the Association of Government Accountants, Feb. 7.

Logistics and Communications Division

Robert M. Gilroy, senior group director, addressed the National Capital Chapter of Association of Records Managers and Administrators on "Legislative Update—What's in Store for Records Management," Feb. 27.

J. K. Brubaker, supervisory auditor, addressed the Defense Advanced Traffic Management Course at the U.S. Army Transportation School, Fort Eustis, Va., Apr. 14.

Ron King, team leader, spoke on: the use of computers on Federal building design projects before the Building Research Advisory Board's Federal Construction Council, Feb. 21.

the problems experienced by architects and engineers in negotiating Federal contracts involving the use of computer-aided design methods, at the quarterly meeting of the Committee on Federal Procurement of Architect-Engineers Services, Mar. 6.

Procurement and Systems Acquisition Division

Jerome H. Stolarow, director:
Participated in a panel discussion

on "Acquisition Problems in the Contracting Area" at the United Technologies Contract Conference held in Hartford, Jan. 23-24.

Was a panel member in a discussion on "Profit Policy—Limited or Unlimited" in a conference sponsored by the Cape Canaveral Chapter, National Contract Management Association, Feb. 13-15. Spoke on "Access to Records Problems" at the National Security Industrial Association's Annual Procurement Committee Program, Boca Raton, Feb. 27-29.

Walton H. Sheley, Jr., deputy director, spoke on "The F-16 Co-development and Coproduction Program" before the American Institute of Engineers Symposium, Apr. 18.

Donald E. Day, associate director, spoke on "The Role of the GAO in Major Acquisitions" at the Anacostia Naval Training Center, Feb. 15 and Apr. 25, and at the Defense Systems Management College, Fort Belvoir, Feb. 6.

John G. Barmby, assistant to the director for systems analysis, spoke on "GAO Review of Research and Development" at an OPM-sponsored seminar for technical managers, Feb. 13.

C. William Moore, Jr., group director, served as co-chairman for the American Defense Preparedness Association's seminar on Pre-Planned Product Improvements to Major Weapon Systems at the Defense Systems Management College, Fort Belvoir, Apr. 23-25.

Clifford N. Melby, team leader, spoke on "Purchasing and Materials Management Practices in Private Hospitals" before the American Society for Hospital Purchasing and Materials Management, American Hospital Association, Mar. 17.

Robert W. Fain, supervisory auditor, spoke on and was a member of a panel on "The Impact of Commercial Item Descriptions" at a seminar sponsored by the American Society of Value Engineers and the University of Virginia in Arlington, Feb. 26-27 and Apr. 23-24.

Program Analysis Division

Morton A. Myers, acting director, spoke on the "Role and Function of GAO Within the Legislative Branch

of Government" at the Brookings Institution's Conference for Business Executives on Federal Government Operations, Mar. 10.

Dennis Dugan, senior associate director, spoke on "Effects of Inflation on Governments" before the Association of Government Accountants, in Albany, Mar. 25.

Kenneth Hunter, senior associate director:

Chaired a panel on "Congressional Oversight and Regulatory Reform: Current Status and Implications," for the American Association for Budget and Program Analysis, Mar. 7. **Mark Nadel**, social science analyst, and **Robert Kershaw**, operations research analyst, were panel members.

Spoke on "Information Perspectives from GAO," before the Federal Information Managers, Mar. 25.

Osmund Fundingsland, principal science policy analyst:

Discussed the National Commission on Research report on "Accountability: Restoring the Quality of the Partnership," at a conference on "Federal Grants: Who Manages the Red Tape?" sponsored by the National Assistance Management Association and the Grants Management Advisory Service, Mar. 27.

Along with **Paul Posner**, supervisory program analyst, GGD, presented an address on "Issues of Organization and Focus: How Do Interested Parties Interface?" on Feb. 27 at a seminar on "Public/Private Cooperation for Innovation and Productivity in the Eighties" sponsored by Brookings Institution and Public Technology, Inc.

Mark Nadel, social science analyst, participated in a panel discussion on Federal supervision of insurance at the Public Policy Issues Seminar of the Insurance Information Institute, Feb. 11.

Waverly Sykes, principal operations research analyst, and **Judy Pagano**, operations research analyst, presented a paper entitled "For Want of a Theory" at the Second Working Meeting of the Ad Hoc Group on Developing a Theory of Combat held at the Defense Nuclear Agency, Alexandria, Jan. 28-29.

Janet Shikles, program analyst: Participated in a panel discussion on "Federal Long Term Health Care Policy: A Review of the Past and Options for the Future," at the Eastern Conference, Council of State Governments, in Boston, Feb. 29.

Discussed GAO's report, "Entering a Nursing Home—Costly Implications for Medicaid and the Elderly," at the Administration on Aging's Region III Conference, in Hershey Park, Mar. 3.

Robert Kirchner, social science policy analyst, presented a paper on "Science, Technology, and Foreign Policy Objectives: Research Needs for the Next Decade," at the annual convention of the International Studies Association, in Los Angeles, Mar. 18-22.

Michael Kaplan, physical science policy analyst, presented a paper on "Satellite Power Systems (SPS): The Need for a Detailed Assessment to Develop Feasible Management Schemes," at the Department of Energy/National Aeronautics and Space Administration Satellite Power System Program Review and Symposium, in Lincoln, Neb., Apr. 22-25.

Field Operations Division

Francis X. Fee, director:

Addressed the Brookings Conference for Business Executives in Federal Government Operations on the "Functions of the General Accounting Office," Jan. 28.

Spoke on "Techniques for Analysis—Data Gathering" before a class at American University, Mar. 26.

Atlanta

Marvin Colbs, regional manager, spoke on "Carrying Out Oversight Functions—How GAO Interfaces with DOD" to the controller's course of the Air University, Maxwell AFB, May 7.

Chicago

Jimmie Gilbert, auditor, and **Frank Comito**, Hispanic employment program manager, addressed

students as part of career day activities at Hugh Manley High School, Chicago, Jan. 8.

Stewart Seman, supervisory auditor, made presentations on purchasing and materials management in private hospitals at the National Association of Hospitals Purchasing Materials Management Seminar, New Orleans, Nov. 7 and at the Maine Hospital Association, Bangor, Jan. 9.

Melvin Koenigs, supervisory auditor, was a panelist on a discussion of Office of Management and Budget requirements for single audits of multiple-funded Federal grantees at the Illinois Society of Certified Public Accountants Seminar, Chicago, Feb. 19.

Clement Preiwisch, supervisory auditor, made a presentation on productivity-sharing programs at Utah State University's Fifth Annual Partners Seminar, Logan, Apr. 17.

Cincinnati

David P. Wilton, assistant regional manager, spoke on "Career Opportunities with GAO" during career day activities at the University of Dayton, Mar. 13.

Perry Adair, management analyst:

Addressed faculty and students on GAO career opportunities as part of the "Senior Awareness Program" at Union College in Barbourville, Apr. 2.

Participated in a roundtable discussion comparing Federal, State, and local public management, sponsored by the Graduate Student Association of Indiana University's School of Public and Environmental Affairs, Bloomington, Apr. 18.

Bruce Fairbairn, management analyst, spoke on "Opportunities with GAO" during a Career Day at Indiana University, Mar. 12.

John P. Carroll, regional manager, and **Dan Kirwin**, management analyst, discussed career opportunities in GAO at a Professional Opportunity Seminar sponsored by the Society for Advancement of Management at Miami University, Oxford, Feb. 27.

Dallas

Francis Langlinalis, supervisory auditor:

Professional Activities

Spoke on "Risk and Computer Reliability" at the February meeting of the Institute of Internal Auditors, Dallas Chapter.

Together with **Bill Bradley**, management analyst, presented a case study on GAO's recent review of "The Air Force's Proposed Replacement of Computers At All of Its Bases" to the Southwest Presidential Management Intern Group, North Texas State University.

Denver

Arley R. Whitsell, assistant regional manager, spoke on "The Role of the Field Operations Division in GAO" at a dinner meeting of the Association of Government Accountants, Colorado Springs Chapter, Colorado Springs, Mar. 19.

John S. Bunting, auditor, is President-Elect of the Association of Government Accountants, Denver Chapter.

William P. Breithaupt, Jr. and **Marilyn C. Ferdinand**, auditors, passed the May 1979 Colorado CPA examination.

Floyd A. Gonzales, auditor:

In his role as Hispanic Employment Program Manager, was interviewed regarding hiring of minorities on radio KGNU's Voces Latinas program "Chicanos in the Business World," sponsored by the University of Colorado's Chicano Business Students Association, Boulder, Apr. 5.

Together with **John S. Bunting**, auditor, spoke on the role and functions of the U.S. General Accounting Office before the University of Colorado's Beta Alpha Psi accounting fraternity, Boulder, Mar. 5.

Edgar L. Hessek, supervisory auditor, spoke on issues relating to the exploration and development of federally owned onshore oil and natural gas before the Rocky Mountain Oil and Gas Association, Bismarck, Apr. 25.

James K. Meissner, management analyst, participated in a roundtable panel on water and energy development in the West at the annual convention of the Western Social

Science Association, Albuquerque, Apr. 25.

Detroit

Walter C. Herrmann, Jr., regional manager:

Received The Spirit of Detroit Award given by the City Council of Detroit "In recognition of exceptional achievement, outstanding leadership, and dedication to improving the quality of life."

Spoke before the Michigan Association of Accounting Educators on past, present and future challenges facing the General Accounting Office, Detroit, May 3.

William Laurie, supervisory auditor:

Spoke on "The Frail and Rural Elderly: Concerns of the 1980's" as the keynote speaker at a meeting of the Ohio Network on Aging, Cleveland State University, Apr. 15.

Presented a research paper on Determining the Well-being of Older People: A Unique Methodology" at the Ohio Academy of Science, Toledo, Apr. 19.

Los Angeles

Jimmy Bowden, Vic Ell, and Don Friedman, auditors, taught a 10-week course in financial management for small government accountants at California State University, Los Angeles, beginning Mar. 5.

Frederick Gallegos, auditor:

Led a panel discussion on "A Study of the Use of Software Tools in the Government" at the conference on Application Development Systems, San Jose, Mar. 11.

Participated in a panel discussion on "EDP Auditing Career Paths" sponsored by the California State Polytechnic University, Pomona, Mar. 1.

Jim Moses, auditor, assisted by **Terry Mey** and **George Vindigni**, auditors, discussed GAO's reviews of classification before the Southern California Chapter of the National Classification Management Society at the Northrop Air Group, El Segundo, Apr. 10.

Philadelphia

Ralph V. Carlone, regional manager, spoke on "GAO Efforts

Related to Waste, Fraud, and Abuse in Federal Programs" before the Frankford Rotary Club, Philadelphia, Apr. 25.

Joseph Daly, auditor, spoke on "Funding of State and Local Government Pension Plans: A National Problem" at the National Conference on Public Employee Retirement Systems, Orlando, Apr. 16.

San Francisco

Charlie Vincent, assistant regional manager, gave seminars on operational auditing at the Institute of Internal Auditing, San Mateo, Jan. 10 and for the Peninsula Chapter of the Association of Government Accountants, Palo Alto, Jan. 17.

Sharon Ball, management analyst, spoke on "Auditing and the Computer" to members of the Accounting Association at California State University, Hayward, Feb. 27.

Jeff Eichner, supervisory auditor, was elected Regional Vice President-Elect of the Association of Government Accountants.

Jack Birkholz, supervisory auditor:

Spoke on "Increasing Cooperation Between Federal, State, and Local Government Auditors," San Francisco, Mar. 1980.

Addressed the California Association of County Auditors on "Auditor Independence," San Jose, Feb. 1980.

Seattle

Walter A. Choruby, auditor, was nominated by the Pacific Northwest Intergovernmental Audit Forum for and served on a panel to evaluate and advise the Corps of Engineers on the technical adequacy of proposals from CPA firms to audit the financial status of the Corps' water projects nationwide, Feb. 1980.

Rodney E. Espe, auditor, discussed GAO's criteria and methodology for reviewing social service delivery systems for the elderly in a workshop at the Western Gerontological Society's 26th Annual Conference, Los Angeles, Mar. 11.

Stephen J. Jue, supervisory auditor:

Chaired the first annual EDP Auditor's Foundation Western Regional conference, Seattle, Feb. 11-13.

Spoke on "Auditing in the System Development Life Cycle Process" at the second annual Systems Development Conference sponsored by the Utah Chapter, EDP Auditors Association, Salt Lake City, Feb. 20.

Was appointed Assistant Western Regional Vice President of the EDP Auditor's Association, Mar. 22.

Along with **Donald A. Praast**, supervisory auditor:

Spoke on computer fraud and audit aspects of fraud and abuse detection and control at the Rainier Chapter American Society of Military Comptrollers, Poulsbo, Wash., Jan. 16.

Presented a workshop on fraud prevention in computer and accounting systems at the Seventh Annual Financial Management

Symposium sponsored by the Portland Chapter of the Association of Government Accountants, Apr. 18.

Michael R. Sparks, supervisory auditor, and **David C. Rubin** and **Steven F. Knudsen**, auditors, spoke on "What Is GAO?" before the Portland State University Chapter of Beta Alpha Psi, Feb. 26.

Jimmie D. Leonard, auditor, discussed "Cost Analysis" at a meeting of the Last Frontier Chapter, National Contract Management Association, Anchorage, Feb. 15.

Richard L. Harada, auditor, passed the Washington CPA examination.

Washington

Donald M. Henry, Jr., auditor, convened a panel on "Mechanisms for Accountability in the 80's" at the An-

nual Conference of the Northern Virginia chapter of the American Society for Public Administration, Feb. 1.

Warren C. Underwood, supervisory auditor, spoke on "GAO's Role in the Federal Government" before a program management class at the Defense Systems Management College, Ft. Belvoir, Jan 1980.

Howard G. Cohen, assistant regional manager:

Presented an overview of "The History, Objectives, Organization and Functions of the GAO" before the Executive Refresher Course at the Defense Systems Management College, Nov. 1979.

Spoke on "GAO—Past/Present and How To Interface with Them" at the Pentagon luncheon group meeting of the Harvard Business School of Washington, D.C., Feb. 27.



Josephine M. Clark

Reporting on GAO Alumni

Lloyd G. Smith, former director, Office of Internal Review, didn't lose any time getting back to work after he retired on February 8. On February 11, he became Senior Internal Auditor for Montgomery County Public Schools. He does plan on a little vacation in June to see his son, David, graduate from the University of Missouri in St. Louis.

Walter F. Frese, former director of the old Accounting and Auditing Policy Staff, was honored in December at the Boston Association of Government Accountants Emerging Issues Conference. Mr. Frese was AGA's second national president.

Carolyn Zimmerman, former secretary to the Comptroller General, is now making her retirement home in Memphis after selling her home in Dover, Pa.

Clarence Jauchem, former assistant director in the old Office of Policy and Special Studies, has been traveling all over the world since his retirement. He helps developing countries improve their financial reporting and accounting systems, and recently went to Liberia for what was to be a 3-month stay. He was fiscal adviser

to the Minister of Finance for 5 whole days when a coup overthrew the Liberian government. "Joe" and his wife had an exciting (but dangerous) time leaving the country, but we are glad to report they made it home safe and sound.

Ted B. Westfall, first director of the former Division of Audits, and later Executive Vice President of the International Telephone and Telegraph Corp., has resigned as Chairman of General Exploration Co. He has headed the mining concern since 1977.

Karney A. Brasfield, of the former Accounting Systems Division, and later on the Comptroller General's Consultant Panel, is doing some ad hoc committee work for the AICPA. He relaxes at his historic North Anna of Woodlawn Farm, in Virginia, which he acquired in 1953. The original structures, which date back to 1797, have been supplemented by a modern rambler built in 1973. Karney is very proud of his registered angus, which he started in 1957, and his 60 breeding cows.

Francis W. Lyle, former assistant director in the General Government Division, who retired in December 1973; is now living in Harpers Ferry,



Participants at Boston's Emerging Issues Conference in December pause to honor AGA's second national president, Walter F. Frese. From left are Massachusetts State Auditor Ted Buczko; AGA National President Frank Sato; Prof. Frese; Boston College's Dr. Joe McHugh; and GAO's Fred Layton, Boston Chapter President.

W. Va. He helped organize the Shannondale Club, Ltd., and served as President and Chairman of its Board. Recently he was reported to be at Fiesta Key Resort, Long Key, Fla., where he is enjoying fishing on his new 21-foot boat.

It was with regret we learned that **Harold Ryder**, former regional manager of our Los Angeles office, passed away on May 9, at the age of 84. Mr. Ryder retired on December 30, 1965, with over 30 years service in the Federal Government, including more than 22 years with GAO. In 1943, Mr. Ryder transferred to GAO in Los Angeles where he served as an area chief in the former Audit Division. When the Los Angeles regional office was established in 1952, he became its first regional manager and served in that capacity with distinction until he retired. Hal Ryder had a distinguished career, marked by an exemplary performance that won the respect and confidence of his associates within as well as outside of GAO. He was a stimulating and vital force in guiding and helping others and had been an inspiration to all who knew him.

In response to requests for information about retirees, I received a very interesting and informative letter from **A. T. Samuelson**, former Assistant Comptroller General, about his retirement activities. Much of it is reproduced here:

Dear Mrs. Clark:

At the time of my visit to Washington in early December, you suggested I write a piece about avoiding boredom in retirement, stemming from my comment that I didn't now have the time to do all the things that I wanted to do. After thinking about this comment, part of the answer is that I have developed interests in a number of activities that did not do during pre-retirement, but part is due to now pursuing certain activities more intensively or more vigorously and thus now more time consuming.

One of these activities is that related to American history, particularly Western history. Among the organizations involved in this interest is the Western History Association, an organization whose membership is largely professional historians and history academics, but also a fair number of so-called American history "buffs," such as me. As with all active organizations, this one also has an annual conference, and this year it was held in October at San Diego, California. Meetings over a four-day period were divided into 22

sessions which included such subjects as "Mining and Environment," "Water Politics in the 20th Century," and "The Indian Claims Commission in Retrospect," subjects that as you may recall were concerns of the Civil Division for many years.

By meeting at San Diego, the occasion afforded me a few days at Los Angeles and San Francisco and a visit to the GAO regional offices in those cities. Also to have dinner with John Thornton and Jim Hall.

Interest in history is a sort of an activity that has a large number of opportunities and variations for selection, specialization, and range, as nearly every State has a historical society of some kind and one of the better ones in my opinion is the Montana Historical Society, who publish quarterly a very outstanding magazine called "Montana the Magazine on Western History." In fact, it is so good that I developed an ongoing project of collecting back issues since its initial publication in 1951 and I am now lacking only three issues for a complete set in almost uncirculated condition.



A.T. Samuelson

Over the years I have spent a fair amount of time on a number of hobbies, including camping, hiking, photography, and collectibles. Last August I enlarged my participation in camping by attending the annual campout sponsored by the Denver regional office at Whiterocks Canyon Campground in the Ashley National Forest, Utah, an enjoyable experience.

Retirement to Omaha was influenced at least partially by being put reasonably close to the Rocky Mountain States and the Southwest with their wonderful opportunities for camping, hiking, and photography, coupled with the ability to get there rather quickly and to leave and return almost at any time I choose. Last summer I took only three trips into these areas and didn't spend as much time on these pleasurable pursuits as I would have liked.

The foregoing at least gives you some of the reasons why I haven't encountered any boredom during my retirement and as I said I wish I had more time to do the things I know are out there.

Annual Awards for Articles Published in The GAO Review

Cash awards are presented each year for the best articles written by GAO staff members and published originally in *The GAO Review*. The awards are presented during the GAO Awards Program held annually in October in Washington.

One award of \$500 is available to contributing staff 35 years of age or younger at the date of publication and another is available to staff over 35 years of age at that date. Staff through grade GS-15 at the time they submit the article are eligible for these awards.

The awards are based on recommendations of a panel of judges designated by the Editor. The judges will evaluate articles from the standpoint of their overall excellence, with particular concern for:

- Originality of concept and ideas.
- Degree of interest to readers.
- Quality of written expression.
- Evidence of individual effort expended.
- Relevance to "GAO's mission."

Statement of Editorial Policy

This publication is prepared primarily for use by the staff of the General Accounting Office. Except where otherwise indicated, the articles and other submissions generally express the views of the authors and not an official position of the General Accounting Office.

Proposals for articles should be submitted to the Editor. Staff should concurrently submit a copy of their proposal letters to liaison staff who are responsible for representing their divisions and offices in encouraging contributions to this publication.

Articles should be typed (double-spaced) and generally not exceed 14 pages. Three copies of the final version should be submitted to the Editor. Article subject matter is not restricted but should be determined on the basis of presumed interest to GAO staff. Articles may be on technical or general subjects.

☆ U.S. GOVERNMENT PRINTING OFFICE: 1980 O-- 311-741/002

For sale by the Superintendent of Documents, U.S. Government Printing Office,
Washington, D.C. 20401 - Price \$1.50 (single copy). Subscription Price:
\$6 per year; \$7.50 for foreign mailing.

The GAO Review

Editor

John D. Heller

Assistant Editor

Elaine L. Orr

Administrative Assistance

Josephine M. Clark

Berta E. Carpio

Publishing Services

Art LaMay, Graphics Chief

Karen Gray, Writing Chief

Sharon Connolly, Writer-editor

Ann Schara, Writer-editor

Ken Psira, Graphics

Designer

Richard Rockburn,

Photographer

Walker Smallwood, Printing

Specialist

Liaison Staff

Office of the General Counsel

Vincent A. LaBella

Office of Information

Systems and Services

Vinita Mathur

Office of Internal Review

Dave Childress

Office of Policy

Marvin Brown

Office of Program Planning

Daniel L. Johnson

General Services and

Controller

Tom Franklin

Office of Administrative Services

Hazel Lucas

Office of Budget and Financial Management

George Daugherty

Office of Publishing Services

Sharon Connolly

Personnel

Jean R. Lewis

Claims Division

James C. Farley, Jr.

Community and Economic Development Division

Robert G. Chambers

Energy and Minerals Division

Jack Bachkosky

Federal Personnel and Compensation Division

James L. D. Moore

Financial and General Management Studies Division

Ronell B. Raaum

General Government Division

Anne M. Hilleary

Human Resources Division

Joseph Eglin

International Division

James S. Klapp

Logistics and Communications Division

Jacob W. Sprouse

Procurement and Systems Acquisition Division

Philip W. Pennington

Program Analysis Division

Peter A. Smith

Field Operations Division

Louis J. Rodrigues

Atlanta

David R. Lampe

Boston

Paul Slater, Jr.

Chicago

Stewart Herman

Cincinnati

Elmer Taylor

Dallas

Dianna Taylor

Denver

Pamela K. Tumler

Detroit

Randall Conley

Kansas City

Arnett E. Burrow

Los Angeles

Michael Carlson

New York

Eric Johnson

Norfolk

Melissa van Tine

Philadelphia

Tony Pinto

San Francisco

Gerhard Brostrom

Seattle

Alvin S. Finegold

Washington

George Gearino

U.S. GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. GENERAL ACCOUNTING OFFICE



CONTROLLED CIRCULATION RATE

GAO
LAW LIBRARY