

United States General Accounting Office

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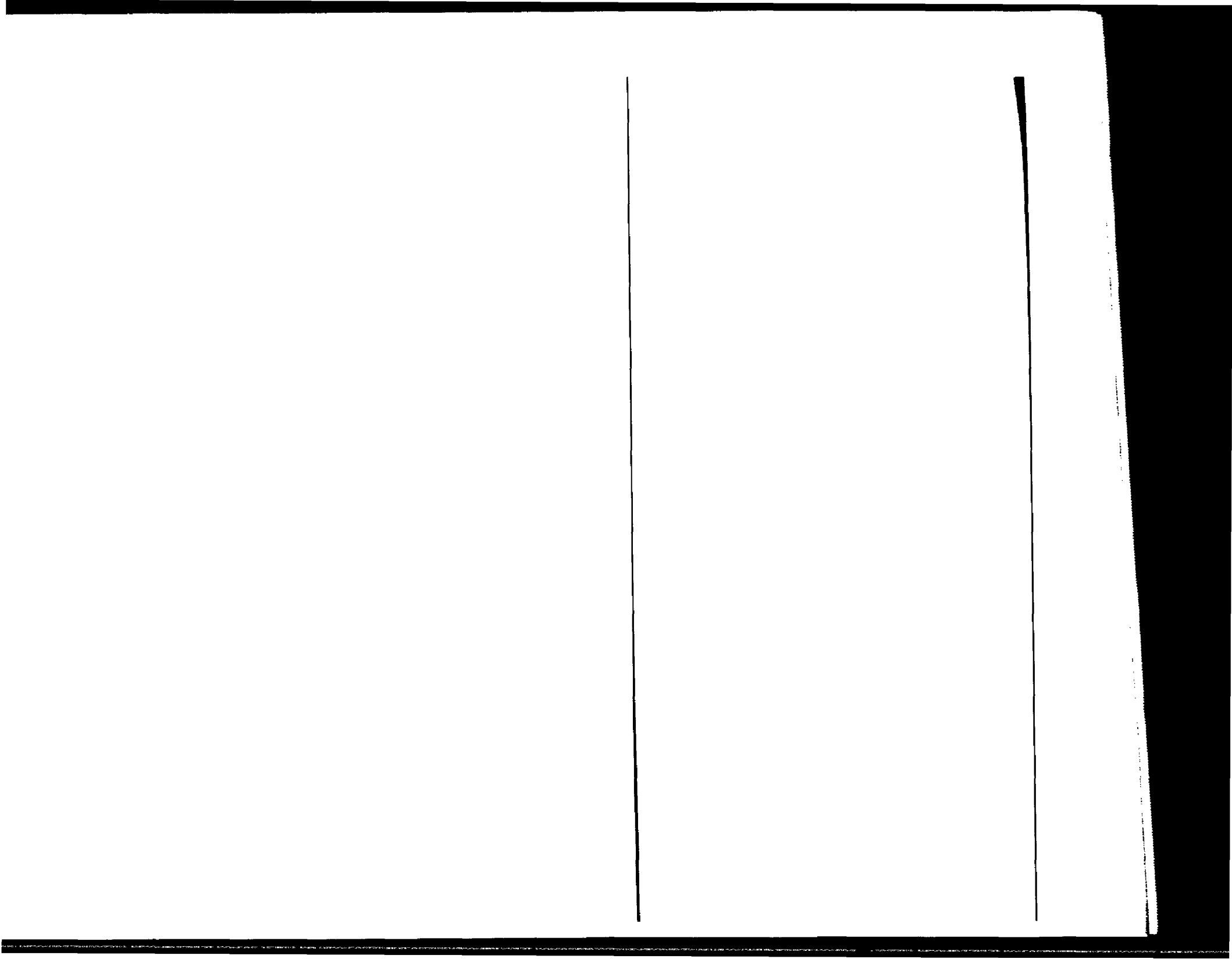
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September 1991

# The San Francisco Regional Office, 1954 - 1987

Interview With Harold J. D'Ambrogia,  
Kenneth A. Pollock, Richard A. Sheldon,  
and Charles F. Vincent





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# Preface

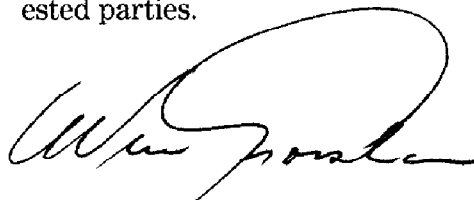
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GAO's History Program uses oral history interviews to supplement documentary and other original sources of information on GAO's past. These interviews help provide additional facts and varying perspectives on important past events. Transcripts of the interviews, as well as the audiotapes and videotapes, become important historical documents themselves and are used in preparing written histories of GAO, in training staff, and for other purposes.

Although the transcripts are edited versions of the original recording, GAO tries to preserve the flavor of the spoken word. The transcripts reflect the recollections, the impressions, and the opinions of the persons being interviewed. Like all historical sources, they should be analyzed in terms of their origins and should be corroborated by other sources of information. The transcripts in themselves should not necessarily be considered definitive in their treatment of the subjects covered.

The San Francisco Regional Office was one of the original regional offices created by Comptroller General Lindsay C. Warren in 1952. Harold J. D'Ambrogia, Kenneth A. Pollock, Richard A. Sheldon, and Charles F. Vincent all joined GAO in the 1950s; all except Mr. Vincent began their careers in the San Francisco Office. Each served 30 years or more with GAO, mainly in San Francisco; Mr. Pollock spent his last 12 years at GAO headquarters in Washington. Through this interview, conducted in San Francisco on December 7, 1990, we get an in-depth view of the development and work of the San Francisco Regional Office from the early and mid-1950s until the late 1980s.

Copies of the transcript are available to GAO officials and other interested parties.

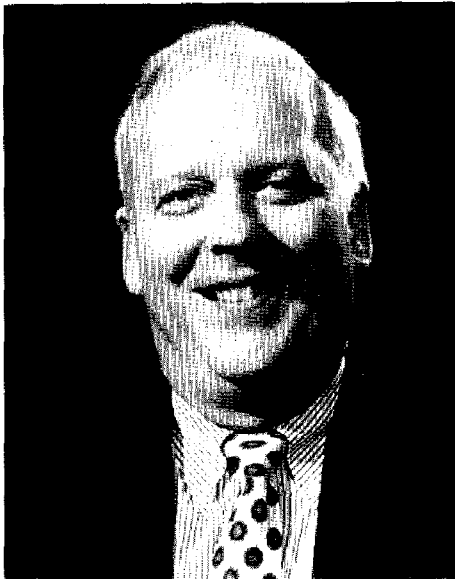


Werner Grosshans  
Assistant Comptroller General  
for Policy

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# Biographical Information

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Harold J. D'Ambrogia

Harold J. D'Ambrogia joined GAO in the San Francisco Regional Office in 1954 after graduating from the University of San Francisco. He headed the Honolulu Suboffice from 1963 to 1965. In November 1970, he became Assistant Regional Manager in San Francisco. After his retirement from GAO in 1984, he was associated with public accounting firms in San Francisco.



Kenneth A. Pollock

Kenneth A. Pollock joined the San Francisco Regional Office in 1955 after graduating from the University of California, Berkeley, and serving 3 years in public accounting. While assigned to the San Francisco Regional Office, he directed the Honolulu Suboffice from 1959 to 1961 and later became Assistant Regional Manager in San Francisco. In 1972, he moved to GAO headquarters in Washington, where he worked in automatic data processing research, development, and training. After his retirement in 1984, he served as Director of Research for the EDP Auditors Association.

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**Biographical Information**



Richard A. Sheldon

Richard A. Sheldon joined the San Francisco Regional Office in 1958 after graduating from Fresno State University. After being involved in a wide variety of audit jobs, he became an Audit Manager in 1966 and later functioned as a Team Leader. When he retired in 1987, he was an Audit Manager. Since his retirement, he has worked in public accounting and as a consultant on microcomputers in the San Francisco area.



Charles F. Vincent

Charles F. Vincent joined GAO in Washington after graduating from the University of Nebraska at Omaha in 1951. He transferred to the San Francisco Regional Office in 1956 and remained there until his retirement in 1983. In 1966, he became Assistant Regional Manager in San Francisco. Between 1983 and 1990, he taught at San Jose State University.

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# Interviewers

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## Werner Grosshans

Werner Grosshans is the Assistant Comptroller General for Policy. He began his diversified career as a government auditor in 1958 in the San Francisco Regional Office and held positions of increased responsibility; he was appointed Assistant Regional Manager in 1967. In July 1970, he transferred to the U.S. Postal Service as Assistant Regional Chief Inspector for Audits. In this position, he was responsible for the audits in the 13 western states. In October 1972, he returned to GAO to the Logistics and Communications Division. In 1980, he was appointed Deputy Director of the Procurement, Logistics, and Readiness Division and, in 1983, he was appointed Director of Planning in the newly created National Security and International Affairs Division. In 1985, he became Director of the Office of Program Planning, where he remained until 1986, when he assumed responsibility for GAO's Office of Policy.

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## Roger R. Trask

Roger R. Trask became Chief Historian of GAO in July 1987. After receiving his Ph.D. in History from the Pennsylvania State University, he taught between 1959 and 1980 at several colleges and universities, including Macalester College and the University of South Florida; at both of these institutions, he served as Chairman of the Department of History. He is the author or editor of numerous books and articles, mainly in the foreign policy and defense areas. He began his career in the federal government as Chief Historian of the U.S. Nuclear Regulatory Commission (1977-1978). In September 1980, he became the Deputy Historian in the Historical Office, Office of the Secretary of Defense, where he remained until his appointment in GAO.





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## Abbreviations

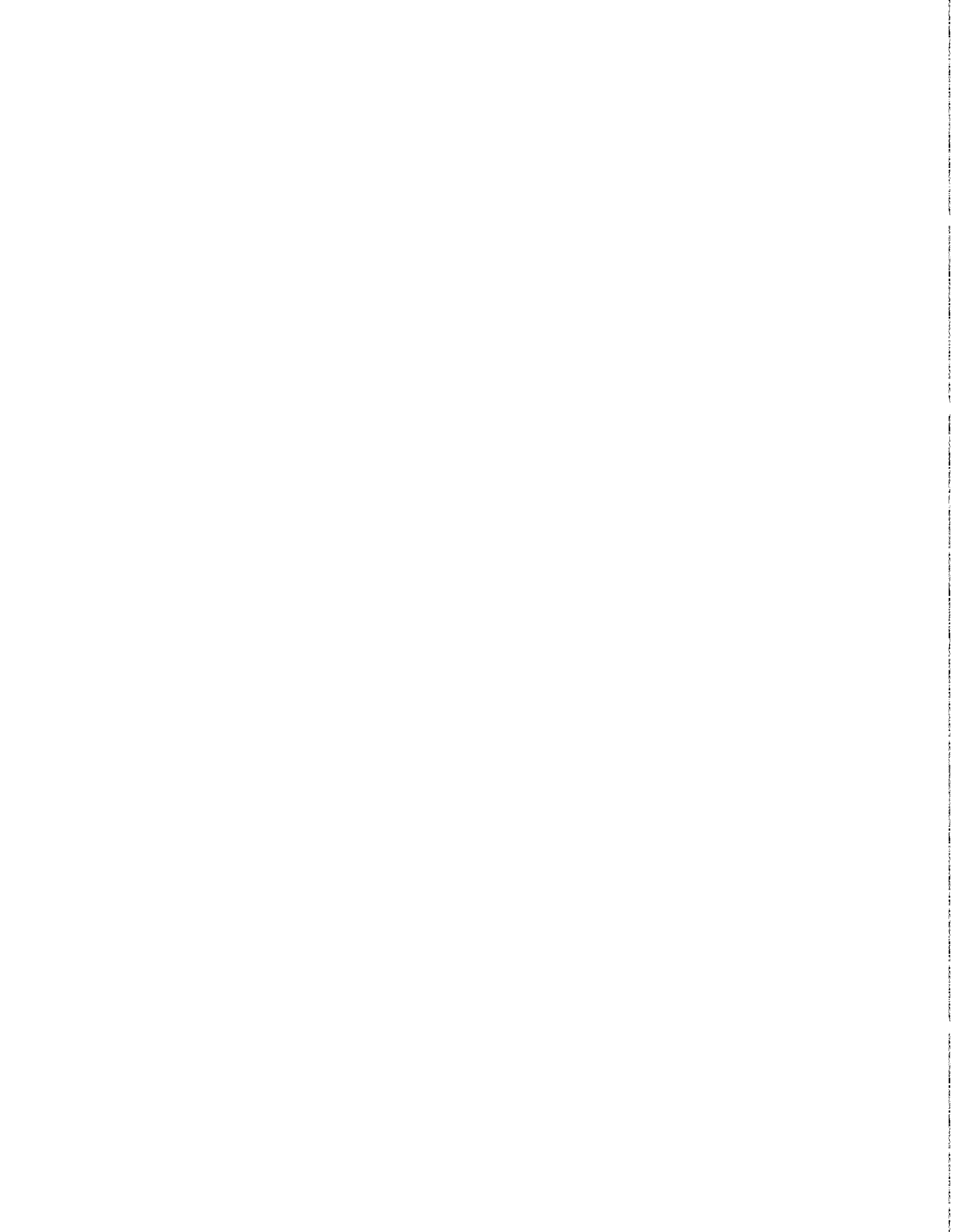
ACIPA	American Consortium for International Public Administration
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ADP	automatic data processing
AEC	Atomic Energy Commission
AGA	Association of Government Accountants
AICPA	American Institute of Certified Public Accountants
ARM	Assistant Regional Manager
CG	Comptroller General
CINCPACFLT	Commander-in-Chief, Pacific Fleet
CONUS	continental United States
CPA	certified public accountant
DCAA	Defense Contract Audit Agency
DZK	Dillingham, Zachary & Kaiser
EIC	evaluator-in-charge
FBI	Federal Bureau of Investigation
FEB	Federal Executive Board
FGAA	Federal Government Accountants Association
FMC	Food Machinery Corporation
FOD	Field Operations Division
FTS	Federal Telephone System
GGD	General Government Division
GSA	General Services Administration
IBM	International Business Machines, Inc.
ICAF	Industrial College of the Armed Forces
ID	International Division
IPA	Intergovernmental Personnel Act
IRS	Internal Revenue Service
LST	landing ship tank
MATS	Military Air Transport Service
M.B.A.	master's of business administration
NASA	National Aeronautics and Space Administration
NWC	National War College
OEO	Office of Economic Opportunity
OMB	Office of Management and Budget
PG and E	Pacific Gas and Electric
PWBA	Pension and Welfare Benefits Administration
RCED	Resources, Community, and Economic Development Division
RMK-BRJ	Raymond, Morrison, Knudson-Brown, Root & Jones
R&R	rest and relaxation
SARs	Selected Acquisition Reports
SFRO	San Francisco Regional Office
TDY	temporary duty
UMD	Utah, Martin, Day
USF	University of San Francisco



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# Interview With Harold J. D'Ambrogia, Kenneth A. Pollock, Richard A. Sheldon, and Charles F. Vincent, December 7, 1990

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## Introduction

Dr. Trask

We are meeting this morning in the San Francisco Regional Office, December 7, 1990, for an oral history interview with four people who worked for many years in this office: Hal D'Ambrogia, Ken Pollock, Dick Sheldon, and Charlie Vincent. The interviewers are Werner Grosshans, Assistant Comptroller General for Policy, and I, Roger Trask, GAO Chief Historian. I should add that Mr. Grosshans began his GAO career at the San Francisco Regional Office in 1958 and remained there until 1970.

The first thing we'd like to do is to ask each of you to give us a very brief biographical summary—where you grew up, what your educational background was, and how and when you happened to come to GAO.

Dick, would you like to start?

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## Background Information

Mr. Sheldon

Okay. I am a native of California, born in Porterville. I went to Porterville Union High School and graduated in 1949. After that, I went to Porterville Junior College for 1 year. I then entered the Air Force in January 1951 and, upon discharge from the Air Force 4 years later, I returned to Porterville College and then transferred to Fresno State College. I graduated from Fresno State in June 1958 with a bachelor of science in accounting. I was hired by GAO and began duty in San Francisco in June 1958 at the same time that Werner Grosshans was hired.

I spent 30 years in GAO assigned to the San Francisco Regional Office. After being hired as a GS-5 auditor, I progressed to Audit Manager, GS-14, in August 1966. In 1972, the Regional Manager assigned to me responsibilities similar to those of his ARMS [Assistant Regional Managers]. From that time on, I worked on a large number of assignments with the Civil Division and later with RCED [Resources, Community, and Economic Development Division] and GGD [General Government Division] until Mr. [Alfred M.] Clavelli retired. With the new Regional Manager [William N. Conrardy], I was assigned team leader jobs. After he left and was replaced by Mr. [Thomas P. "Tim"] McCormick, I functioned as an Audit Manager until I retired in November 1987. Since then, I have

worked with Hal D'Ambrogia at KMPG Peat Marwick on some governmental assignments. I also worked with a Los Angeles CPA [certified public accountant] firm and Ray Ellis on some audits of PWBA [Pension and Welfare Benefits Administration] in the Labor Department. I am currently working as a consultant on microcomputers and networks with several San Francisco Bay Area firms. I also have numerous discussions with some GAO staff who specialize in microcomputers.

Dr. Trask

Hal?

Mr. D'Ambrogia

I guess I'm the old-timer in San Francisco.

Mr. Pollock

You were one of the two guys left when I went to Washington who had been here when I joined GAO in late 1955. The other was Earl Loe. You are the dean of the group here today.

Mr. D'Ambrogia

Right. I'm a local product. I grew up in the North Bay and went to USF [University of San Francisco] here in San Francisco. When I was a senior at USF, John Thornton of GAO came to our auditing class explaining about this new concept of comprehensive auditing. I think the whole class signed up for the civil service exam. Two of us passed it. The other person was a veteran and I was not a veteran, so we cut a deal. They wanted one person in San Francisco and that was Ernie Giordano, and I went to the Seattle Regional Office and spent 6 weeks there under Ray Bandy. So I started my career in Seattle in June 1954 and then I came to San Francisco.

In 1963, I went to Hawaii for 2 years. At that time, it was a suboffice of San Francisco. I was the manager of that suboffice during an interesting period; because of the buildup during Vietnam, there was a lot of military traffic, as well as GAO people, moving through the Pacific.

I then came back to San Francisco. I recall I was promoted to Assistant Regional Manager in 1970. In 1983, I spent a year over at the University of California on an IPA [Intergovernmental Personnel Act] exchange program working for the university auditor. I retired from GAO in the fall of 1984.

At that time, a public accounting firm here in San Francisco had gotten a large government contract and was looking for somebody to do the work. We clicked. So at that time, I started working with KMG Main Hurdman, and now I'm with Peat Marwick here in San Francisco.

Dr. Trask

Ken?

Mr. Pollock

I was born in Detroit and grew up in St. Louis. After graduating from high school in St. Louis, I joined the Army and happened to pass through California in midwinter on my way to Japan and decided that California had to be the place to live. So when I got out of the Army, I went to the University of California at Berkeley and went into public accounting. I was with Haskins & Sells for about 3 years.

I think this group knows that I've always been fascinated by computers. Haskins & Sells was setting up a management advisory group at that time, in 1955, for computer work. I wanted to get into it, and the firm wouldn't let me. I was told, "No, you're audit, so you stay in audit." Consequently, I decided it was time to leave there.

At that time, GAO was hiring people from the public accounting field because there was going to be a big emphasis on defense contract audits. So that's why I was hired.

Hal said that he clicked with a number of CPA firms, and I have clicked, I think, with GAO. I did the first contract work down at Lockheed Missiles and Space Company back in 1958. In 1959, I went to Hawaii and was there for 2-1/2 years.

In 1972, I did a survey for the Comptroller General on the capabilities of the Office with respect to our responsibilities in the ADP [automatic data processing] area. After I reported that audit capabilities were far from what they needed to be, I was asked to go back to Washington to help get the Office postured to address the computer. I spent the rest of my career in GAO in Washington.

While I was back there, I was fortunate enough to be able to work with various computer committees, such as those from the AICPA [American Institute of Certified Public Accountants] and the Institute of Internal Auditors and was very active in the ADP Auditors Association.

At one point, I had the unique position of being GAO's representative to both the AICPA and the ACIPA [American Consortium for International Public Administration], the latter being one of [Comptroller General Elmer B.] Staats's favorite organizations.

During my time in Washington, I helped first with getting the Wharton program<sup>1</sup> started and then worked on governmentwide audits of management of large-scale computer systems. These resulted in major improvements and large savings.

After I retired, I was Director of Research for the EDP Auditors Association; I edited its journal, *The EDP Auditor*, and then served as Director of Standards. During the time that I was Director of Standards, the Association issued auditing standards for making audits of information systems. After those were issued, I decided it was time to hang it up. Since then, I've been doing mostly volunteer work in the City of Huntington Beach, California, where my family and I have located. I am the Treasurer of the Council on Aging and the Vice President of the Neighborhood Watch; there are other civic activities that I'm busy with down there.

Dr. Trask

Charlie?

Mr. Vincent

I'm Charlie Vincent. I'm from Omaha, Nebraska. I graduated from the University of Nebraska at Omaha in 1951. I had a very short career in public accounting with Arthur Andersen, but financial auditing and I didn't see eye to eye. I remember being interviewed by Charlie Murphy, who told me the wonders of operational auditing, or comprehensive auditing, so I went with GAO.

I asked for travel and was immediately assigned to [Adolph T.] Samuelson's travel staff, where I was for 5 years. In 4 years, I didn't come home a single day to Washington.

I finally settled down in Washington in late 1955 for 1 year. I wanted to come to San Francisco. Like Ken, I had come through here on my way to Asia, and I wanted to be sure that I ended up here rather than in Washington. So I got a transfer to San Francisco in 1956 and was there until 1980. I was promoted to Assistant Regional Manager in 1966. I was the first one Comptroller General Elmer Staats promoted to Assistant Regional Manager. There were three others a day later, so four of us in effect were promoted at the same time, but I managed to get appointed 1 day ahead of them.

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<sup>1</sup>GAO entered into a contract with the Wharton School of the University of Pennsylvania to develop an advanced computer curriculum to get a number of GAO's staff trained.



In 1980, I left for a leave of absence to teach at San Jose State University full-time. I tried to not come back, but GAO pulled the string, so I came back for 1 year. I did not go back into management. I taught at GAO for a year and retired permanently in 1983.

I taught at San Jose State full-time until May of 1990 and retired again. So now I'm not working at all. I do teach some CPA review courses, and I may teach part-time at San Jose next spring. I'm not sure yet. But essentially I am sitting around tables like this reminiscing about the old days.  
[Laughter]

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## Establishment of the San Francisco Regional Office

Dr. Trask

It's amazing how many people Charlie Murphy must have recruited. Most of the people we talk to in these interviews mention that Charlie Murphy persuaded them that they ought to come to GAO.

As you all know, the San Francisco Regional Office [SFRO] was established in 1952, when the modern regional office system was created, but of course there were offices here and elsewhere before that. This was, I think, before any of you actually joined GAO.

But it would probably be a good idea to talk about that establishment for a little bit, particularly in terms of territorial jurisdiction and the things that were mapped out as the duties of the San Francisco Regional Office in those early days.

Mr. Vincent

I might add that I was involved. I was on board at that time working for Samuelson, who had just been made the Regional Manager in San Francisco. So I have some knowledge of that.

Up to the passage of the Budget and Accounting Act of 1950, GAO had two regional offices here, one in Investigations under Morris Knee and one in the Audit Division under Charlie Wells. Then, in 1951, GAO established a Corporation Audits Division regional office in San Francisco. Samuelson tried to get space with the Audit Division, and Wells wouldn't let him in the door. Samuelson was the first Regional Manager.

So Samuelson went to the Office of Investigations. At that time, Al [Albert J.] Shartle was in charge. Morris Knee retired or quit or something. Sam got the space from the Office of Investigations. Then a year later, the Audit Division and the Corporation Audits Division were put together under Samuelson in San Francisco and Wells went to Portland to head up that regional office. Right after that, Samuelson was sent to Washington as Assistant Director and John Thornton came in here as Regional Manager.

That's when I came on board, right at the time that Samuelson went to Washington to head up the travel group of about 40 people. I came in right at that time in about 1951 or 1952.

So that's essentially how the regional office started up. Then, of course, in 1956 the Investigations group was combined with the new Civil and Defense Divisions.

Mr. Grosshans

Charlie, did Samuelson have a suboffice up in Sacramento?

Mr. Vincent

No, he didn't. But Thornton had Jim Hall practically living up there, and Hal [Harold D'Ambrogia] was there a lot.

Mr. D'Ambrogia

Let's get back to the boundaries. My recollection is—and I think we all have that same recollection—that in the 1950s, there was strong jurisdictional turf feeling between San Francisco and Los Angeles. We tried to divide California roughly around Fresno between the two offices. There was always a question about who was going to be doing work in other locations of California.

That was one of my clear recollections of the boundaries of the regional office. The rest of the boundaries were pretty well-established for San Francisco—northern California, northern Nevada. But then there was this "no man's land" of work that involved state offices in Sacramento and decisions about who would be doing things in Los Angeles, where population was concentrated. These issues were always contentious ones for years and years as long as Al Clavelli and Hal [Harold L.] Ryder were Regional Managers.

Dr. Trask

Your date of 1951 is correct. Comptroller General Lindsay Warren officially established the regional offices in 1952, but in fact, Samuelson was out here in 1951.

- Mr. Vincent Samuelson did a lot of hiring from the public accounting field in 1951. One person that we all know that he brought on board was George Choos. He brought on a half a dozen or a dozen during the few months that he was here as Regional Manager before John Thornton came up from Los Angeles and Sam went on to Washington.
- Mr. Grosshans Just to finish that thought that came up: Thornton came in 1952 and was here for about 2 years. Was John officially designated as a Regional Manager, or was he acting?
- Mr. Vincent He was Regional Manager, and he hired Al Clavelli from the public accounting field in Chicago. Clavelli came out here essentially as his number one assistant, although there wasn't a title.
- Mr. Pollock Didn't they both have the same grades then? Weren't they both 14s?
- Mr. Vincent Clavelli also was hired as a 14, that's right.
- Mr. Pollock The regional office couldn't support two 14s; that is why Thornton went in to Washington and that is when Al took over.
- Mr. Vincent Not really. Thornton went in to head up what was going to be the Field Operations Division. That's when Clavelli took over in 1954.
- Mr. D'Ambrogia As I said before, John Thornton came onto the campus at USE; that would have been in February or March of 1954. That's when he gave the explanation of what GAO was all about and, again, turned everybody on. But then, after we took the exam, my next point of contact was with Al Clavelli. So he apparently took over as Regional Manager around the April or May 1954 time frame.
- Mr. Grosshans When did Roland Pinkston come in? You had mentioned Al's being Thornton's key assistant. Of course, Roland was Al's key assistant for many, many years.
- Mr. Vincent When Samuelson formed his travel group out of Washington, the group didn't have enough staff. So Samuelson used regional office people as well to do the group's work. About the third audit I worked on was in Redding, California, and Klamath Falls, Oregon, and we were working with mixed crews. Pinkston was my boss. I was only a grade 7 out of Washington, and whoever had the highest grade was running the job regardless of where he was from. My first boss was Sam Klinebart up in

Boise, Idaho, and he was from Los Angeles. My second or third boss was Pinkston.

Pinkston was a grade 12. He was in charge of the audit of the Bureau of Reclamation that we were doing in Redding, California. I believe there were several other 12s here then. I'm not sure. I have a roster for 1954, but I don't have one for 1952. But I don't think there were any 13s. There may have been, but I can't remember. There might have been one, but Roland was certainly nearest to Clavelli in Clavelli's eyes. He liked him the best in terms of working with him, and I think Roland sort of eased into that job. When I eventually ended up back in California in 1956, Roland was well-established as de facto assistant to Clavelli.

Mr. Grosshans

Where did Roland come from, do you know?

Mr. Vincent

Roland's history goes back to the voucher-flipping days. He went to Annapolis and got through 3 years of the Naval Academy. In his fourth year, he told Academy officials that he didn't want to finish. He then went into GAO in Washington. He didn't like the discipline part of the Navy. Roland wasn't built for that sort of thing.

Mr. Pollock

He was subsequently in the Marine Corps during World War II.

Mr. Vincent

Right, and then he came back in 1945 or 1946 to GAO in Washington. I'm not sure how he got from Washington out here, but he was here long before anybody. He was in the Audit Division under Wells.

Mr. Pollock

During World War II, he was down in southern California and worked at Lockheed in Santa Monica and worked with Thornton.

Mr. Vincent

Maybe he came up with John, but he was definitely ahead of Clavelli.

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## The Comprehensive Audit

Mr. Grosshans

Some of you have already touched on the comprehensive audit. This was the pronouncement by then Comptroller General Warren in the 1950 time frame that we were going to change from the voucher-flipping audit days into the comprehensive audit concept. I know Dick already mentioned that he and I came in 1958. It strikes me that we were still

trying to figure what the comprehensive audit was all about. This was 8 or 9 years after the pronouncement.

I'd like to talk a little bit about what the impact of that was on San Francisco and how it evolved.

Mr. Pollock

The original Comprehensive Audit Manual must have been about 4 or 5 inches thick. Do you remember we had to account for each page on that? When a new page was sent out, we had to send the old one back and get a receipt for it. It was hard. It was really tough reading. When I came on board in November of 1955, the entire training program consisted of "Here's the Comprehensive Audit Manual. Read it."

Mr. Grosshans

That's right. I remember sitting in Al Shartle's office for the first 2 weeks. I think Dick was there for part of that time. That's exactly what we were doing, trying to get through that.

Mr. Pollock

You guys were fortunate because by that time, Leo Herbert had started some staff training and you probably did go into Washington. Didn't you? I was appalled when I got the manual. I went crazy trying to read that. It was very tough reading. I said to Al Clavelli, "I need some training. If I'm going to apply any of my knowledge to what's going on in government, I need to know how it should be done. I can't get it from this."

After I was on board about a year, Al said, "Look, Ken, I can't send you as a student, but I can send you as an instructor." So in early 1957, I went back to Washington and was a counselor in one of the early classes that Herbert and Doc [Edward] Breen were putting on back there and learned a lot about federal accounting, most of which had no application later on because most of our auditing work had nothing to do with accounting.

Mr. D'Ambrogia

There really were three things going on simultaneously. Two were carryovers from the government corporation days of doing basically financial audits. The Bureau of Reclamation audit was one and the GSA [General Services Administration] audit was another. The third thing that was going on, a fairly significant use of resources, was the payroll and voucher examination.

So those functions were going on. My first exposure to the comprehensive audit was the naval shipyard audit at San Francisco. Ken Doolin was heading up that audit, and there were a bunch of us there. Earl Loe

---

was there and Apsy Bogle. And who's the old guy who was a real pistol? He was in his 70s and he had to get an annual exemption. It was Alex Postley. So anyhow, we put a team in the San Francisco Naval Shipyard.

Mr. Grosshans

When was this?

Mr. D'Ambrogia

It was probably late 1955. I remember I was there at the shipyard when the Christmas party was held. It was a wild party, and this old fellow and I were the only two that were on the site that day. We were next to the computer room, and people came in and were pouring drinks and we were having a good old time. So that was probably in 1955. We were on that site for 6 to 9 months.

Mr. Grosshans

We'll have to edit that out. [Laughter] You're not supposed to be drinking on government time. [Laughter]

Mr. Pollock

You're also going to have to edit out that he was next to the computer room because they didn't have computers then. You might have been near the machine room. [Laughter]

Mr. D'Ambrogia

The machine room, right. But, anyhow, the point is that these audits were very comprehensive. We audited everything in the whole facility. By the time we got done, none of the findings were relevant anymore because of the passage of time. The work was, at that time, controlled by Charlie Roman. He was sort of the guru on doing these comprehensive audits. We did one at San Francisco and one at Mare Island.

Mr. Pollock

I was on the Mare Island job.

Mr. D'Ambrogia

That was my first exposure. We sort of did a series of those. Charlie and I did one at Moffett Field Naval Air Station, etc. But, again, there really were three things going on. One was the continuation of the voucher examination as far as the payroll and the account settlement work, and the others were these financial audits primarily at GSA and the Bureau of Reclamation. Those were using a lot of resources. It seemed that the residual resources were being committed to these comprehensive audits, which really were comprehensive.

Mr. Vincent

The Bureau of Reclamation was the first agency on which we performed a comprehensive audit. We had done some comprehensive audits of corporations, but Reclamation was the first federal noncorporation agency. Samuelson took up as an experiment, in 1952, a comprehensive audit of

the Bureau of Reclamation. GAO actually negotiated this with the Bureau, which let us do this nationwide (i.e., in the 17 western states).

One thing I take exception to in John Abbadessa's oral history, which I read yesterday, is that he said Samuelson didn't get the feel for comprehensive audits until Samuelson had been Assistant Director for a while. That is not really correct because in 1951, we started such audits. We did a little financial audit work, and then Samuelson broke us into major operational issues. Now we couldn't do a comprehensive audit because the Bureau of Reclamation had too many complexities. So what we did was to focus on the major things they did, power and water contracts essentially. From about 1953 until I left Washington to come to San Francisco in 1956, we did almost no financial work whatsoever.

An audit of the Corps of Engineers was added to our comprehensive audits in 1954; that is, an audit of the civil functions of the Corps, which are the same as the Bureau's, and the Soil Conservation Service, which built small dams, was added. We had all these audits going during that period of 1953 to 1956. Late in 1955, Samuelson's audit crew was dissolved and the regional office took over the responsibilities for all these audits. We did almost 100 percent operational audits, not really comprehensive audits because they would have been such big jobs. But certainly I don't remember looking at an account for financial work from about the third month in GAO through the rest of my career in GAO, essentially.



Charlie Vincent

Mr. Sheldon

Didn't comprehensive auditing start to fade out around 1958, when I came in?

Mr. Vincent

Comprehensive audits were too big.

Mr. Pollock

I think audits became comprehensive in specific areas.

Mr. Sheldon

Before that, GAO would go in to a facility or an organization and audit procurement, housing, and every function. We were auditing aspects of the entire operation.

Mr. Vincent

We went back to do just housing or just procurement to try to narrow the scope.



Mr. Grosshans

That's why I wanted to follow up on what Hal was saying. Hal, you worked on a comprehensive audit at the San Francisco Naval Shipyard and Ken worked on such an audit at Mare Island. I got involved at the Naval Supply Center at Oakland.

Mr. Sheldon

You were working for Bob Ryan.

Mr. Grosshans

Yes, exactly. About a dozen were assigned to his staff over there for close to a year before I was assigned in late 1958. We spent another year or so over there. It's like you described it. I don't think anyone really knew what it was that we were trying to do. We were gathering a lot of information. We didn't know what to do with it.

In the meantime, they sent Felix Asby out here. You may recall he was out here for a while trying to see how the Pacific Requisition Control Office was operating and how well it was tracking the requisitions and so on. We did a lot of work. We did a lot of surveying. We gathered a lot of information, but not a whole lot ever came of that.

Dick, I guess that's what you were pointing out. What we finally learned after about 10 years or so is that you couldn't really tackle a big installation like that and get the audit done in a reasonable time frame and have it focused. I think that one of the things that we learned from some of those early approaches was that our audit had to be much more focused and directed into specific areas.

Mr. D'Ambrogia

What I'm hearing around this table is that we were learning but not producing. But we were producing. There were reports going out all the time that were very good reports. A lot of corrective action was taken. However, we lost a lot of time because we were learning. But not all was lost.

Take our work at Moffett Field. We never got out reports anywhere in relation to the amount of effort that we spent, but we got some good material.

One thing that came out of our work was that, as a result of this rather broad-based review, we did get into areas that did give us some focus. At Moffett Field, we got into the whole naval supply system for maintenance of aircraft and the problems there, the engine pipeline, and things of that type.

Also, at the facility, people were not fearful, but there was this concern that, because GAO was there, they'd better watch themselves and make sure that they were doing everything right because GAO was going to get them. I didn't sense in my later years in GAO that this still existed. I think a lot of this concern was probably a carryover from the voucher examination days, when, if GAO found a 50-cent error, we took exception and raised all kinds of concerns. I'm sure nobody got much money back. But there was the image of GAO, more of a watchdog image than has existed more recently, in the last 20 years or so.

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## Civilian Payroll Work

Mr. Grosshans

I'd like to come back to one of the areas that you touched on, the civilian payroll work primarily. I think one of the best things that GAO ever did was eliminate that work. I think all of us around the table, particularly Dick and I, remember it. That was the dreaded work that we would get assigned to. I was involved in two or three of those assignments. Emma Tomlinson and Carl Davidson were the mainstays.

Mr. Pollock

Don't forget Mildred Jones.

Mr. Grosshans

That's right. But that was really grunt work. It was not the type of work that you were talking about that would appeal to anybody in attracting talent to GAO.

Mr. Sheldon

Payroll was really grunt work for us. It involved detailed testing of payroll records, time cards, procedures, etc. This was the type of work that GAO was doing before getting into the economy and efficiency auditing work that we had been hired for. The earlier auditors were very experienced in payroll and voucher auditing and continued this work until they were phased into the newer type work or retired.

Mr. Pollock

They were converted to the 510 series [professional accountants] over a period of time, weren't they?

Mr. Grosshans

Yes, they were.

Mr. Pollock

Incidentally, before I went out to Hawaii in 1959, because they were still doing a lot of payroll work out there, I spent a couple of weeks with Emma Tomlinson, who was then heading up the payroll jobs. She taught me a lot about them. You're right. It was grunt work. But I remember

asking her once, "Emma, if there's one thing the federal government can do to improve its payroll and civil service operation, what would it be?"

She said, "Regionalization of pay."<sup>2</sup> Now, 35 years later, the federal government is finally getting around to do it.

Mr. Grosshans

Just for the record, I would like to point out that she was very good at what she did and we learned a lot from her, but it's not the type of work that new recruits looked forward to.

Mr. D'Ambrogia

We really were blending three cultures together at that time. We were bringing people in from the public accounting field. Some of them made the transition from the account verification mentality, and others didn't make it very well. We were taking people who had been basically voucher examiners in GAO, like the Emma Tomlinsons, the Carl Davidsons, etc., and then bringing in a new group of folks, yourselves included, who had none of that background but were brought in with the expectation of doing these comprehensive audits. So you really were blending those three cultures together.

In reflection, I think it was amazing it worked out as well as it did.

Mr. Sheldon

Don't forget the fourth culture, when the investigators came in.

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## Abolition of the Office of Investigations

Mr. Grosshans

I wasn't even up to that point yet. Why don't we elaborate on that? What was the impact of that, and who were the people that we absorbed in the San Francisco region? There was Al Shartle, Joe Gordon, Carl Thoma, Larry Boudeau, and others.

Mr. Pollock

Speaking from the audit side of things, I know that the younger people were afraid that this meant no promotions for a while because those guys had high grades from our standpoint.

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<sup>2</sup>Payrolls in those early days tended to be centralized by agency. Regionalization would be tantamount to a service center, where the various regional agency components could get paid.

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Mr. Grosshans Joe Gordon, of the group mentioned, was the one that was around the GAO San Francisco Office until he retired. He was really a super investigator. If anybody needed to get information, Joe could get it.

Mr. Pollock Joe, by the way, had a master's in accounting.

Mr. Vincent He's one of the few that would have qualified under the standards that we used for hiring at that time.

Mr. Sheldon Carl Thoma was a CPA.

Mr. Vincent The rest of them, even Al Shartle himself, wouldn't have made it in terms of the academic background.

Mr. D'Ambrogia Then Al moved in and played a predominant role. It wasn't as though he was an appendage or that group was an appendage.

Mr. Grosshans But he was really not here that long. It was a relatively short period of time.

Mr. D'Ambrogia Five or 6 years. But, again, during that period of time, he was very much an active participant in the management of the office.

Mr. Grosshans What about the other piece that you touched on, the financial work that we were still doing? Of course, some of the folks that we got from the CPA firms—Doolin, Fred Wright, Dick Millward—were heavily involved in doing that. I remember doing some of the work down at GSA that you touched on. That was one of the annual audits.

Mr. D'Ambrogia Art Hansen was sort of leading that effort at GSA. Again, this was a transition thing; we did have an ongoing effort in doing financial audits. GSA had different services, such as the Federal Supply Service and the Public Buildings Service, but then we were also starting to branch off. I remember that I got into the Federal Supply Service audit and started looking at the contracting practices. That was, again, a movement toward doing comprehensive audits.

I don't know if anybody is really particularly interested in the financial statements, per se. That was sort of perfunctory.

Mr. Pollock Clavelli used to say that when you're looking at the financial statements, the agency is baring its heart to you. You can see what's going on by looking at the financial statements.

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Mr. D'Ambrogia                    We were using that as the leverage of getting into what was really going on. It was an ongoing program. There must have been a crew of five or six people there almost continually. We basically lived there.

Mr. Grosshans                    That was an auditor's training ground.

Mr. Pollock                        Didn't Jim Hall spend some time there too?

Mr. Vincent                        He spent most of his time on the Bureau of Reclamation audit. Particularly in those days, in the energy area, he sort of carved out the power generation area with PG and E [Pacific Gas and Electric] and so on. He was a de facto member of Samuelson's crew.

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## Relationships Between the Field Operations Division and SFRO

Dr. Trask                         In 1956, the Field Operations Division [FOD] was established, after Joseph Campbell came in as Comptroller General. Let's talk a little bit about the impact on the San Francisco Regional Office of the creation of this Washington headquarters division.

Mr. Pollock                        Let me tell you one thing. I came on board in November of 1955. About 2 or 3 months after I was on board, this slip appears in my mailbox that says, "Effective such and such a date, you are transferred from the Audit Division to the Field Operations Division."

    I thought, "What is this?" I took it to Max Karp, my supervisor. I said, "Max, what's this all about?"

    He looked at it and said, "Don't pay any attention to it, Ken, it's just another one of these palace revolutions." [Laughter]

Mr. Vincent                        I think that sums it up. That change didn't affect us at all that I can see.

Mr. D'Ambrogia                    At that time, communication linkage between the field office and Washington was very formalized and very structured. If you wanted to make a phone call to the East Coast, that was a big "to do."

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Mr. Sheldon                    You almost had to clear it with the CG [Comptroller General] as well as with the Regional Manager.

Mr. Grosshans                Even to get access to the phone, you had to have the key to unlock it.

Mr. D'Ambrogia              Yes, it was incredible, compared with today's technology and practices.

   But at that time, because of that in part, we were distanced from Field Operations. But because John Thornton headed it up and had a close relationship to Clavelli, we probably had a closer link to FOD than other regions did. It had very little impact.

Mr. Pollock                    Now confirm this for me, will you? My recollection is that, back in those days, we weren't even making biweekly progress reports on the assignment.

Mr. D'Ambrogia              Yes, we were.

Mr. Pollock                    We were? There wasn't a formal form, was there?

Mr. D'Ambrogia              Yes, there was.

Mr. Pollock                    Okay.

Mr. D'Ambrogia              I'm not sure anybody ever read them.

Mr. Vincent                    I remember that one time Howard Baer wrote on the back of one, "We're looking into the elimination of Saturday mail delivery."

Mr. Sheldon                    They read that one.

Mr. Vincent                    They read it all right. He got a phone call. "What are you doing?"  
[Laughter]

Dr. Trask                      Were there any contacts with Thornton other than through Clavelli, or did Thornton ever come out?

Mr. Pollock                    No, but if you went back to Washington, you'd better make the first stop John Thornton's office.

Mr. Grosshans                To elaborate on that, that was a tradition. When we went back to Washington, we always did check in with John's office. He was always there early in the morning. You could always catch him, and he always knew

your name. How was he able to do that with the 2,500 people we had in the field?

Mr. Sheldon

Some way or another, he always had a list of people coming in from the field.

Mr. Vincent

It was interesting. From 1956 when FOD was formed—or even before that actually—to 1958, we didn't go much to Washington. I remember that in 1958 we were working out at Alameda Naval Air Station and I wanted to go to Philadelphia to do something in connection with the Navy. It was like moving heaven and earth to get Pinkston or Clavelli to send me to Washington and then on to Philadelphia.

It seemed that after that, it was pretty easy to get into Washington if you really had to go. But up until about 1958 it was pretty hard. Then you went to John Thornton's office first. It was a nice gesture, I agree. But beginning in 1958, the travel became a little more frequent.

Mr. Sheldon

Travel to Washington increased considerably when a new 3-week training program was initiated. I think that this started in 1957. All the newly hired auditors were sent to the course. When I attended in 1958, the course had been reduced to 2-1/2 weeks. Later, it was reduced to 2 weeks. The course covered all aspects of auditing: economy and efficiency, evidence, workpaper preparation, and the report process. It also covered the structure of government and the legislative process.

In 1958, travel was very time-consuming. We were on either DC-7s or Super Constellations, and it took 9 hours or so to make the trip from the West Coast to Washington. This was not so bad because we generally flew first-class. Later, there was a great increase in travel when the jet airplanes were introduced and the travel time dropped to 5 hours. All of a sudden, it seemed like everyone was traveling. Certainly, the jet airplane went on to make an incredible difference in staff mobility and coordination of jobs.

Mr. D'Ambrogia

You had new people coming in who had a lot more exposure to Washington, D.C., than those of us who were in the region and who were responsible for activities and jobs. If we wanted any contact in Washington, we had to go through the telephone or write a letter. So we were really very distanced from Washington.

My first trip to Washington was probably like Ken's. I went back as a counselor in the training program in 1958 or 1959.

Mr. Sheldon                    You couldn't make a telephone call unless you went in and sat in front of either Clavelli or an audit manager. There was always a telephone conference.

Mr. Pollock                    Clavelli had the speakerphone, too.

Mr. Sheldon                    For a while, yes.

Dr. Trask                        Did relationships with the Field Operations Division change, or did they become more frequent as time passed? What you said at the beginning was that establishment of FOD had no impact.

Mr. Sheldon                    What made a difference was FTS [Federal Telephone System]. Up until FTS, everything was formal. Every letter and every document would flow through Clavelli, and he would read it and know everything going on. Since he also monitored all the telephone calls, he had tremendous command over what was happening.

    But when FTS came in, the formal structure of communication ended and staff at all levels were exchanging information over the telephone. This was a big change in the way work was being done and significantly limited the exposure of regional management to much of the way the work was being directed and the decisions that were being made.

Mr. Grosshans                 What do you mean that he monitored all the telephone calls?

Mr. D'Ambrogia                You would have to go into his office and make the telephone call. He would preside over the phone.

Mr. Grosshans                 I just wanted to verify that. [Laughter]

Mr. Sheldon                    If he monitored in some other way, I don't know. But it was always done very, very formally, and you had to justify why we were making a call.

    I remember on occasion that I would go in and say, "Look, we have a problem with the audit program."

    I recall Pinkston specifically said, "Write a letter and then we'll know what we tell them, and we'll know what they tell us."

    I said, "Yes, but that will take 3 weeks. We could do it on the phone." They wanted it very, very formal.



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Mr. Pollock

I remember it got to the point sometimes, when we were trying to get information back to Washington through letters, where we would say, "Unless you tell us to the contrary by such and such a date, this is what we're going to do."

Mr. Vincent

That's right.

Most of the communication between headquarters and the field was done by the Regional Manager directly. Thornton very seldom dealt professionally with any of us. He was socially nice. In fact, if you went to dinner with John in Washington—as I'm sure we all did—he would convey some kind of gossip to you. I guess he was trying to get gossip out of you. But you never really got from Thornton any real professional discussion in-depth. He did that all directly with the Regional Managers.

What we would get would be Clavelli saying—and I saw this last night when I was going through some of my material—"I'm going to the Regional Managers' Conference. What do you want me to talk about?" We would then all submit ideas. All of our communication went through the Regional Manager to John.

So any impact that the Field Operations Division had on us was essentially not as noticeable as it would have been to the Regional Manager. If you were interviewing a Regional Manager in this group, you would hear him say that there was major dealing with FOD—because there was—not only with John, but with the assistant that he had for a while.

Mr. Grosshans

That wasn't just John. When we were dealing with the operating group to a large extent, the calls still went through Clavelli. We used to go into his office. He would make the call and we'd listen in. But most of the exchanges really went through that same process.

Mr. Vincent

I'd forgotten that. Now that you've mentioned that, that's a good point. In 1958, I took over contract work from Ken. I couldn't operate that way because we were having constant access-to-record problems—all kinds of troubles. I told Al, "Al, I can't constantly communicate through you. You're not here; you're not available. You're here and you're there." I remember him, with a lot of reluctance, relinquishing to me the authority to deal with Washington directly. You're right. It was tough for him and maybe for all regions.

Mr. Grosshans

There is another thing that maybe we want to talk a little bit about, again contrasting the change that has taken place on the administrative side. If you wanted to get something out, you had to go through Mona Pippin. You had to get along with Mona Pippin. If you didn't get along with Mona Pippin, you might as well have written your career off because she had just enormous power.

Al's secretary, Clarice, didn't have the same attitude. But Mona, who was the administrative officer—

Mr. Sheldon

She was the enforcer.

Mr. Grosshans

That's right. [Laughter]

Mr. Sheldon

Every rule, every travel voucher, everything had to be perfect or you would be reported to the Regional Manager.

Mr. D'Ambrogia

Getting back to Roger's question about Field Operations, I really felt the relationship with FOD was an administrative one; that's where you went when you wanted promotions or had administrative matters to take care of. In your technical work, you would be more likely to be interacting with the headquarters operating group.

Because of that, in part, and because of Al's close monitoring of the administrative activities within the office, it made a lot of sense that that relationship would be going on between him and the Field Operations Division.

Dr. Trask

Did he go to Washington much?

Mr. D'Ambrogia

Not that much.

Mr. Vincent

We out here in San Francisco are much farther from Washington than Philadelphia is. In other words, Rogers [J. H. Rogers, Jr.] could run down to Washington every 2 minutes. In fact, Rogers, the Philadelphia Regional Manager, was a de facto assistant to Thornton in the early 1960s. When John would go away, he didn't have an assistant. Rogers would come down from Philadelphia and function as his assistant.

Mr. Sheldon

I first saw the Washington technical oversight or guidance when Mr. Samuelson came to the region and brought a big tab run with him. We

would go over every job and discuss the potential findings and job progress. Later, we started having a lot of Associate and Assistant Directors visiting and reviewing the job progress.

Mr. Grosshans

What about Greg Ahart? You did some work in the social programs. Greg Ahart was another one that came out here. He actually reviewed the drafts; he sat down in the office—that was a pleasant change, a refreshing change.

Mr. Sheldon

This was in the 1960s?

Mr. Grosshans

Yes, this was in the early 1960s, when we started to get into some of those types of programs. Of course, [Reginald B.] Kelly was heavily involved in some of that. You started some of that. I was involved a little bit in that. But to get people to come out and actually roll up their sleeves and work with us—I think that was a great change.

Mr. Pollock

We had a handful of people like Greg Ahart who came out.

Mr. Vincent

There wasn't an overwhelming number, but there would be some key people who would do that sort of thing. Hal [Harold H.] Rubin is a good example.

Dr. Trask

What about Thornton? Did he ever come out here?

Mr. Sheldon

Yes, he would come out.

Mr. Vincent

John was embarrassed. John told me this one time. He was embarrassed to come out here more often than anywhere else, even though he wanted to. He loved San Francisco and Los Angeles. So how often did he come, maybe once a year?

Mr. Sheldon

About once a year.

Mr. Vincent

They had Regional Managers' Conferences here; I have pictures of them. I have Clavelli's personal file that his wife gave me. I looked through it last night. There really isn't anything in there that I thought you didn't have. There are Regional Manager pictures clear back to 1956 or 1957. If you don't have those, I'd be happy to send them to you.

Mr. Grosshans

We can make copies and send them back to you if you want to keep them.

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Mr. Vincent I'll send them all to you and you can pick out whatever you want.

Mr. Grosshans We'll take a look at them and get them back to you.

Mr. Vincent Some of them include the Directors and some don't. This roster has nobody in this room in it, not even Hal. Its date is March 1954.

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## Relationships Between SFRO and Its Suboffices

Mr. Grosshans Now we need to talk a little bit about, and get on the record at least, what relationship San Francisco had with Hawaii, when that was established as a suboffice, and when the suboffice in Sacramento was created.

Mr. D'Ambrogia Actually, Hawaii started out as a suboffice of Seattle. I don't remember when that was first established. Do you remember, Ken?

Mr. Pollock I really don't. When I came on board, it had been a suboffice of San Francisco for some time and Burt Sand had been out there.

Mr. D'Ambrogia Burt was from Seattle originally.

Mr. Pollock I believe that's true.

Mr. D'Ambrogia So at some point in the 1950s, it became a part of San Francisco. I think it may have been in the late 1950s. You replaced Burt Sand, right?

Mr. Pollock I replaced Burt because Burt was a voucher-flipper auditor and the Office was moving into comprehensive audit work. Burt was not converting too well. Jim [James L.] DiGuseppi, from the Navy group, went out to Hawaii and was extremely dissatisfied with the progress of the work out there. He came back and so reported to Clavelli. I had been scheduled to go out there in June of 1959 and, all of a sudden, I was told, "You're going now, January of 1959." As a matter of fact, Hawaii was still a territory when I got out there.

But we were involved in Navy supply work out there at the shipyard. Then, of course, later in 1959, all of a sudden the Capehart housing work hit. There were people from Washington, Marvin Burch from

Atlanta, and about a dozen people from San Francisco out there for an extended period of time.

But there was a lot of the old-fashioned work out there too. We did a lot of payroll work there. I was grateful for Emma Tomlinson's work on that, but we did get into a number of other areas, such as Coast Guard search and rescue work and Navy supply, as I mentioned. We did some work at Hickam Field on the MATS, Military Air Transport Service. The crew that was out there at that time—John Doodokyan from Fresno State; Doc Blanchard; Sand; and then a fellow by the name of Roy Kesner, a native Hawaiian—sort of disappeared over a period of time. We started to rebuild with the newer type of staff.

Mr. Sheldon

Wasn't Jim Husk there, too?

Mr. Pollock

Tom Dutton, Jim Husk, and Mas Yoshioka all came out later.

Mr. Grosshans

According to the best we can get, Burt Sand apparently was there from the very beginning of the office, from 1952 to 1959. Then you, Ken, went to Hawaii and were followed by Richard J. Millward and Hal; then, Ken, you helped in the transition when the office was merged with the Far East Office moving back from Tokyo.

Mr. Pollock

When the International Division was going to move back from Tokyo, they wanted Hal, whose time was about up, to stay out there for a while and Hal couldn't for some reason, family reasons or whatever.

Mr. D'Ambrogia

Let me continue. I went out in May of 1963 to replace Dick Millward. At that time, the work load had shifted. We weren't doing the payroll auditing. We weren't doing voucher audits any longer. We were basically doing program reviews, focused largely on the activities in the Islands. We did, at that time, have the office in Tokyo, the International Division headquarters in Tokyo, and I think the Tokyo Office was responsible for the Manila Office as well.

We had a group—and I can't recall the names very well—that was coming in from other offices throughout GAO. I had Horace Hunter come in from Dayton and one came from Kansas City; the staff were becoming more diversified. It wasn't strictly a San Francisco-fed office. We had probably about eight or nine full-time people, augmented almost continually by about five or six people from San Francisco on a TDY [temporary duty] basis.

Then around 1964, we were getting much more involved in audits concerning the Vietnam War. Stan Warren came through, and he and Dick [Sheldon] went out to Korea. We had Jerry Stolarow, who took over after Stan's death. We were much more involved; we were responsible for auditing the major Pacific commands.

Just as an aside, I can remember Bill [William A., Jr.] Newman coming through Hawaii on his way back to Washington; he would go out in the Pacific and would come back and meet with officers from the commands. I was the chauffeur. We would go to these meetings, and I would be watching Bill Newman in action with these military command four-star officers. The one that I recall particularly was the meeting we had with the four-star admiral; in fact, he was CINCPACFLT [Commander-in-Chief, Pacific Fleet], Admiral Thomas Moorer. Bill kept calling him General. [Laughter] I was just sort of an observer, but every so often, I would chime in, trying to get into the conversation and saying, "Now Admiral..." to try to make the point to Bill that this guy was an admiral and not a general. But he still called him General. So when the meeting broke up and we were riding back downtown, I said, "You know that he's an admiral, not a general." He said, "I knew that." [Laughter]

That was Bill, always sort of disarming. But, again, we were getting very heavily involved in the relationship between the Far East Office in Hawaii and the commands in the Pacific. At that time, because of the dollar exchange rates and the gold flow, the decision was made to close down the Tokyo Office and Charlie Roman moved back to Hawaii. I wanted to leave; I can't remember exactly the reasons now. I think I had sold my house or something so I wanted to get back. Ken, you were there for 3 months for the transition?

Mr. Pollock

Yes.

Mr. D'Ambrogia

Of course, you were praying to come out.

Mr. Pollock

And Werner was next in line for Hawaii.

Mr. Grosshans

That's right.

Mr. Pollock

Werner was so happy he didn't have to go that he threw a great party. [Laughter]

Mr. D'Ambrogia

But professionally, in my career that was one of the most exciting times because, again, communication-wise I had very little contact with San

Francisco other than formal contact. I wasn't getting much in the way of phone calls, so we were operating our own show. It was an exciting time out there.

Mr. Grosshans

What type of discussion took place, does anybody know—Charlie would probably be the most likely to know—between headquarters, ID, and so on regarding the move back? Obviously Al was not too happy. I do recall that. But how did that whole issue get resolved, and what were the communications like?

Mr. Vincent

Well, they weren't good, of course. To go back one step more, it was interesting. Clavelli decided that he couldn't handle you guys directly, that he had to have somebody here to deal more directly with you guys in Hawaii. So he didn't tell Pinkston that he wanted him to do it; he just set the Hawaiian correspondence on Pinkston's desk. Pinkston was a believer, like most of us, in the idea that you can't supervise that far away effectively. So Pinkston just took the correspondence and set it back on Clavelli's desk. Clavelli put it back, and this went on for about 3 days. Then Clavelli finally got us in his office and said, "Look, we have to have some blah, blah, blah," but I don't think we ever did. I don't think we ever had anybody from San Francisco supervising us in Hawaii.

Mr. Pollock

Let me amplify a little further. After I was back, Clavelli called me in and said, "Ken, I have to have a little bit better control over Hawaii, and I'm going to name you nominal Audit Manager for all work in Hawaii."

I said, "Okay, Al, whatever you say." It wasn't until months later that I found out what "nominal Audit Manager" meant. It meant that if everything went fine, they never heard of you. But if something went wrong, they headed straight for your office.

Mr. Vincent

Of course, Al liked going out there. Whenever he could, he enjoyed it. So when the time came that ID was going to take the Honolulu Suboffice, he fought very hard about it. He went down very ungracefully. He actually went back to Washington and got in some very heated discussions with Mr. Campbell, who was on his way out at the time. Al never took it well at all, but it was one of those things that had to come.

We used to point out to Al, "Al, actually Hawaii's closer to Los Angeles. You shouldn't have had it to begin with." [Laughter] He didn't take too kindly to that.

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- Mr. Grosshans                      What about Sacramento? Apparently we created that office back in June of 1957. Phil [Phillip F.] Megna, Paul Stokes, and Mick Ayres were the first that moved up there.
- Mr. Vincent                         I was doing so much Sacramento work that I was involved in that. We had the Bureau of Reclamation and Aerojet audits, which I had taken over from Ken, and I was up there all the time. Essentially, Al decided to have just four people in Sacramento. Wasn't Ray Ellis one of them? I think that when that office was established, which really didn't start operating until 1958, the staff consisted of Phil Megna, Ellis, Mick Ayres (who retired there), and Paul Stokes. I thought they were the four.
- Mr. D'Ambrogia                    I was offered the opportunity to go up there. I turned it down and Phil went up. The staff was very small. It was basically meant to be a corps of people to augment people from San Francisco.
- Mr. Vincent                         It was just a corps of people. Actually their offices were in the Corps of Engineers facility at first, right downtown. Then they finally moved into the federal building downtown—in fact, I went with Al when we set that office up in the federal building. But it was just a pool to save per diem at first. There was no one “in charge.” Megna was “nominally in charge” again. But there was no official “in charge” up there for years. It was about as informal a suboffice as you could imagine.
- Mr. D'Ambrogia                    It didn't even carry the title of Suboffice.
- Mr. Vincent                         No, it was just a pool of bodies.
- Mr. Pollock                         They were just stationed in Sacramento.
- Mr. Vincent                         They didn't have a person officially in charge there until Phil Darcy was so designated about 20 years later.

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## Defense Contract Audits and the Holifield Hearings

- Dr. Trask                            One of the activities that GAO pursued rather steadily in the 1950s and the 1960s was the work in defense contract audits, leading of course to the Holifield hearings of 1965. I think we should talk a little bit about

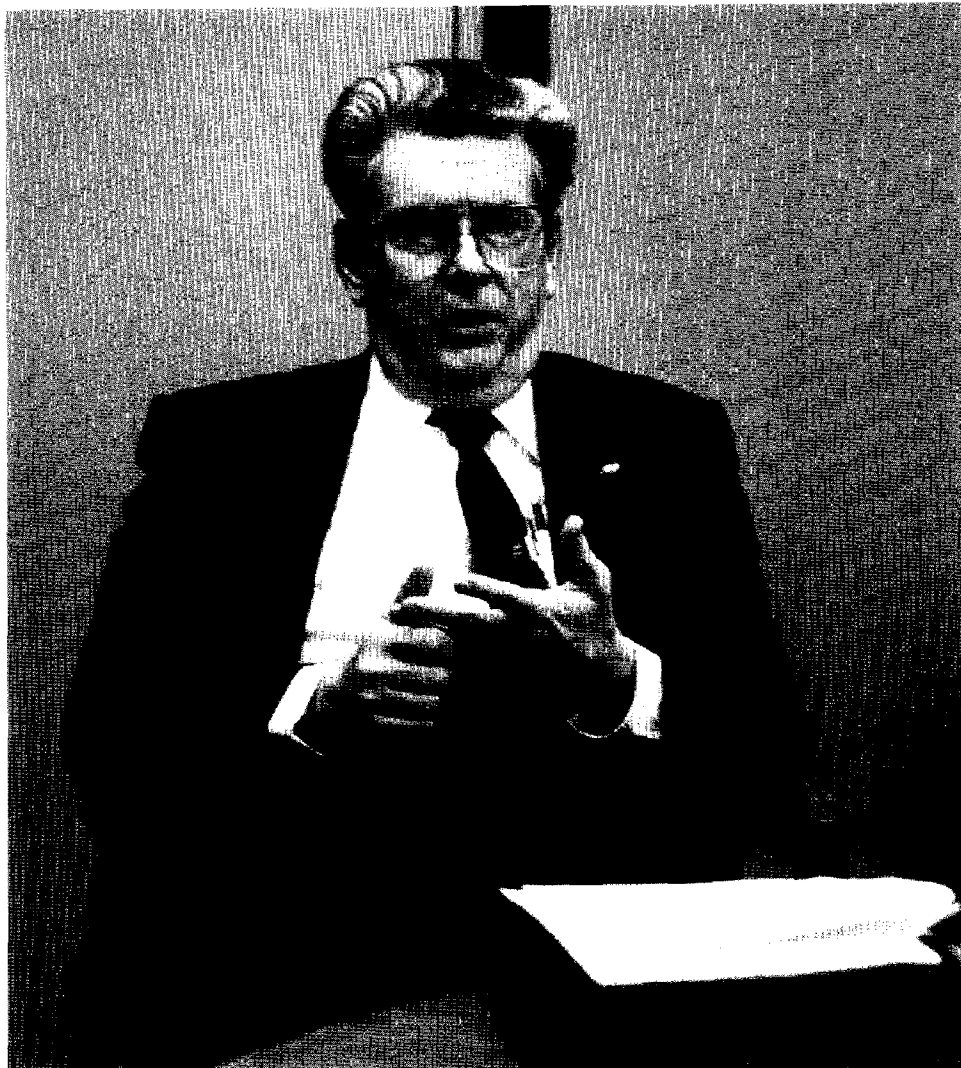


that activity, particularly in terms of the San Francisco Regional Office's role in defense contract audits.

Mr. Pollock

I was hired primarily to start in defense contract audits. Although I started in late 1955, it wasn't until 1957 or so that I really got going with them. I worked with George Wentworth a little bit on them. We did work down on the peninsula and audited some defense contracts awarded for some electronics work. We didn't get to Hewlett-Packard. We did some work on Friden Calculators. The firm was doing some work for the Air Force. I was the first guy to go down to Lockheed Missiles and Space Company, and I was greatly surprised by what we found. When we first got down there, we thought that the big thing Lockheed was doing was the Navy Polaris contract. We were given a series of classified briefings, and we found out that bigger than that was a contract for the WS117L, which was a spy-in-the-sky satellite. This was 1958, and it really sounded like "Buck Rogers" to us. Of course, I did some initial work at Aerojet. I think Charlie mentioned earlier that he took over the defense contract work from me when I went out to Hawaii in 1959.

But we had done some pretty good work. At Lockheed, we were just beginning to get a handle on the work at the time that I left. Those were huge contracts. There was lots of money to be spent. This was right after the Russians had sent up Sputnik, and the United States was spending money down there like it was going out of style. I'm speaking now of Lockheed.



Ken Pollock

Mr. Vincent

To give this historical perspective, which I think is something of interest, you have to go all the way back and consider our Regional Manager, again, who was a cost auditor in World War II.

Mr. Pollock

He was a Navy cost inspector.

Mr. Vincent

He loved defense contracts. We were not a natural region to do major contract work. We were a good region. We had a lot of contract work, mostly at the subcontract level. There were two or three major contractors here, and that was all, including Lockheed and Westinghouse. But

Clavelli insisted on our doing contract work beyond what we really should have been doing. But we did a great job. Ken had the work first; then I took it for 5 years; and Werner took it from me and kept it right on through, I guess. When you go back and look at the accomplishments that the region had in defense contract work, considering we really weren't a natural for this, you'll see that we were real trailblazers.

It really helped that we had a good Washington staff. The problem was that they were so overwhelmed with contract audit work that they were very selective. It was difficult to get an audit report out, not because we hadn't supported its message, but because the Washington staff had to set priorities.

I can remember lots of times when we negotiated with the companies to get refunds knowing that we would never get the reports out. I can think of several companies. I remember one audit that I worked on with Hal—the company was over in the East Bay. The contract cost could be redetermined at 40 percent whenever either party wanted it. We raised such a fuss that the company redetermined before the work started and gave the government a better price. This is no reflection on Jim Hammond [Associate Director for Procurement]—his group was as supportive as you can get; the problem was that the group was just overwhelmed.

Jim once told me that the group had something like 200 reports backed up at any given time, all those requiring refunds or requiring some adjustment by the contractor. So the group was picking out the best ones. We got some through. I think one of the highlights was the one Werner did on Varian.

Mr. Grosshans

Audits of Varian and EIMAC and the audit on Avion (which was done by another region) brought about the passage of Public Law 87-653—commonly referred to as the Truth in Negotiations Act. The law requires that, for negotiated contracts over \$100,000, the contractor furnish the government with current, complete, and accurate cost and pricing data.

Mr. Vincent

Right, but what I liked about the Varian audit is that we took the position that if the company refused to cooperate, we would recommend that the government not buy from Varian anymore. Such a recommendation was a major thing to a company.

Mr. Pollock

Especially when it was the sole source.

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Mr. Vincent

It was the sole source, that's right. What that report says—and I read it again last night because it's one of the few that I kept—is in effect that you can go through a rewiring process or some kind of—if it's possible—a system change, to deal this company out. You don't see organizations taking stands like that much anymore.

Mr. D'Ambrogia

A lot of contracts Ken and Charlie have been talking about were fixed-price contracts. What we started to do, down at Lockheed specifically, was to get into the cost-reimbursement contracts and to work under what later became the "should cost" concept, under which we would look into the contractor's operation.

We were involved in a lot of those during the year I spent down at Lockheed. Basically we were going through the overhead accounts and identifying categories of overhead, such as travel, relocation, data processing, education, and bid and proposal expenses. We looked at all those categories and started challenging the reasonableness of the costs being incurred, even though they were technically reimbursable under a cost-reimbursement contract. We were trying to determine whether the dollars were being spent appropriately.

This was going on as we moved further into the whole contract period till the Holifield hearings came about.

Mr. Vincent

We were one of the two regions that caused the problems of the Holifield hearings because every time Mr. Clavelli wanted to do something, he would call Newman and they would try it out at Lockheed with Werner or Hal or whoever was down there at the time. They were doing the same thing at Westinghouse in Pittsburgh.

The two Congressmen who happened to have those companies' corporate offices in their districts coincidentally were the two who caused all the problem. I can remember talking to Al about this—and I'm sure some of the others did, too—we simply did too much of our work in a few contractors' plants. The reason, of course, was that we had talented staff at Lockheed.

Hal was down there for a while before Werner, who was in charge at the time. But we had 6, 8, 10 people there, real talent. So Newman said, "We'll try it at Lockheed and we'll try it at Westinghouse in Pittsburgh."

So we ended up writing all these reports on these two contractors, which caused the problem more than anything else. Of course, naming names

was the other problem. But nevertheless, I think naming names was only an issue that was secondary to the fact that Holifield didn't like the fact that Lockheed was getting hit. Lockheed's home office was in his district in Burbank.

Mr. Grosshans

I think we were also getting into some issues in which contractors felt that we were really going too far.

Mr. Vincent

Those two did anyway.

Mr. Grosshans

We were getting into executive pay, which was not a very popular issue with Lockheed. We were getting into the aircraft operation, the Queen Aires, and the Lear jet that they were running. We were telling Lockheed basically that it ought to be using commercial transportation. We costed out the difference and insisted on Defense's negotiating a reduction in overhead rates as a result of that. We got into the independent research and development issues. Hal Rubin was very much involved in that; Jack Birkholz and George Choos were down there working with me. These, again, were issues that Lockheed felt very close to being its own prerogative. In fact, Lockheed officials told us, on some of those jobs, that they knew better than the government did what was really needed in some of those areas.

So that didn't set well at all. We also got heavily into the ADP area. Lockheed had one of the largest ADP installations; I think it had thirteen 1401s, several 1410s, and four 7094s.

Mr. Pollock

7094s.

Mr. Grosshans

We basically told Lockheed that it had too much capability.

Mr. Pollock

Lockheed was sending some ADP work out to other firms, but they could have done it in-house, too.

Mr. Grosshans

Exactly. Lockheed people were not batch-processing, so they were not getting full use of their own equipment and the government picked up the extra cost. Lockheed viewed us as getting into management issues, and it didn't particularly appreciate some of that.

The other thing was the blunt language used in our reports. You may recall the report on the Navy racks for electronics equipment that went onto the Polaris subs.

Mr. Vincent

Oh, yes. Lockheed felt it had to have something that would give the Lockheed look, so they spent lots of money for special designs, when all they needed was standard racks.

Mr. Grosshans

But the interesting part of that one is that we had written a report that was about as strong as it could be. That was the time when Mose [Ellsworth H.] Morse and others in headquarters insisted that we name names. Captain Hassler was the Navy plant rep at the time. His name showed up in that report. Unfortunately, I think, it ruined a very successful career because, in retrospect, I don't think it was really fair to try to blame him for that type of decision. So those were some of the issues that probably led up to the Holifield hearings.

Mr. Pollock

Incidentally, Werner, can you confirm this one for me? I've heard it and I never really checked it out.

I heard that one day Clavelli, walking out of the rest room there, saw on the door opposite the rest room a sign saying "Patent Division" or "Patent Office." He thought, "This is 99.9-percent government work down here. What is Lockheed doing with a patent office? Why should the government be paying for this?"

Is that a true story? Did that start an audit?

Mr. Grosshans

We did some work on that, ascertaining who had the rights to some of the research down there, including independent research and development.

Mr. Pollock

However, this does bring up a point that when Clavelli came down to the job, he would sometimes stir it up something terrible.

Mr. D'Ambrogia

Particularly contracts. My feeling was that when we started naming names, we not only had lost the defense contractors—they weren't real thrilled by what we were doing—but also we then got the government contracting people lined up against us with the contractors.

Mr. Pollock

That was before DCAA [Defense Contract Audit Agency], wasn't it?

Mr. D'Ambrogia

It was a person who was working in our Procurement group in Washington that I recall being the most aggressive about putting names in. But I remember having a lot of dialogue with him about whether this made a lot sense and was a good idea to do. He was very adamant that

the group wanted to put names in there and really get after these people. That was sort of the last straw.

Mr. Pollock

That was the Comptroller General who wanted to do that, wasn't it? At least, that's the story I always heard. He wanted accountability, accountability of the individual.

Mr. D'Ambrogia

The practice may have gotten up to him, but I don't think it started there and came down. It originated somewhere in the middle.

Mr. Vincent

Some of the other oral histories discuss that. I don't think we know enough details about this to discuss it further.

Mr. Grosshans

Going back to the Varian and EIMAC days, I don't know whether you recall that one of the contracts at Varian had an unusual clause that specified that GAO will determine the reasonableness of price. Do you recall that?

Mr. Vincent

Yes.

Mr. Grosshans

We had to get the Air Force to be our agent to negotiate that contract, something like a \$750,000 adjustment on a contract price.

Mr. Vincent

Nobody ever quite figured out how that got in there, but it was there. It was actually an error in wording.

We had an interesting one at FMC [Food Machinery Corporation] one time. Ken, I think we were together. We pointed out to the contractor that the contract required a refund if the profit went above a certain amount. The guy sat there and wrote a check for \$1 million with us sitting there. [Laughter]

Mr. Grosshans

How about Hewlett-Packard? What caused us to go to court in that particular case?

Mr. Vincent

I can give you a good background on Hewlett-Packard because I had to function for Clavelli, who had a conflict of interest. His wife worked there.

In 1961, we went in there. Dick was on the job, weren't you?

Mr. Sheldon

Yes, I was the senior on the job.

Mr. Vincent

The Hewlett-Packard people threw us out on the basis that their items were in a catalog. Therefore, since the catalog was public, they did not have to give cost data. The fact that the government bought all the catalog items and there was no market other than government didn't make any difference, as far as Dave Packard was concerned.

So we went to District Court on that, and there was a very unusual ruling. The District Court said—I heard the judge say this—"I don't think GAO should have this kind of authority. It doesn't make sense to me. However, they clearly do, and reluctantly I have to rule in favor of GAO."

The case went to the appellate court, which supported us two to one, and to the U.S. Supreme Court—now it's 1969—which refused to hear the case. So it was handed back in our favor. I remember going back into Hewlett-Packard 8 years later and sitting down with Mr. Packard. My first comment to him was, "Where were we?" He broke out laughing. I will say one thing for Hewlett-Packard. From then on, we got anything we ever asked for. We couldn't have had a fairer, more cooperative company than Hewlett-Packard. In fact, in later years—and I wasn't involved in the audit; I don't know who was—we actually took Hewlett-Packard's side to help eliminate the Renegotiation Board, as I recall.

Mr. Grosshans

Charlie, I want to go back to the decision in the case. Were you in the courtroom at the time?

Mr. Vincent

Yes.

Mr. Grosshans

I want to go back to that because it was interesting to hear the high-priced lawyers for Hewlett-Packard argue why this case was not different from a garage where you take your car. You would not expect to inspect the books and records of that garage to see if you were charged a fair price. You may recall that.

The attorney for the Justice Department, whom I had worked with, was a guy by the name of Bob Leathers. Bob, of course, argued very effectively that we had a different situation here. The case went back and forth; you could just sense the swing in the judge's mood. The Hewlett-Packard attorney would argue and you could tell by the questions that the judge was leaning toward the company's side. Then Bob Leathers would get up, and he would argue in favor of the government. The questions the judge would ask would lead you to believe he was leaning toward the government's side.



I think I know the reason that we won that case. There was finally a knock at the door late in the afternoon. The bailiff came into the courtroom and said, "Judge, we're ready for the verdict."

The judge had another case going on. When that jury was ready to render its verdict, the judge said, "I'm ready in this case to decide." At that time, it happened to be our turn. After the verdict, Bob turned to me and said, "Let's get the hell out of here before he changes his mind again."

Mr. Vincent

But he did not like to have to make the decision the way that he did. That case was good because it allowed us to prevail in other deals, like the Watkins-Johnson case. This contractor was prepared to go to court until their lawyers put their teeth into the Hewlett-Packard case and then they backed off. I don't ever remember an access problem again of any major issue along those lines.

Of course, one of the problems, which later was resolved, was determining what constituted commercial sales. And then the contractors got into that 35/65 criterion, a situation where at least 35 percent of the sales had to be commercial to meet the exemption. At least, it provided a more precise criterion. Hewlett-Packard took the stance, "Well, if we sell an item commercially or print a catalog, it's a commercial item."

Mr. Grosshans

There was competition between the audit staffs. Like you pointed out, Al Clavelli was big on contract audits. Of course, we established a good presence at Aerojet in the heyday when it was making the second-stage boosters for the Polaris and was doing some Air Force work. I guess you were up there for a little while, Dick.

Mr. Sheldon

I was up there about a year.

Mr. Grosshans

It was interesting. Al would go to our staff at Lockheed, and then he would go up to our staff at Aerojet and tell all the glorious things that we were doing and vice versa. This was one way Al Clavelli had of energizing the staffs and creating a considerable amount of competition.

Mr. Sheldon

He was always doing that. He would come up and explain everything Werner was finding and then have us go over what we were finding. Werner, we should have gotten together and found out what he was telling each of us. [Laughter]

Mr. Vincent

I have to tell you a cute anecdote that you might get a bang out of, Werner, because you were heavily involved and didn't know it.

Mr. Grosshans

Now the truth comes out. [Laughter]

Mr. Vincent

We closed that office at Lockheed around 1980, just when I left GAO to go teach. We were in the process of closing this thing up and Bob Gilroy came out. Bob had been assigned by the Comptroller General to look into GAO security. There was some question of our security abilities. So he went down to Lockheed with me, just the two of us, and we went into our office. He wanted me to lead him through how we had gotten these classified documents and had gotten them from Lockheed and back to Lockheed. Of course, we went all the way back to your day and even before when Earl Loe was there. There was no way that we could trace all of that. You never saw such a mess in your life.

We just sealed the whole assignment up and came back and said, "To heck with it."

Mr. Grosshans

That's happened after my days. We had a full accountability of all those documents. I want to make sure that's on the record. [Laughter]

Mr. Vincent

We had a full accountability for most of the documents. There was unfortunately always a document or two that we couldn't get the lineage or history on.

Then we had documents all over the place. But the documents were locked up. They were secure. They weren't lost. They didn't get away. But the records on them did.

Mr. Grosshans

We have to distinguish between the later period and the days when we were down there when we had a full suboffice at Lockheed and had a considerable amount of staff and had good control. After the Holifield hearings, when we pulled out of Lockheed, there was really no keeper there. We kept our office and kept it locked up when no one was in the office, but a lot of people were in and out.

Mr. Vincent

Right, they came and went.

Mr. Grosshans

I want to go back to a point that Hal touched on. One of the early jobs that was done at Lockheed was to review the sale and lease of the facilities from Lockheed back to Prudential. The transaction totaled about \$28 million worth of facilities that had been constructed. Of course, we

in GAO always felt that it was not fair for the government to absorb the additional cost of the bases under the various contracts. We got the short end of that.

Now, Earl Loe was down there and did a review of the cost. Maybe you could just highlight what was done and why the report wasn't issued. We actually did get it to Lockheed. I want to get that on record.

Mr. D'Ambrogia

Actually, it was a project that had been identified by Earl before I even got down there. I guess that was the first project I was involved with. I think that, between Earl and Hassell Bell, the issue was identified. The concept was basically pretty simple. Lockheed had built these buildings, was charging depreciation for them, and then turned around and sold them and was now charging a rental for the same buildings that were already partially depreciated.

Mr. Grosshans

At a much higher rate.

Mr. D'Ambrogia

At a much higher rate. I did a lot of the detail work in quantifying it. In fact, my wife had a degree in mathematical statistics. I was using her academic background in pricing out the formulas and figuring out how to show the differentials between cost of ownership and cost of leasing.

But I can't remember all the facts, other than the general scenario that we were having a tough time getting reports processed, as to why that report was never issued.

Mr. Grosshans

Washington felt that we had not made a strong enough case; that there was nothing wrong with the transaction; and that furthermore, it was an eyes-open negotiation. In other words, when those contracts at Lockheed were negotiated, the government knew what the cost factor was. Therefore, Washington felt that we had not made a strong enough case to come in after the fact and try to establish a different cost factor for the cost of the building based on depreciation. That was one of the reasons why it didn't fly.

The interesting part of the story is how we got it to Lockheed. One night before we left there, somebody had researched the history on this topic and had pulled that report and didn't get it back into the safe. Sure enough, the security staff found the report that night; picked up the report; and took it to Lou Nichols, the Director of Administration at the time for Lockheed. I got called into his office the next morning to try to explain to him the apparent security violation. It happened to be that

particular report. I'm sure they must have been relieved that we never issued it.

Mr. D'Ambrogia

There were many things that were difficult to get processed, but the concept in this case seemed to be so abundantly clear—the government got the short end of it; that made it very frustrating not getting that kind of report out.

Mr. Grosshans

I have one anecdote that I think I want to enter for the record. It sheds a little different light on the cause of the Holifield hearings.

One of our Washington visitors came down to Lockheed when we had troubles getting access to records. The audit may have concerned executive pay; I'm not sure about that. Clavelli, the Washington person, and I met with Keith Anderson, who was a Director of Finance. (He subsequently, of course, moved up in the organization.) He and Lou Nichols, whom we already mentioned, and John Cavanaugh, who was the counsel for Lockheed, met with us.

After some discussion on the subject, the Washington visitor told the Lockheed group that they were no more than a government activity, they'd better recognize it, we were going to do this job whether they liked it or not, and they'd better fall in line or they were going to see the consequences. I remember, to this day, the faces of Keith Anderson, Lou Nichols, and John Cavanaugh. They were gentlemen. We had a lot of access disputes over the years, but we respected each other. Keith finally said, "If this is what the accounting profession is coming to, I want no part of it."

Mr. Vincent

You got something across to them because they tried to hire you away.

Mr. Grosshans

That's true. Now, after the Holifield hearings, what was the impact on San Francisco's contract work load?

Mr. Pollock

What contract work load?

Mr. Vincent

Well, we got into more specialized things like the should-cost audits.

Mr. Grosshans

That was much later. That was in 1970 or 1971.

Mr. Vincent

But you see, the Holifield hearings were in 1965.

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Mr. Grosshans

That's right. What happened after that? What happened to San Francisco? We had about 25 percent of our resources in the contract areas between Lockheed; Aerojet; FMC; and some of the other firms, such as Westinghouse, that we haven't talked about.

Mr. Vincent

One of the things that we did, that ties into this thing here, is that when Ryder left Los Angeles and the new Regional Managers came in, contract work in Los Angeles began to deteriorate because none of the other Regional Managers had any background and they weren't interested.

Los Angeles had 20 percent of the volume nationwide of defense contracts, and it was doing practically nothing. We were always feeling that the Los Angeles staff were in our turf. They were always coming into Sacramento and crossing over into civilian work, and they weren't doing anything in the contract field.

So what happened was that we felt that the logical thing for us to do, after we lost contract audits, was military supply, both in the Bay Area and at Travis Air Force Base. Hal did the air audits and I did the sea and land audits, essentially. I think the shift of 25 percent of the resources was a shift from contract audits to military supply audits.

Mr. Grosshans

Some defense contract audits went to DCAA. In 1965 or 1966, we were reviewing the new DCAA charter and we were one of the key regions for Hal Rubin. One of the key issues was whether it made sense for DCAA to do preaward as well as postaward audits. We rationalized that at the time. I think if this review had been done prior to Holifield, we would have come out with a different position.

Mr. Vincent

We backed away and they did all the pricing work.

Mr. Grosshans

We pulled out of Lockheed, we pulled out of Aerojet—

Mr. Vincent

We pulled our full-time presence out. We kept the offices, and we were in and out all the time. There were all kinds of audits going on, but they were usually nationwide audits and were coordinated by Washington. In the early years, we used to go knocking on doors. We would actually get a printout of who had what contract and go down and knock on the contractor's door. That stuff all ended, of course, with a coordinated Washington approach for contracts.

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Mr. D'Ambrogia

Also, at the time, because of the overrun on the C5A, the concept of SARs [Selected Acquisition Reports] went on line. We were brought in to validate the reports. That became a more recurring type of work load.

But, again, I got back from Hawaii in 1965, and the heavy emphasis on the work in the military at that time was at McClellan Air Force Base doing the Air Force logistics work. Then we started getting into the logistics of the management system in terms of transportation.

Mr. Grosshans

I want to get back to that, Hal, because there are some jobs that we want to talk about.

But I want to round this whole contract area out and then move on. One point that you touched on was the should-cost work. I was designated to head that up for GAO, working as the Project Director reporting directly to Charlie Bailey, the Director of the Defense Division. Flynn headed up the first profit study during this same time. Both assignments were done at the request of Senator William Proxmire. I want to get on record how helpful Charlie was during that particular period of time. You probably don't even remember.

In order to get in to some of the contractors—Westinghouse was a local one that we selected—we had to make a concession to them that we would protect their names. Mr. Staats signed the confidentiality pledges we gave the four selected contractors. Charlie had a speaking engagement one evening during that particular period. What happened that evening, Charlie?

Mr. Vincent

I'm still innocent. [Laughter] Should-cost audits weren't pricing reviews. As Werner said, we didn't have access under the law strictly interpreted. So one of these four contractors was in our region. I was giving a speech to the Western Association of Engineers. I got through the whole speech fine, using should-cost examples but no names. At the end of the meeting, the Westinghouse engineer came up and talked to me while some people were leaving. So we were talking about the work Werner was doing at Westinghouse at Sunnyvale. Meanwhile, others came around listening.

One of the other guys in the group was a Westinghouse engineer, who went back and reported to the President that I had dropped Westinghouse's name.

The next day, I was recruiting over at the University of the Pacific and got this call from Clavelli saying that I had to come back and apologize personally to the President of Westinghouse. I was trying to figure out what I had done because I had gone out of my way not to name names. And I was being accused.

When I reconstructed this incident, the only thing that I could figure out was that this misunderstanding had happened after the meeting.

Anyway, Werner did the apologizing for me, or Al, because I didn't have to.

Mr. Grosshans

The next morning, when I got down to the audit site, Jim Brucia was down there and he couldn't even get through the doorway. The Westinghouse people had pulled the plug on us completely.

Mr. Vincent

They were looking for any excuse in the world.

Mr. Grosshans

So when I got down there, we were finally able to smooth the situation out. But it was tough going because they hadn't been too anxious to let us in in the first place. They did not trust us. Then when this incident happened, there was just enough proof that they had to try to throw us out. But it was an interesting situation. I'm glad you clarified the record.

Mr. Vincent

I'll tell you, that was a good audit, conceptually speaking. The military picked that up and used it for a lot of benefit in later years.

Mr. Grosshans

We testified on that. We had an oral history interview recently with former Senator Proxmire, and we asked him about that. He didn't remember too much about it.

I spent New Year's Eve in Washington; we testified on New Year's Eve because there was nothing happening in Washington. Of course, Proxmire used one of those slack times for good publicity. We went up there and testified on both jobs, both the should-cost study and the profit study.

It was an interesting job. We had a number of different things that were done differently. We hired some new people with new disciplines for that particular job.

Mr. Vincent

We went to Sears and found out how Sears handled should-cost audits.

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Mr. Grosshans

We went to a number of firms. There was also something unique about that job: I reported directly to Bailey on that. I had Bailey come out to this meeting that we had, the midpoint meeting we had on the job. We held it down in Los Angeles at Thousand Oaks.

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## SFRO Operations Under Clavelli

Another area that we need to talk a little bit about is how San Francisco operated during those early years under the group managers concept that Al had. We need to talk a little bit about that, as well as his whole management and leadership style.

Mr. Vincent

One thing is that there was a point in time when he had just about every grade 13 and above, some 12s, and Mona Pippin answering directly to him.

Mr. Pollock

And the office was expanding, too.

Mr. Vincent

The office was expanding. As a result of all that, he lost control. It was very difficult to get to talk to him. I was doing contracts at that time, his first love, and even I was having a tough time getting access to him.

So there was a lot of pressure put, I think mostly by Pinkston and Hall—although I can remember that I was involved in some of that, but mostly by Jim and Pinkston—about getting us down to a manageable size.

Then he cut it down to what, about seven? I think that number stayed the same right on through his tenure. It was down to about seven of us that dealt directly with him.

The frustration that some of us had was that Clavelli didn't believe in meetings. He would rather meet one-on-one with you than to sit down and talk with everyone. The trouble was that we needed to exchange information a lot. It was difficult to get him to have those kinds of meetings. As opposed to [William N.] Conrardy, who had one a day, we had hardly any at all.

It became very awkward to operate. We had to hunt each other down all the time. Werner was very instrumental, I recall, in getting Al to at least formalize the approach enough so that we would have one every week. Although Al would find reasons sometimes to reschedule it, we at least had the one every week most of the time, because we did need to exchange information.



But that wasn't Al's style of management. He'd rather interact one-on-one. He'd rather be out at the site. He really was an auditor. He would have been much happier staying an auditor all his life.

Mr. Grosshans

But, Charlie, you and I didn't have any trouble communicating with Al because we were in a car pool with him.

Mr. Vincent

That's what frustrated some of the others.

Mr. Grosshans

The discussion in car pools in those days consisted of discussing the job. That's the nature of discussion that we had.

Mr. Vincent

We solved that, though, by bringing in trainees. [Laughter] We would get trainees and put them in the car pool, and Al couldn't talk. Gerry Baiocchi, I remember, was a great one. Al didn't like to talk about the work with grade 5s and 7s around, so we used to be sure that a trainee was along. The last thing that we wanted was a 10-hour day, including an hour each way commuting.

I remember the time Clavelli said to me in the car pool going home, "The work at Yosemite seems to be going on forever. Would you take a look at the report and see what's going on?"

So the next night, we were riding home, and I said, "Al, I don't know who the guy was that ever would be so dumb as to recommend that Yosemite Park and Curry Company keep a block of rooms open for the visitor who casually drops in."

He said, "I thought that up."

I said, "Well, you see, it isn't really that bad, it's just that...."

Mr. Grosshans

I think the point that you made is that Al really was an audit manager. He heavily impacted on every job, he got deeply involved, and he saw things from perspectives that none of us thought of. No matter how many "what ifs" you covered, Al would show up at the site and would have a question that was so off the wall that you hadn't thought about it. Yet, his questions did cause you to start thinking about a particular matter.

I think that was a tremendous technique.

- Mr. Pollock                    If you had the job neatly laid out and you knew how it was going to progress and he came down to visit, then what you had found was all out the window. If he asked a question, you'd better get an answer for him.
- Mr. Vincent                    Even if you didn't need workpapers for yourself, you needed them for him if he wanted to look at them.
- Mr. Grosshans                Controlling your own destiny was another one of his key philosophies. Can we just try to elaborate on that a little bit?
- Mr. D'Ambrogia              That, to me, was what made GAO so interesting. The stimulation and the challenge was laid on you. Taking the initiative was encouraged; in fact, it was expected. I think the people who enjoy working in that kind of environment really thrived; there really were no clear boundaries. If an approach made sense, you pretty much had a license to proceed.
- Also, I think that during this time, the relationship between the regional offices and the operating groups in Washington got out of whack. At least in the areas that I was exposed to, it seemed like the ideas, the initiatives, and the drive were sort of flowing from the regions and that people in Washington were reacting rather than controlling.
- So it was really a great opportunity if you wanted to take the ball and run with it. I thought that was a very exciting time.
- Mr. Vincent                    Which made Al an ideal manager for that time.
- Mr. Pollock                    When GAO headquarters started planning manpower time and blocking out hours, Al was really leading the charge to make sure that there would be regional discretionary time and not just a token amount. He wanted a good block. He wanted to see that time used out in the regions in developing thoughts for potential audit areas.
- Who developed the potential audit area for him, Charlie, can you remember now? Who developed that form?
- Mr. Vincent                    I don't remember who developed that form.
- Mr. Pollock                    He may have developed it himself.
- Mr. Grosshans                We were certainly big on developing leads for potential audits because, on every job, if you didn't have two or three other potential audits in

mind after you did it, you did not succeed no matter how good a report you put out.

Mr. Pollock

In his eyes.

Mr. Grosshans

Right. Dick, we were the last of the GS-5s that were recruited. After that, Billy Gregg and the January 1959 group came in as GS-7s. But the concept of job management in those days certainly was a lot different from today's. Today, you have a very formal concept in terms of who ought to be heading up the job and who ought to be the EIC [evaluator-in-charge].

Al had a different philosophy altogether in those days. Talk a little bit about that.

Mr. Sheldon

What he seemed to do was to pick the people that he thought could do the jobs. If the first person he picked to do a particular survey or job didn't get him the right answer, he would substitute another, particularly in the defense areas. He was really heavy into survey in defense areas, cost overruns, cost savings, and things like that.

Where I had a lot of my dealing with him was over on the social areas. Those areas didn't impress him all that much, not nearly as much as defense contractors.

I remember once we were looking at OEO [Office of Economic Opportunity] and telling him that we had arrived at these findings. He said, "You are finding findings in give-away programs. If you save the money in a give-away program, the government is going to give it away somewhere else. So what have you really accomplished?" [Laughter]

Mr. Grosshans

But Al had a unique style of picking people he had confidence in. He didn't care what grades they were. In other words, he assigned responsibility when he felt people were ready. He always pressed people to take on additional responsibilities.

I think that's an important part of the development of San Francisco. Certainly, San Francisco had a reputation for years of being very creative and imaginative. I think that to a large extent Al had a heavy hand in that.

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Mr. Vincent

Something happened that would be a great example of that. He put Jim Hall, who was a GS-7, in charge of work up at Sacramento on the Reclamation audit. This guy was running an audit with about five guys working for him. Then when he was a 9, Hal worked for him. I remember coming out from Washington and here was this guy Hall, a grade 9, running the whole thing.

Mr. Grosshans

I had the same problem. I told Al one day, "How do you expect me to run these audits at Lockheed if you keep sending people down here who are 13s?" I think that when I started running those audits, I was an 11. People like Choos, Birkholz, and so on did super work down there, but in today's environment, you wouldn't have that type of situation.

Mr. Vincent

It went on for many years; Moran as an 11 had two 13s working for him on an audit once. That was in later years.

Mr. Grosshans

In prior oral histories, it's been pointed out, particularly in the interview with Leo Herbert, that his vision was to bring a lot of new hires in by going to the schools. We've already alluded to some of that. Of course, 1957 was the big recruiting year from the schools. 1958 and 1959 were certainly heavy years. As Leo pointed out in his oral history, he went to Campbell at the time and tried to convince him that this was the future for GAO. He had some difficulty with Washington over picking up some of these new recruits. The division heads at the time did not feel that they could provide the right kind of training.

So, according to Leo, he convinced Campbell to go ahead and do recruiting anyway because he could put the new hires into the regional offices and thus provide the growth that he felt GAO needed.

That's exactly what happened out here. In other words, we went from that roster of about 35 to 40 people in a short period of time to probably over 100. How did we do that, and how did we obtain the necessary supervision and training for that group that was coming in?

Mr. Vincent

In 1955, we hired one person, Jack Moore, and then, in 1956, we hired three. But, in 1957, we hired 25. Clavelli came up with the shadow concept. Everybody had to take somebody and shadow him around because there was no other way to train these people. We had only 40 originally and then hired 25 new ones. So we had essentially about one for one. We had assistants who went with us.

- Mr. Pollock                         However, in the meantime, training programs had been developed. In the old days, there were 3 weeks of training in Washington; the time was later cut down to 2-1/2 weeks.
- Mr. Vincent                         Then we held three training sessions here as well, as I recall.
- Mr. Pollock                         After recruits had been on board for 1 week, they went to Washington and then came back here, where we had meetings—I don't remember if they were held weekly or monthly. We had a regional training coordinator.
- Mr. Grosshans                       Right. Dick and I were involved in training.
- Mr. Vincent                         In 1958, we hired about 16 or 18 when you (Dick and Werner) came in. Each year, we hired fewer staff. All the way up to the last year, I did recruiting. In 1976, we still hired as many as 18.
- Mr. Grosshans                       Another topic I'd like to cover is Al's idea of multiple publishers. Do you want to comment a little bit on that?
- Mr. Pollock                         We've said that he had ideas that sometimes sounded as though they came off the wall. He would present potential audit findings to somebody at one of the Navy groups back in Washington and get turned down. He would then go to someone else and sell the potential findings to him. This was done time and time again.
- Mr. Sheldon                         I think though it was the same competition thing that he generated between Werner and me and some of the others. We were competing on the audit site level to develop things. Al would then take potential audit findings and try to find a publisher.
- Mr. Vincent                         He was the only one from the region who traveled to Washington in those days. If we did, we worked with one group. He would go back and wander all over the place. I remember when I started going back and doing that years later, he always said, "Now you get this one, I'll get this one, and you get this one over here."
- Mr. Grosshans                       I remember having some real problems down at Lockheed along that line because we were doing some work for one group and he would sell the potential findings to somebody else. Then not only did we have Navy and the Air Force and Rubin involved, but also he sold half of the findings to the staff who audited NASA [National Aeronautics and Space Administration]. The civil side came out fighting for the findings

because Al had convinced them that the issue was a good one. This approach tended to be a problem at times, but I think it did bring about the results that you were talking about earlier.

Even in the days when we were backlogged with reports and they were sitting around for long periods of time, there was one way that Al found to move them. If he couldn't get it published in one place, he went to someplace else. If the proposed findings were reasonably good, he was able to find somebody to publish them. How about audits done under the lead region concept and Al's idea of how many of those we ought to be doing?

Mr. Vincent

That would be 100 percent, including all of South America and Central America. When Al lost Hawaii, he still wanted some travel of a major nature, so he tried to talk this group here—practically all of us sitting here—into having us take over from Dallas all of South and Central America.

Mr. Grosshans

Including some of the Panama Canal work.

Mr. Vincent

Right. It was being done by either Atlanta or Dallas, maybe both. Anyway, we voted no. The major reason we all voted no was that we didn't know how we'd ever supervise something like that from clear up here. As a credit to Al, he very seldom overrode us if we were all adamantly against something. Once in a while, he'd give us the old classic line, "We're not leaving here until you agree with me." To try to show us that it could work, he then took the one job down there in Guatemala or wherever it was. It was a fiasco in terms of management. Finally Lou Hunter came out of Washington and cleaned it up. You needed somebody down there who was going to pursue the thing all the way through. It just wasn't feasible.

But it was logical to extend the lead region idea to San Francisco. We had people who liked to do it. Dick, you were a permanent project leader from that day to the day you retired, just about. You were a natural at it. Have bag will travel.

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## Work in Korea

Mr. Sheldon

I did the Korea lead region job concerning combat readiness of elements of the 8th Army. Our focus was on armored vehicles and tanks.

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Mr. Vincent                      You were a 9, an 11, or a 12, maybe, at the most.

Mr. Sheldon                     I was a 13. I was just taken out of a long-term Aerojet assignment and sent to Korea on the team.

Mr. Grosshans                 What time frame was that?

Mr. Sheldon                     It was just after the assassination of President Kennedy; I remember seeing a news report about it on television in the Aerojet lobby. Late 1963?

                                      Then I went to Korea in early 1964. We took a team over there to look at combat readiness, tanks, and armored personnel carriers.

Mr. Grosshans                 That was one of our first readiness jobs at GAO.

Mr. Sheldon                     It's really interesting how effective we were, not because of the audit, but because of starting the audit. Bill Newman went over to Korea and took a tour of the 8th Army organizations. At that time, he found that conditions were pretty bad in Korea; he noted the shortage of parts and equipment in need of repairs.

                                      So he sent a message back to GAO advising GAO to start up an audit, and he sent it through the military communication channels. We wound up over there 2, 3, or 4 months later with our team of 10 people. It had gone from a situation where supplies were needed to one where there were tons of parts, tank tracks, etc., all over the place.

                                      I talked to some of the lower-ranking officers, and they pointed out that ever since Newman had made his trip and suggested that we would be coming over to do a review, all of a sudden, supplies started coming in like crazy. At that time, the situation had deteriorated badly in Korea because the Army had shipped all the parts over to Vietnam, which was getting pretty hot at that time.

                                      But it was really something. Those guys were fixing up their tanks and their personnel carriers, and everything was in pretty good shape.

Mr. D'Ambrogia                The lead region was such a logical extension of the environment that we had in San Francisco in terms of aggressively seeking jobs, seeking more prominent roles, etc. The next logical step was to be very aggressive in reaching for opportunities, when doing so made sense. In some cases, it didn't make a whole lot of sense that we be lead region. But if we could

build a case that San Francisco should be a key player, we would seek out those opportunities. Again, we just continued to challenge the staff in this way.

Mr. Grosshans

Dick, the only casualty in a war zone we've really had at GAO was Stan Warren and you were involved in that situation. So for the record, please finish that story.

Mr. Sheldon

We went to Korea in early October with about 10 staff members. The staff were from San Francisco and Seattle, and perhaps one or two were from Los Angeles, Philadelphia, and Detroit. We had no Washington staff at all. After volunteering for the assignment, I found out that I was going to be the team leader. When the job was about one-half over, Stan Warren came over to review the progress of the job. We advised the Army that Stan would be there to visit our audit site and that he wanted to take a tour of the various command units and the units with equipment that we were reviewing. He wanted particularly to talk with the 8th Army Commander and to visit I Corps.

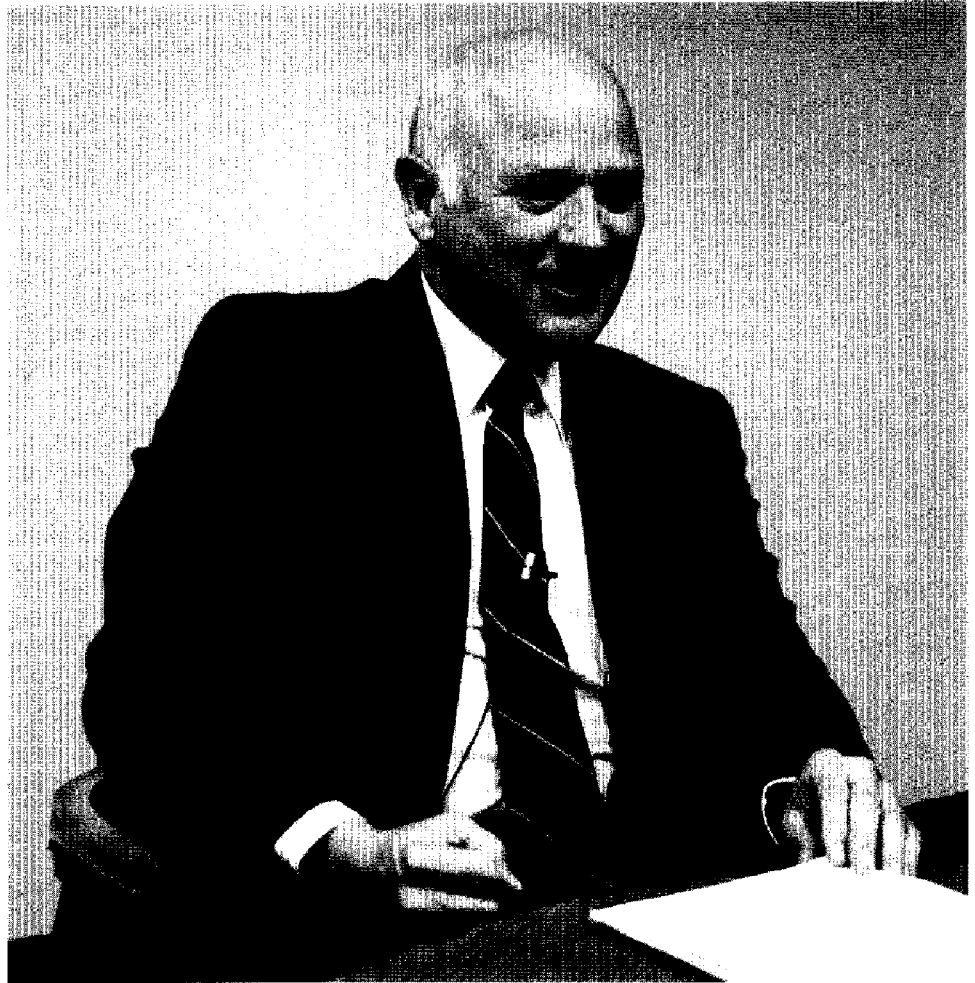
So he wanted to visit all these different commands. They were located at various places, which required quite a bit of travel time to reach. On the day that we were supposed to start the tour, I was advised by the Army that two helicopters would fly us to the visit sites.

We started off in Seoul visiting the 8th Army Commander. Then we flew in the helicopter up to I Corps and from there to an infantry division and then to a cavalry division. At the end of the day, after the visits, I returned directly to Kimpo Airport in one helicopter to arrange to meet our staff. Stan was accompanied by the I Corps Liaison officer and stopped at I Corps headquarters to drop him off. Then the accident happened during takeoff. The rotor blade separated and the helicopter fell to the ground. Both Stan and the helicopter pilot were killed on impact.

It's just one of those tragedies. Occasionally, a helicopter blade fails, and that's what happened in this particular instance.

It was a sad state of events.





Dick Sheldon

Mr. Grosshans

With all the work that GAO has done over the years in some of the very touchy areas, this is really the only casualty.

Mr. D'Ambrogia

A man was killed in Los Angeles when he fell through a skylight, I think. This fellow was at a defense contractor or a military facility—I don't remember which. We had locked ourselves out of the office, and he had gone outside and tried to go along the perimeter of the building to get in through the window and fell and was killed.

It is amazing that there haven't been more killed in the line of duty.

- Mr. Grosshans We're talking about how successful Al was in negotiating. I remember one job that I was on that had to do with the consolidation of small purchases that we were doing at some of the military installations and other government activities. Our idea was that GSA could negotiate better prices if it had a better understanding of what the total requirements were.
- We were doing this for Jim Hammond and Jim Stafford. We had done the survey work, and we felt that we had enough information. We were the lead region. Norfolk was working with us, and I think we had a pretty good report put together. We were ready to go with that.
- Well, Jim Hammond wanted us to expand it and do more. Al was negotiating with Jim. We didn't get it resolved. So finally Jim Hammond and Jim Stafford came out to San Francisco. I clearly remember that; I think Al really felt that he was going to prevail in this particular case and that we didn't have to spend another 2,000 or 3,000 staff-days.
- Mr. Pollock Al said, "You don't have to drink the Pacific Ocean to know that it is salty."
- Mr. Grosshans That's the statement I was going to put into the record. It did not impress Jim Hammond. I think that, in this particular case, Al probably pressed too hard because Jim, I think, really reacted to that statement.
- Mr. Pollock I had forgotten all about it, but that was one of his favorite sayings.
- Mr. D'Ambrogia That one and, "How well do you have to dress a dead body?" was the other one he used.
- Mr. Sheldon Also, "There is no need to make shoes for a dead man." Apparently, shoes are not put on people in coffins.
- Mr. Vincent GAO did start issuing reports on individual commodities, like tires and gasoline. That caused a big row. Here's the state of California able to get a discount, and we, the federal government, couldn't.
- Mr. Grosshans We did some of that work and pointed out that a specific requirements contract certainly brought about much better pricing than those schedule-type contracts. Any firm could bid, and then any other firm could match the lowest price, so there was no incentive for giving the best price.

That's the point we were trying to make. If you had better information to negotiate with, you should be able to give bidders a guaranteed minimum or a floor and thereby get better prices. And we had the case nailed down. But I think it was one of those cases when Jim was in charge and he wasn't about to knuckle under to some region in that particular case.

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## Work in Vietnam

Dr. Trask

We might discuss for a while something that has been mentioned earlier a couple of times, GAO's work in Vietnam, which really got under way in a big way in the mid-1960s. There was an office in Saigon between 1966 and 1973.

What particularly was the San Francisco Office's role in Vietnam? What kinds of work did San Francisco do?

Mr. D'Ambrogia

Let me cover a little of that with which I was personally involved. Jim Husk and John Harlan from San Francisco helped staff the Saigon Office. Probably a third of that office staff were from San Francisco. For some reason, they seemed to have an orientation for it.

As I mentioned before, during the period of the 1960s, when I was in Honolulu, we had a lot of traffic with people going through Honolulu and going out into the Southeast Asia area. But more specifically in the late 1960s, around 1968 or 1969, we got heavily involved here in San Francisco on taking a look at the logistics support area because we were a port of embarkation.

So we did a broad survey of the Military Transportation Command, which is the Army's single manager for operating the ports over in Oakland, and the Military Sealift Command, which is the manager for the vessels. We spent a lot of time at the Military Airlift Command at Travis and did several surveys and one major review, which I thought was a fascinating job. It was a review of the utilization of chartered aircraft. I use it in teaching performance audit courses as an example of the importance of getting out and seeing what's going on.

We had a number of people, Vito Magliano, Billy Gregg, and George Hartmann, who were up there for several months. What we noted was that the Air Force was not doing a very good job of loading aircraft that

it had chartered. I think it lost \$75,000 a round trip to Vietnam, and the Air Force was utilizing about 60 percent of the capacity of the aircraft.

We did the job. The reason that I particularly remember it is that the day the report came out, the Secretary of the Air Force was visiting Travis on a goodwill trip. The report hit the press saying that Travis was wasting \$15 million to \$20 million a year because of inefficiency in loading aircraft.

I went back the next day and met with the Commander of the Military Airlift Wing, and he was not a very happy fellow. Because of that job, we then did another job in the Pacific, which we staffed out of San Francisco. Jeff Eichner ran the overseas work, and I can't remember who the other members of the team were. But we did get involved in logistics support for ammunition. Again, because we were on the West Coast and were near ammunition depots, it was a job that we really ran throughout the United States and extended all the way to the Far East. We were showing particularly the inefficiency of the Marine Corps logistics pipeline for supporting ammunition.

So we had about three or four people in Vietnam going throughout the country. I went over myself and spent about a month in the Far East getting that job started. What we were showing was the fact that the Marine Corps was still supplying ammunition as it had done during World War II, which was positioning everything in Okinawa, off-loading it, then reloading it, and sending it down to Vietnam. This was extremely inefficient and very costly.

I thought we came up with some good observations. Needless to say, the Marine Corps was not at all receptive. We had meetings in the Pentagon, briefing the Marines on the results of the review. We met with Paul Ignatius, then Assistant Secretary of Defense for Installations and Logistics. We briefed him on the results of the review and pointed out the difficulty that we'd had in convincing the Marine Corps that what it was doing just didn't make sense.

He was very amused and said, "I had the same problem of trying to deal with the Marine Corps myself." [Laughter] That was a big effort in Vietnam. That was operated out of San Francisco, again, because of the linkage on the supply pipeline. We did a number of reviews on container utilization. A lot of these were being sponsored, at that time, by the Transportation Division, which was getting away from its voucher-examining days and was getting into types of management audits. We

had a real strong working relationship with that group—Tom Sullivan and Fred Shafer were part of it—and we did some good things, primarily in the period of strong logistic support for Vietnam.

Mr. Grosshans

For the record, I think I would also like to mention that Grant Hammond and I did quite a bit of work down at San Bruno on the large cost-plus-award-fee contracts that were awarded to RMK-BRJ [Raymond, Morrison, Knudson-Brown, Root & Jones], UMD [Utah, Martin, Day], and DZK [Dillingham, Zachary & Kaiser]. They were the contractors for Vietnam, Cambodia, and Thailand. In the oral history about international activities, we brought some of this out because we found some interesting issues there.

The way that things were being procured by these contractors completely disrupted the availability of supply on the West Coast of lumber and plywood because they were always ordering number one grade, pressure-treated, exterior-type plywood, and you just don't manufacture them that way. Also, because of the way that they were handling food and some of the other materials, we were competing with the military supply system and procurement system, going through the same contractors and bidding up the prices.

So that was a big effort also for the San Francisco Regional Office.

Dr. Trask

What kind of relationships were there with the International Division on this Vietnam work?

Mr. Grosshans

We worked very closely, as we pointed out, with Charlie Hylander, Jim Duff, and Gene Wolhorn. They all came out here on a couple of occasions. They were very instrumental with issuing the reports. There was a good relationship with that group.

Mr. D'Ambrogia

We were, in part, using their staff. We were involved in logistics work in the Philippines and in Okinawa and Japan, basically utilizing their staff for the fieldwork. We were using them as an extension of the work that we had performed here in CONUS [continental United States] and augmented it with the other end of the pipeline, so to speak. They were very supportive in providing assistance to those projects.

Dr. Trask

Besides the San Francisco people who were more or less on the regular staff in Saigon, were there many people traveling back and forth from San Francisco?

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Mr. D'Ambrogia From San Francisco, no. There was a lot of travel from Washington, D.C., but not from San Francisco.

Mr. Vincent We had a lot out there, like Tom Monahan and Paul Spitz. Considering we had only 10 at a time, half of them must have been from San Francisco.

Dr. Trask By 10 at a time, you mean the total contingent in the Saigon Office?

Mr. Vincent The way they worked is that they commuted back and forth from Clark Air Force Base in the Philippines. At any given time, there were about 10 of them at once.

Mr. D'Ambrogia It was really the call of the U.S. ambassador as to whether we even had a presence in Vietnam. I don't know who the ambassador was at that time, but we had our own drivers in Saigon. I was there for about 1-1/2 or 2 weeks. We had our office in downtown Saigon. It was surrealistic, as was the whole war. Going out of the hotel at night and sitting on the veranda, you could see B-52s. The fellow who later came to work for GAO as a consultant—he was a four-star general, Joe Heiser—was out there when I was out there and was very supportive in what GAO was doing. I'm sure that we were taking a lot of his time in that, but he was very supportive in giving us what we needed.

Mr. Grosshans For the record, Joe was a lieutenant general.

Mr. Pollock Whatever happened to him?

Mr. Grosshans He's still around. He's still one of our consultants.

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## ADP Training and Leadership

Dr. Trask Okay, let's shift over to the domestic side. The first thing relates to ADP training and leadership and the early days of developing ADP capability.

Ken, you had a lot to do with that.

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Mr. Pollock

As I indicated earlier when I gave you the brief biographical sketch, I've always been interested in computers and had taken computer-programming courses through the University of California extension back in 1956 or so. Al knew that I was interested in this area. Even as he encouraged us to be innovative and try to do things in other areas, he certainly did so for computers. I don't think Al understood computers, but he understood that they were a coming thing and he was supportive.

After I had gone back to Washington to be a counselor at that 3-week training session in early 1957, the Office came up with its first ADP training course. So I stayed over for a week in Washington in between and spent some time working with Jim Hammond on contract work and then went to the first training course. This was not a training course, per se, but merely each of the manufacturers coming in and telling what its latest equipment would do.

There was very little that was actually being done in the field in terms of audits by computer operations at that time. Later, when Haskins & Sells came up with the first audiotape that could be applied to statistically analyze automated records, San Francisco was the first regional office to use it in its activities. We used it at the Sacramento Army Depot.

I remember Chuck Thompson was so happy to push the buttons on that 1401. But to make a long story short, Al was very supportive. We did other pioneering work. I remember the Cosmos assignment at the Presidio. This was a great concept of the Army to centralize supply management operations and make them more effective and efficient. The only problem was that the equipment was not reliable enough to make it work in those days and the approach turned into a fiasco. I think we recommended that it be terminated, and it was.

We did other things. We looked at the Post Graduate School's IBM Model 360-67, which was the first commercially available time-sharing computer. We felt that the Navy had not been fair in its equipment selection, and I understand that the recommendations out of that report were a major factor in the Navy's coming up with the ADP equipment selection office, which has saved the government a lot of money over a period of years.

We also did a number of other things. Clerio Pin came out to San Francisco because Jack Brooks of the House Government Operations Committee had raised the question, "Is GAO really properly postured to address the computer?" Staats wanted a study made of it.

Clerio came out and said GAO didn't want somebody in Washington who would be tainted with the Washington view to make that study. I think Clerio asked you, "Charlie, can Ken do this?" I didn't know Clerio from Adam at that time. Apparently you said, "Yes, he can do it."

The next thing I knew, I was making that study and ended up in Washington—as a result—implementing the recommendations.

We found in our study that GAO had actively avoided audit contact with the computer, ignoring it whenever possible, or else very determinedly working around it in some way. Incidentally, this was a very common reaction by the auditing community almost universally; we saw it in federal agency auditing, state internal auditing, private concern internal auditing, and public accounting. The upshot of this resistance to change was that GAO was woefully unprepared to deal with the impact of electronic systems, be they administrative, logistic, or accounting.

This lack had been noted by Jack Brooks, Chairman of the House Committee on Government Operations [who was extremely interested in the area and authored the famous Brooks Bill governing computer systems acquisitions (Public Law 89-306)], and apparently generated his request to Staats that we make a study to assess our capabilities to deal with computer systems. The Wharton course [Wharton Information Systems Program] was the first major tangible change GAO made as a result of the study.

Incidentally, this was a superconservative issue—we saw this in public accounting and private accounting—this resistance to change. Nobody wanted a computer, and GAO didn't want to have to deal with a computer. That could be a separate historical series, as far as I'm concerned.

Mr. Grosshans

Ken, identify the staff that you had in the days.

Mr. Pollock

Ken Hunter, Chuck Thompson, and Jim Watts. Jim was particularly good because he had a logistics background on the Cosmos study. We had John Moran and Frank Graves.



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Mr. Grosshans

The other thing that you didn't mention was that we also entered into a contract with IBM [International Business Machines] to provide training for the rest of the GAO staff. This was during my tenure as training coordinator. I'm not sure Al ever signed up, but I think most of us went through that. Part of what resulted was a better understanding of what the computer can do, not that we're going to make experts out of everybody but at least it was an attempt to take the fear away. IBM actually made available to us its center down on Market Street. We went down there and had a couple of hands-on sessions, did a little programming, and so on.

So I think it is important to show where San Francisco was coming from.

Mr. Pollock

I think Charlie really was the impetus behind that.

Mr. Vincent

I went to a 3-week course with Steven Virbick. Clavelli was pushing these courses all the time for a lot of us.

Mr. Pollock

Steve Virbick was another good ADP man; he, too, transferred to Washington before his sudden and untimely death.

Mr. Grosshans

That's right.

Mr. D'Ambrogia

What was that other project involving Boole & Babbage?

Mr. Pollock

People were buying computers, and nobody knew if they were being used effectively. Boole & Babbage, a firm down on the peninsula, had come up with a program that would automatically go into the computer and periodically sample what the central processing unit was doing. Then it would develop histograms. It would show you how the program was spending its time.

Sometimes the firm could just apply its program to a work program of the agency, and it would show that the program was spending 90 percent of its time in say 15 steps of code. The firm would look at the program and would say, "Well, if we just shifted this around a little bit." They would diddle with the program a little bit and the first thing you know, the program is running through there in one-tenth the time it used to take.

Of course, nowadays, with the equipment so much more capable than it was then and so much cheaper than it was then, equipment is not quite as important as it was in those days. But in those days, it was very

expensive to buy the equipment, very expensive to maintain it, and very expensive to operate it. You wanted to make sure that it was being used efficiently around the clock.

We also did some work at the California State Department of Employment, which had a computer that was financed about 90 percent by the federal government. It was one of these agencies that said, "This is our machine. Nobody else gets on it." We found out that these people were using it only a minor part of the time and that there were other agencies in town, also sponsored by the federal government, that were having to pay to have their own equipment. Our work resulted in some sharing.

Mr. Grosshans

Time-sharing was a big issue in those early days. I remember doing quite a number of jobs and Al was pushing in that particular area. I think we were kind of pioneering in some of that.

Mr. Pollock

Again, Clavelli was willing to go with it. As long as you were not getting too much egg on your face, he would support you.

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## SFRO Work in Program Evaluations: The Poverty Programs

Dr. Trask

Now let's shift again a little bit. In the middle and late 1960s, GAO began to move into program results work, which was really an important development in GAO's history, particularly the work on the poverty programs, the Prouty work, which was done between 1967 and 1969.

What was San Francisco's role in that, and how did this affect this regional office?

Mr. Sheldon

We did issue one of the first of the reports issued under the Prouty law, but the work actually had been started before the Prouty Amendment went into effect. Clavelli had sent a crew out to the Parks Job Corps to do a kind of comprehensive audit. The staff were looking a lot into procurement and all other aspects of the operation.

About that time, I got back from Korea and the Prouty Amendment passed. So we wanted to go out and take a look at the academic and

accomplishment parts of it, as well as the procurement and operation aspects.

So we pretty much curtailed the procurement part except for that part that pertained to academic aspects—materials, supplies, training aids, etc. We went ahead and looked at the accomplishments of the program, how program staff managed it, how they kept their records, and how they evaluated what they had done.

We found quite a few interesting things. Our report got a lot of public press when it first came out. It also formed the basis for quite a few training courses that Charlie and Werner gave over the years.

Mr. Grosshans

You may recall we finished the first phase. Ray Ellis came back from Washington, and the assignment had to do, to a large extent, with the financial operation of the Job Corps center. What the center was doing was pushing some dirt around and making some of the lakes over there. Roland Pinkston had responsibility for that job. He retired and I picked up the pieces.

We were branching out. We went down to Fort Ord. We wanted to find out how the center staff determined what an individual's aptitudes were and what an individual was most likely to succeed in. That was one of the key elements they had to deal with when they got those kids in the center. What will the center train them in? They were providing a number of different curricula.

The other thing that we were interested in was the type of system the Job Corps had in place to see how successful it was in providing training and getting people qualified and then enabling them to obtain jobs and keep them. Basically, what we found was that there was nothing in place.

So we did quite a search (a statistical sample) on what had happened to the kids. I remember that trying to locate them was a big effort.

Mr. Sheldon

We found folders showing that an individual might have been there a year or so with practically nothing in them, a page or two. There was no systematic way of evaluating what was going on.

Mr. D'Ambrogia

The Job Corps was happy as long as the kids who were participating didn't burn the buildings down.

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Mr. Sheldon

Yes, as long as they didn't burn the buildings down. We were told that they would even allow the kids to sleep in class under the premise that it was better to have them in class sleeping than somewhere else getting into trouble. At least, they were learning to come to class.

We didn't quite accept those kinds of standards.



Ken Pollock and Charlie Vincent

Mr. Grosshans

What was the center staff's position when we confronted them with that?

Mr. Sheldon

As I recall, it was a little bit hostile. [Laughter]

Mr. Grosshans

Not only that, but they also pointed out that we were not educators. A traditional educator approach had not worked; therefore, what they're doing was justified, in their minds.

Mr. Vincent

We had to get the teachers fired and get the Job Corps to hire some who knew what they were doing. I think the biggest impact we had in that particular program was to get the Job Corps to put the program back into the neighborhoods. These kids came from the ghettos; we recommended putting the program—where it is today, by the way—back in

the ghettos so you don't need centers and the participants won't get so homesick. People were going home because they were homesick.

Mr. Pollock

I thought one of the big contributions was the fact that we found out that the Job Corps didn't have any means of evaluating whether the program was a success or not and that our work stimulated follow-up work. Wasn't it written into subsequent law that the agency would develop the evaluation criteria before it started the program?

Mr. Vincent

The agency's evaluation was graduation, period. If a youth made it, that was good. If he got drafted, that was considered a success. Ray Ellis, the site senior, got so emotional on the job that we had to take him off. That was one of the few times we ever had to remove an auditor who got so close to the work that he couldn't distinguish his own personal feelings from the job.

Mr. Sheldon

I took the report back to Washington. I worked with George Peck and redrafted it. The original draft had a bunch of pretty emotional words in it.

Mr. Vincent

He was really upset with you.

Mr. Sheldon

Much of the original wording, for example, some adjectives, were removed. He said I had painted the agency "lily white." Later, the newspaper came out with big headlines and many adjectives emphasizing how bad a program it had been.

Mr. D'Ambrogia

I think the agency figured it was cheaper to send a kid to Harvard than it was to get him a job.

Mr. Sheldon

It was incredibly costly to send them to Parks Job Corps.

Another interesting aspect is that we were told that the Santa Rosita Detention Center population went down at about the same rate the Job Corps population went up. [Laughter]

Mr. Pollock

Direct one-to-one correspondence?

Mr. Sheldon

Some people were saying that. We didn't actually get the statistics.

Mr. Grosshans

Did San Francisco play an active part in the Prouty work?

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- Mr. Sheldon                      Considerably. We did a review of the East Bay Skill Center in Oakland. We also reviewed the Oakland OEO grantee as a special congressional request. In another area, which is still of considerable interest to GAO, we looked at the adequacy of CPA audits of OEO grantees. The concern there was that accountants were responding more to the individuals contracting with them, namely the grantee managers, than to concerns of the federal granting agency. We felt that more should be reported on the management of the grants and more information provided to the federal government. This was probably one of the first GAO audits of the adequacy of CPA audits.
- Mr. Vincent                      You have to remember it wasn't until Vietnam refugees started coming here that this state turned into an area with major social programs. As far as slums and public housing and that kind of stuff is concerned, we never were logical candidates to do those audits compared with the eastern regions of GAO. We probably did more than we should have.
- Mr. Pollock                      This was frustrating for Clavelli, dealing with public housing particularly. We would come up with good findings, and Washington wasn't interested because our findings constituted only a small part of GAO's findings on this issue.
- Mr. Vincent                      The population in New York public housing is greater than the whole population of San Francisco. So it was hard to relate to 7,000 units, all that we had in the city, when New York City had 700,000 units. We had performed good audits in the urban renewal area, but they were just dwarfed by what was going on in the East in those days.
- Mr. Pollock                      If Clavelli had been Regional Manager in New York, things would have been different.

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## Other SFRO Jobs

- Mr. Grosshans                      A couple of other jobs I remember that we were heavily involved with—I know two of you were directly involved—would be some of the early engine pipeline work at Moffett and Alameda. Why don't you just talk a little bit about what the issues were, because a number of follow-up audits have been performed since then.
- Mr. D'Ambrogia                      Frankly, my recollection is that I didn't do that much on the engine pipeline work. I did a lot when we did a comprehensive review of what at

that time they called the O and R Department. I looked at engines from the standpoint of maintainability, parts support, and things like that.

But as I recall, the work that was done on the pipeline was started by Max Karp and Earl Loe.

Mr. Vincent

Actually, what happened is that we did it after you left Alameda. You did work at Moffett with me and then part of the Alameda work; then you were pulled for something else.

Mr. D'Ambrogia

That's why I'm not that familiar with it.

Mr. Vincent

Grant Hammond got involved in it, as did Max Karp. Essentially, the work involved reviewing the turnaround time needed to repair engines and get them back into the aircraft. Engines were not being repaired promptly and there was a lot of downtime. Mechanics would pull off an engine and set it on the tarmac out there for 5 or 6 days before they would ship it. Then the engine would sit at Curtiss-Wright [manufacturer] or wherever. What we did was to get the military to cut the downtime to keep the aircraft operating more and then theoretically the military would need fewer aircraft. The need for aircraft themselves was justified a lot of the time on the basis of the number of missions. There were several things in the method for calculating the needed number, one of which is the number of times these planes were down. If the agency would cut that time down, theoretically it would need fewer airplanes.

That audit was a real trailblazer because we traced those engines all the way through the systems.

Mr. Grosshans

Do you recall the impact, the dollar consequences?

Mr. Vincent

It was one of the largest dollar figures of any GAO report I had ever seen at that time. I can't remember the figure, but it was huge in terms of the savings that were realized by just cutting a day here and a day there in the turnaround time.

Mr. Grosshans

Jim Brucia also did a follow-up job during the 1970s; he more or less took a should-cost approach. Among the additional issues that he looked at was the amount of rework that is done. That, again, keeps the engine out of productive use and lengthens the repair cycle. Of course, that's part of the computation, aside from the expected flying time.

Mr. Pollock

In the course of that work, didn't our people go to the major airlines and the Air Force to find out what their procedures were?

Mr. Vincent

Didn't United Airlines—which is the largest down here—advertise that it had the largest airline in the free world? United has 258 airplanes. McClellan Air Force Base had 600 F-111s alone. The F-111 was one of five different types of planes McClellan overhauled. McClellan was just one of five Air Force bases, not counting the Navy. So much for United Airlines's largest fleet.

Remember, the United Airlines people didn't want to let us in. They gave us a hard time. Finally we got in there and realized that we couldn't use the supply concept they followed. They operated under a hand-to-mouth concept, now called, in cost accounting, the just-in-time concept. Everybody uses that now, but United was using the just-in-time concept then. Whenever the United Airlines people needed a part, they went and got it. We couldn't do that with 600 F-111s alone coming through the system.

Mr. Grosshans

Charlie, you talked a lot about some of the areas that were not too logical for us to examine. There were a couple of them that, of course, were very logical for us to look into, one of which was the hydropower issue and the 160-acre limitation, which was very much an issue here in California.

Mr. Vincent

Oddly enough, even that wasn't a logical issue for us to examine. California was a unique agricultural environment. When federal agricultural water was introduced to California, 80 percent of the acreage was already in production through irrigation from wells. The audit really should have been done in Denver, in the Midwest.

But we had talent in Jim Hall. Here's a guy who came and just was a natural for this kind of work. He got into the relationships between PG and E and the Bureau of Reclamation and the sale of power. He got into the ability to lay electric grids—Jim had a background in electrical engineering and then he went into accounting, and I think he went into something besides that—but he was able to communicate with PG and E and the Bureau in technical terms. Nobody in GAO knew what he was doing.

I was working in Washington in those days, and I remember Elmer Mahoney, the Assistant Director, who asked, "If this guy were ever to



leave GAO, who's going to defend these reports? Nobody has the slightest idea what Hall's talking about."

When I came out here in 1956, we split the audit up. Since I had a lot of background on the irrigation side, the water side, I took that and Jim stayed with the power. But those findings were incredible. He understood the PG and E situation perfectly. I don't think anybody in GAO could have done that but him.

Here was a one-person crusade against PG and E. I always remember him going down to meet with PG and E officials. The Comptroller of PG and E was Shirley Temple's husband, Charles Black, and Clavelli was always saying, "Now, Mr. Temple—" [Laughter]

Jim Hall would say, "Remember, Al, when we go in there, this is Mr. Black."

"Right. Got it. Now, Mr. Temple—" [Laughter] Al had that mental block on that—it was really funny—but Jim was great.

Mr. Pollock

Jim had to go back and testify.

Mr. Vincent

There was nobody else who could do it. The federal power is only 10 percent of PG and E's total power. So PG and E dismisses the federal power as minor. Well, it isn't. PG and E uses the power as base power.

Well, of course, PG and E felt it should pay the government for off-peak power even though it was used as peak power.

I tried doing similar audits after Jim left. We did all right, but not like he did it. He was something else.

Mr. Grosshans

I'd like to talk about a couple of unique things that happened to us.

For example, we had looked at the interstate highway construction in Nevada. There was an exit ramp to the Mustang Ranch. Describing our findings concerning this ramp was difficult. Do any of you recall that?

Mr. Pollock

I remember it was Reginald Kelly's job. There was a lot of publicity about that.

Mr. Vincent

What happened was that the report came out describing about 12 of these situations in the United States where exit ramps serviced only one

organization. The best example is in Illinois, where United States Steel was the only organization that was benefiting from this \$3 million interchange.

Mr. Grosshans

With Aerojet, it was the same situation.

Mr. Vincent

Aerojet had one of those, too, but Aerojet was a government contractor.

Mr. Grosshans

Yes, but it had just barely qualified and, after that, it laid workers off. It wouldn't have qualified after that.

Mr. Vincent

In Reno, this house of ill repute was the Mustang Ranch East, and the amount of traffic was so great that it justified a \$2 million interchange. [Laughter]

Of course, we had that buried about page 80 of the report, but the San Francisco Chronicle, and maybe other papers, picked it up. I remember the headline I saw as I came out of the office one day: "The Ways to Sin Are Paved With Federal Money." [Laughter] They had built up the story of the one up at Reno, but all the other ones were really more significant.

There is an anecdote related to that, which I love. I was giving a speech to the Western Engineers one time, and I was needling the Nevada engineers. All the other engineers were laughing and pointing at the Nevada engineers. This guy held up his hand—he was a Nevada engineer—and said, "Charlie, I have an update for you. We now have three houses out there and we've had to widen the interchange." [Laughter] That tore the house down. I have to tell you, everybody was in hysterics.

Mr. Grosshans

Charlie, there's another case that I remember. We were doing some work down at the satellite test center, which is adjacent to Lockheed. The center was tracking the overhead satellites.

This was unusual in that we were trying to preclude the Lockheed people from buying backup generators for their operations and trying to convince Lockheed that it would consistently have available a reliable source of power and that there was no need to provide for backup. One of our auditors actually proved Lockheed's point. Can you elaborate on that?

Mr. Vincent

What happened was that this auditor—God rest his soul now—had found out that his wife was cheating on him, up on his boat, in the delta.

So he was half-drunk on a Friday night, and he was going to go up and catch her and her lover on his boat. So he took off—he lived down there by me in Sunnyvale. Going down Route 237 behind Lockheed, he lost control of the car and sheered off a power pole that provided all the power into Lockheed and blacked out the entire 25,000-person complex.

Mr. D'Ambrogia

There went our finding. [Laughter]

Mr. Vincent

There went our finding. The next day, Lockheed was thrilled. Lockheed was in there justifying its generator backup system.

I actually got a break out of that. We were in the report-writing phase of a major job and this auditor was so banged up—he almost killed himself—that he couldn't come into San Francisco, 45 miles away. We spent the next 3 weeks in my backyard writing the report. I thought that was a great commute for 3 weeks. He would come over, and we would sit there in my backyard writing the report.

Mr. Grosshans

I'd like to discuss just one final particular area because I think that it also was unique to San Francisco and was something that Al was pushing pretty hard. That was the best use of some of the high-priced lands that some of the military installations were on.

Fort DeRussy you mentioned earlier, Hal, in Hawaii, and, of course, here in San Francisco, the Presidio. I guess Kelly did this audit here in San Francisco. Maybe you can just elaborate on those two jobs.

Mr. D'Ambrogia

I can elaborate on the Fort DeRussy case in Hawaii. Again, it was the mid-1960s, and Honolulu was being used as an R and R [rest and relaxation] point for people coming out of Vietnam. Al and Bill Newman felt that it was outrageous that this prime piece of real estate in downtown Honolulu, actually Waikiki, was being used for the purpose of basically providing recreational facilities for the military.

They wanted to do a review. The key person involved in doing the field-work was Joe Gordon. Fort DeRussy was probably the most visible example, but there was another installation, Kilauea Military Camp over on the big island near the volcano. Plus the military had an LST [landing ship tank] that was being used to transport the military families back and forth between Pearl Harbor and the big island.

So we did this review. I remember visiting the LST. We went through the ship, and all the compartments were named after islands. There was one

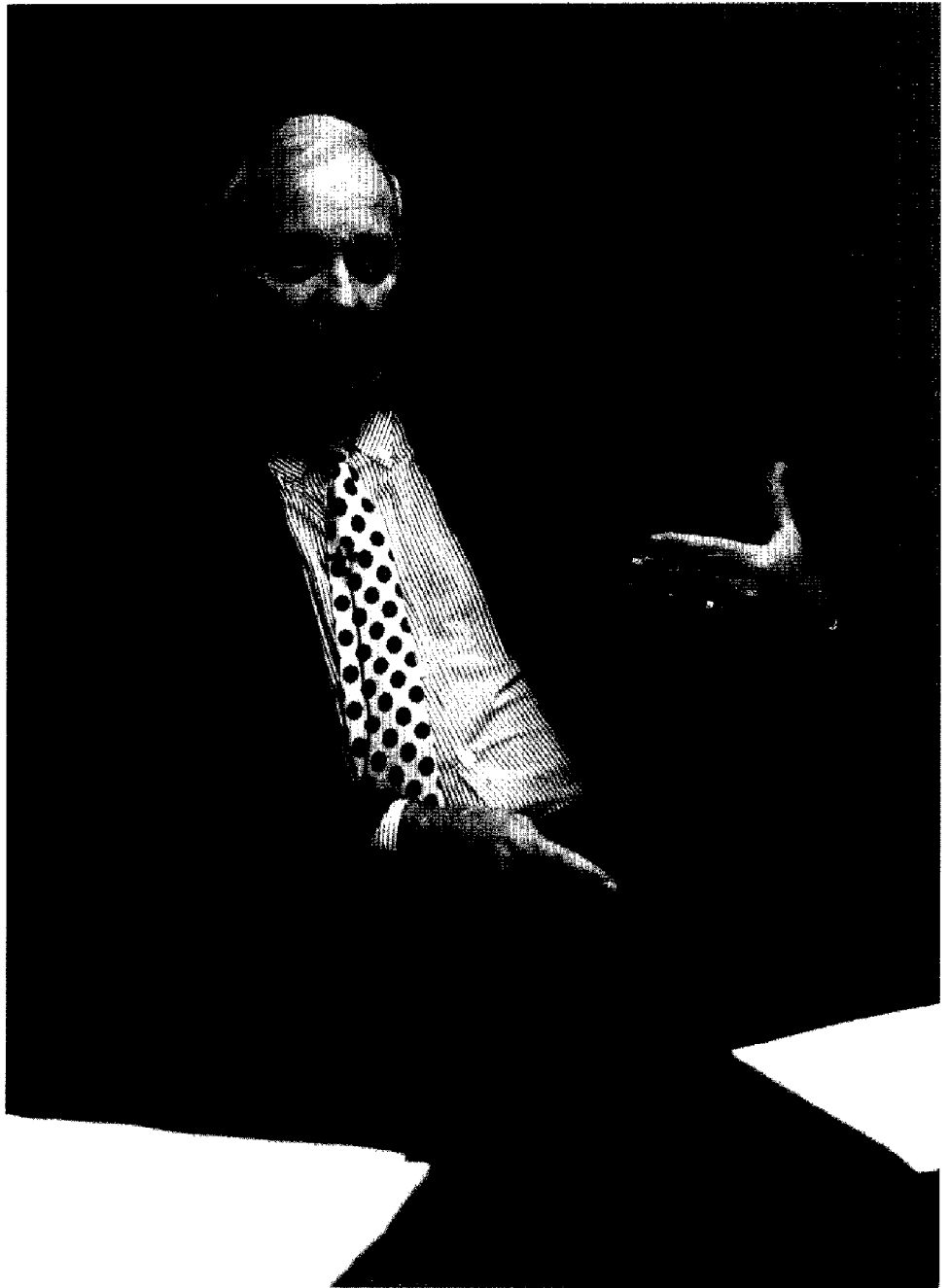
compartment named "Virgin Islands." That was the one where they have the young mothers with their children. The military also operated an aircraft from Hickam Air Force Base over there.

But anyhow we did do the review at DeRussy and issued the report. It got a lot of press. I think I still have in my personal files someplace the editorial cartoon that shows a battlefield, machine guns, and barbed wire. Here was an Army guy on one side at a machine gun and, on the other side, there was a GAO person coming through the trenches waving a flag—the discharge paper from Fort DeRussy. During that time, I was again dealing with the military commands quite a bit, and the Chief of Staff for the U.S. Army in Hawaii objected; it was very offensive to him to have this review done.

So we had some pretty sticky times over there. But I guess the point of the story would be that even though the review was controversial, it was something that we went ahead and did because we thought it was the right thing to do; we got a lot of support throughout GAO.

It did have impact. It didn't get rid of Fort DeRussy, but the military did open up Fort DeRussy to general public recreational use. Again, the military's use of this property wasn't the best use for government-owned property.

There was a lot of emotion about taking something away that was a perceived benefit to the military.



Hal D'Ambrogia

Mr. Vincent The cartoon I saw showed a mother and a baby trying to get into Fort DeRussy and a guy with a machine gun shooting at her, with GAO written across his chest.

Mr. Sheldon I saw that one.

Mr. D'Ambrogia The one that was in the paper was the one I mentioned.

Mr. Grosshans You might want to see whether you can find it.

Mr. D'Ambrogia I'll see if I can find it. It's somewhere in my personal papers.

Mr. Pollock On the Presidio, it seems to me that there were two jobs that were done there. In the first one, we said that there was nothing that the Army was doing at the Presidio that it couldn't do at a greatly reduced cost down at Ford Ord. The second job concerned the building of the new Letterman Hospital.

Mr. Sheldon That's right. I was on that, too. We studied the Letterman Army Hospital, the Navy Oak Knoll Hospital, and the Travis Air Force Base Hospital. Essentially, we proposed that the military build one hospital to serve the needs of Letterman and the Navy and, to the extent needed, add space at Travis. We were proposing putting it in the East Bay or on Treasure Island.

Mr. Pollock Did you analyze where the patients came from, on a cost minimum basis standard?

Mr. Sheldon They came essentially from the other side of the bay. It was a beautiful report, and the recommendations were right. But the Army built its new hospital, and now, I understand, it is closing the hospital down.

Mr. Grosshans Typical GAO auditor. You're strictly looking at the dollars. [Laughter] Let me just mention to you—one of the early payroll audits I was involved in with Al Smith was over at Oak Knoll. If that isn't the most miserable place in the summertime, I have yet to find one worse. You go around, and your tears are rolling constantly with all the smog blowing over in that direction. And you were recommending that the military put the master hospital in that particular location? Come on.

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Mr. Vincent I think one thing did come out of that, which saved money. The military used the same specs for each hospital. Originally, plans were to use separate designs; we saved the government \$8 million or \$9 million on design.

Mr. Grosshans That was Jim Martin's job, wasn't it? I think Jim Martin got heavily involved in the design of the hospital and the sizing.

Mr. D'Ambrogia There was also that job on the sizing of the federal building. [Laughter]

Mr. Pollock Three or four floors were knocked off.

Mr. D'Ambrogia That was Art Hansen's job.

Mr. Pollock Art and his staff were having a real tough time. I remember Art coming in to talk to me. He said, "We know it would be cheaper for the federal government to continue to lease rather than build a new building, but we can't prove it."

I said, "We don't have to prove it. We should ask the military to prove why they needed to build that building there and why it would be more cost-effective." The upshot of it is that they could not justify a building that size, so they did cut off three or four floors.

Mr. Vincent Remember the elevator? At the last minute, the judges decided they needed their own elevator. We complained about them adding this so late, but the liaison judge said that as far as he was concerned, that was the end of it. If we didn't want to be held in contempt of court, we'd better forget the whole thing because their own elevator was going to be put in. Of course, in retrospect, I think they were right. Those judges didn't want to be going down in the same elevator with people they had just sentenced.

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## The Impact of Planning on the Regions

Mr. Grosshans Just to round out this area of the work load, one area we haven't talked much about is the whole Washington planning system and the various systems that we've had in place over the years. GAO's defense audit staff

used to come out with their annual plans. The civil staff went from a 4-month to a 6-month planning program. How did that all impact on the regional operation, and to what extent did the plans really get carried out?

Mr. Pollock

I think that mostly those plans were about as timely as some of GAO's reports.

Mr. Vincent

I was just going to say that until Bill Conrardy got his issue areas approved by Staats, planning was all a game. The first time that it had any impact on us at all was when Conrardy was able to get his system approved by Staats and we had to pay attention to it.

The rest of the time, the issues were out of date when you got them. Another thing is that the staff weren't required to adhere to the plans. If you got off into an area that looked really good, Washington couldn't care less. The Washington staff didn't give a damn if you followed their rules or not if what you said sounded better than what they had written. All they were doing it for was to keep whoever was running the planning program happy, essentially.

Mr. Grosshans

Did we in San Francisco ever assign certain staff to work on the audits done by particular divisions?

Mr. Pollock

No, not at all. We might have started out that way. Pinkston did all the staff assigning. Then I did it after Pinkston, and we never even worried about that. We had a general allocation, but when we needed people, we put them out there. But once Bill Newman's requests for staff came in, we had a different ball game. From then on, these requests had a real impact on who had what. We used to sit around, if you guys remember, talking about how to exchange staff. We didn't do exchanging at first because we really needed to pay attention to the issue areas.

Mr. Grosshans

Let's pursue that a little further then. If what you're saying is right, what was the impact then on the self-initiated work by the region?

Mr. D'Ambrogia

Again, there was no impact until Conrardy's issue area planning concept began to be implemented. After Conrardy's staff came in, as I recall, we didn't do as many self-initiated jobs. I still think we had room to suggest self-initiated work, but we didn't do much work on those suggestions without authority, as I recall.



We really put the emphasis for control over resources back at headquarters more than it had been before. Again, if we had something that we found interesting and we could find a sponsor or an author—as Al used to call it—we would go with it and those other projects would just sort of drift away.

Mr. Vincent

It's hard to believe this, but this is a true story. We were able a lot of times to do work and send reports to the Washington staff that they didn't know a thing about until they got the draft reports—nothing. They would have received progress reports, but you never heard from them because there was no communication.

So the first time that we got any reaction was when the draft reports went to Washington. That was very early, like the mid-1950s and early 1960s. But even up to Conrardy's introducing issue areas, there was no tight control over jobs that we initiated.

Mr. Pollock

You'll find, Werner, when you go to some of the other regions, where you didn't have a Regional Manager with Al's outlook on things, that they actually did follow these plans to a greater extent. But certainly the early ones were not followed here.

Mr. D'Ambrogia

We didn't unilaterally avoid them; what we did was substitute if we found something better. The Washington staff would be glad to let us go.

Mr. Pollock

I think they realized that their plans weren't that good to begin with.

Mr. Grosshans

Let me try to get a reaction from you all on a comment that was made in the defense oral history that we did. Hassell Bell made the statement that most of the work that the regions proposed didn't amount to anything and didn't deal with any substantive issues; furthermore, he said they didn't understand the whole program and couldn't have been in a major role of influencing what was going on in Washington.

How do you react to that?

Mr. Vincent

I read that in somebody else's history; I don't remember reading Hassell's. But I'll tell you something: To be perfectly blunt about this, there were regions—and most of them—where that was true. A lot of our regions in GAO—and we didn't realize this that much until we began to meet with other regions—just basically did what they were supposed to do, period. There wasn't a lot of that innovativeness.

Mr. Grosshans

His contention also was that there was absolutely no influence coming from the regional side.

Mr. Vincent

There may not have been for some regions. But I guarantee you that I dealt with Hassell and that twice in my career, Hassell pulled me into Washington because we were doing things that he didn't understand and he was interested enough in them that he wanted my input.

So he may have stated that as a generality, but it wasn't true in all cases.

Another good example is Seattle. You certainly could never say Seattle wasn't innovative. The Seattle Office had little work to be done in the Seattle area, so its staff had to do its work all over the world except Seattle. They were always digging up stuff. There were a lot of regions, way more than half, that basically just rode along. I think they may not have had any impact. I'm not going to name them, but I can remember them. We had to deal with a lot of those regions, and we ended up doing the work ourselves.

Mr. D'Ambrogia

I think Hassell may have been saying something else. Our perception that we were doing great things may not have been shared by Hassell. I think that's a matter of perspective.

Mr. Vincent

Somebody said that nobody really knew what the Assistant Regional Managers who were appointed under Staats were doing. In fact, most of them weren't doing anything. That may have been true also, but not in this region. As you guys all know, we did plenty, but I think that statement was true as a generality. I think we were a unique region. I'll tell you another thing that supports that in just a minute, when you get into the transfers to Washington.

Mr. Grosshans

You were very involved in the civil side in those days.

Mr. Sheldon

We had a lot to do with the civil side, particularly when we got into some of the Medicare and Medicaid and mental health programs. We did a lot of survey work regarding Medi-Cal [Medicaid-California Program] that eventually turned into quite a few nursing home jobs. We worked a lot with John Heller and Dick Fogel in this area.

One example of Clavelli's instigating new audit areas involved OMB [Office of Management and Budget]. Al was convinced that the region could do something in this area even though you would think that the

best place to do the work would be Washington, D.C. In early 1973, using discretionary time, we assigned David Peltier to research and develop the area and to develop audit issues. Dave reviewed all the OMB circulars and bulletins and eventually proposed some audits. This led to a San Francisco lead region job, which developed a congressional report on the Circular A95 process.

Mr. D'Ambrogia

Who knows, 20 years from now, I'll probably tell you that all of the ideas in GAO came out of this office. [Laughter]

Mr. Vincent

It's going to look like this in a week, Hal.

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## Recruiting Staff for SFRO

Dr. Trask

Let's turn now to the human resources development area and questions of work force working conditions. We referred earlier to Leo Herbert's program of recruitment and training. Let's talk about that for a while, particularly how it was applied and how it affected the San Francisco Regional Office—recruitment, for example.

Mr. Vincent

Of all the things I've done in San Francisco, I'm most proud of that. George Gustafson, who was an ex-teacher, and I got the brilliant idea to just do all the recruiting, the two of us. There are 17 colleges around here. We went to Clavelli and talked him into letting us do it.

Gus dealt with all the faculty, and I dealt with all the students. Six months it took annually, 6 out of 12 months almost. Basically, I had control over the hiring of everybody at one point and Gus had the relationship with the faculty, who are absolutely incredibly important to get your foot in the door.

We basically were a 12-month public relations team. During the 6 months that we weren't recruiting, we would be out there going to lunch with them, chatting with them, and having faculty seminars. Remember those? Seattle was another region that did that, with Chuck Perry.

I think this allowed us to be able to get a body of talent that we wouldn't otherwise have gotten.

The civil staffs in Washington did the same thing. I think Abbadessa did his own recruiting. There were a lot of people who did the same thing. It wasn't anything necessarily unique to San Francisco. But it was unique to just a few of us in the country. It really paid off in the long run.

I really like the fact that we were always kidded that nobody ever wanted to leave San Francisco. Yet, at one time, there were 40-some people at grade 13 and above who had started their careers here and had gone somewhere else, including Werner, Dave Hanna, Jim Hall, and Ken. You can come right on down to grade 13s and 14s. There was Jim Watts, Ken Hunter—you can go on and on.

The point I want to make is that this is about a 15-year period when we took this tremendous number of losses, yet we were able to sustain our quality of work through all that period. Nobody else had those losses. I went into this with McElyea, Director, FOD; that's why I know this.

I made this study for Stu because he was interested. Nobody had those kinds of hits, not even the Washington Regional Office. Nobody had those kinds of devastating hits that we took constantly. This doesn't count going to Vietnam and going to Europe. Some of those came back to San Francisco but a lot of them didn't. These are the people—[John] Kuykendall, [John] Harlan, and Spitz. You could just go on and on with this.

Mr. Sheldon

You haven't mentioned the ones that went into the state of California or industry—people such as Tom Hoyer and Ken Howard.

Mr. Vincent

Anyway, the point I'm trying to make with all this is that we had a real body of talent to be able to take all those hits and still be able to put out work that Washington recognized was quality work. The ability to do this all came, in my opinion, from a recruiting program that allowed us to be able to get a lot of highly qualified bodies. Sometimes we would get 200 applications for 15 jobs. It really paid off. I always felt that GAO as an organization should have done more of this concentrated recruiting.

Instead, it worked the other way. They said I was too high a grade to do that. So they pulled me off. I couldn't believe it. They said, "You can't do that as Assistant Regional Manager." I got "fired."

Dr. Trask

What did you tell these students and faculty while you were out there recruiting?

Mr. Vincent

Roger, to begin with, if you're in competition with a CPA firm talking about interesting work, you can bury them every time. A CPA firm can't possibly have anything worthwhile sounding compared with GAO. Listen to what we've been talking about sitting around this table. Hal is a unique case in a CPA firm because he's in the operational auditing part of it. But the financial auditing part of a CPA firm—which is dying out as we know—even when it was big in terms of bodies being hired, couldn't compete. So what we did was to try to sell the student on how much more important the kind of work we did was than what the CPA firms did.

But it was more subtle than that. Gustafson would get into the files and pull the top 10 percent or 20 percent of names. We would go after them. We didn't have them signed up with us. We called them at home. We got them into the office or the placement office at the college. That's the only way we could do it to get our message across. Once we got to them, we had a good chance.

San Jose State graduates 400 accountants a year. We got the number one student out of there 3 years in a row.

There's another guy, Gil Bowers, who is now in Denver, and Jack Woosley, who is now in Seattle, who also started here.

Mr. Grosshans

If this rotation worked so well, why didn't you rotate?

Mr. Vincent

I did my job; I got everybody else to go. [Laughter] That's a touchy subject.

Dr. Trask

What about recruiting women and minorities? Was there activity on that?

Mr. Vincent

I was kidded an awful lot for not hiring women, but it was not until 1962 that I saw my first woman of any kind at a college. Actually, it was the same college as Brucia attended, Fresno State. I tried to hire her; she was number one in the class. But she accepted a position with a CPA firm.

There just weren't any. There was a woman at the University of the Pacific. I remember her because her father owned half of Point Reyes National Seashore, the private part, and she went to work for him.

Mr. Sheldon

But you recruited from only accounting majors.

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Mr. Vincent Right, only accounting majors.

Mr. Sheldon There wasn't very much for you to choose from.

Mr. Vincent There were 17 schools, but there were few minority applicants. We did hire minorities, but we didn't think of them as minorities. They met the standard and we hired them. But this hire became a statistic later on that we didn't know we had at the time.

Mr. Grosshans Mary Noble was the first woman.

Mr. Vincent Mary transferred in. The first three we got were transfers. Mary came from Toledo. Sharon Ball came from New York, and Louise Kaskisto came from Denver.

But the last year I recruited, out of 18 people, 9 were women. We did very well. We never did well on minorities. The simple reason is that there weren't many minority applicants and there aren't many now.

Talk about San Jose State—here's a university that's 50-percent minorities or greater, and all San Jose State graduates are white males and females, basically, and Asians. There are lots of Asians and lots of whites, but you seldom see Hispanics and blacks.

So we never did well, except that we hired some minority staff without realizing they were considered minorities, like [Frank] Campos and Hector [Castillo]. Of course, with the Asians, we always did well because there's a large number out here to hire.

But I remember Staats pulled me aside one time when I was in Washington, D.C. He said, "You're not recruiting at Stanford anymore."

I replied that few Stanford graduates accepted our employment offers.

He said, "But there is a good chance for hiring women and minorities. There are lots of them there."

"Mr. Staats," I said, "our average salary is about \$25,000. Stanford graduates are hired for positions paying \$40,000 or \$50,000. It's hopeless."

He said, "You will go to Stanford!" So we did. We hired one person now and then, for example, Mona Cannon. But it was tough.

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- Mr. Grosshans I understand the San Francisco Office did very well last year. It hired two or three from Stanford.
- Mr. Vincent Good. That's unusual. I hear that starting salaries of Stanford graduates are \$50,000. Is that true? Are you talking about M.B.A.'s [master of business administration]?
- Mr. Grosshans I'm not sure that the ones we hired were M.B.A.'s necessarily.
- Mr. Vincent Anybody from Stanford who is hired would be good. Anyway, I'm really happy with the way our recruiting program went. In 1976, we quit recruiting because we just filled positions vacated because of attrition from then on; we just quit expanding. I don't know what the San Francisco Office is doing now.
- Mr. Grosshans Mary Noble probably did more for the women's movement in San Francisco than anyone.
- Mr. Vincent Mary and Sharon Ball.
- Mr. Pollock I would think so, too.
- Mr. Vincent Those two women were very good auditors in terms of being able to deal with the fact that they were so unique at the time. Both of those women did a terrific job in dealing with the males whose egos were hurt by women being their bosses. The best woman of all time—if you want to talk about women—in my opinion was Patty Thomas. There was a person who had the ability to do everything, and she resigned to raise her kids.
- Anyway, I thought she was tops, as you can tell.

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## Training and Professionalization

- Dr. Trask What about training? That was another aspect of Herbert's program. How much emphasis was there on training here?
- Mr. Grosshans Particularly on the CPA training.

Mr. Pollock

Oh, incredible. Al was always in favor of participation in professional organizations. He wanted to professionalize the staff as much as possible. We had a series of CPA review courses; staff members who did not possess the certificate were encouraged to attend. They were held on Saturday mornings. But we had a number of successes out of that: Ozzie Neilson from Stanford, Hector Anton from California, Harry Buttimer from St. Mary's, Don Roark from San Jose State, Ed Kelley from Santa Clara, and Don Aus from Chicago. This was again one of Al's driving passions. He wanted to increase the number of CPAs on the staff. He worked assiduously with the State Board of Accountants to get our experience recognized as qualifying toward the certificate. He was very successful in this over a period of years. It wasn't easy. I can remember that representatives of the Board came in to look over our workpapers. And they finally decided that we were doing qualifying work.



(L to R) Charlie Vincent, Werner Grosshans, Dick Sheldon, and Ken Pollock

Mr. Grosshans

We should remember executive management training; most of us attended. Charlie went to Harvard; Ken, Hal, and Dick went to Stanford;



and I went to ICAF [Industrial College of the Armed Forces]. How did we get those allocations, and how were we able to get as many as we did?

Mr. Vincent

It's amazing to me that Al was able to do it. It must have been Clavelli's work, because there were only a few of those allocations available.

Mr. Pollock

Clavelli went first and then Jim.

Mr. Vincent

I was next, but Stanford said I was too young; I was only 33. I said, "Great, I'll wait 2 years." But Campbell made me go to Harvard. Then you guys followed right in a row to Stanford.

Mr. Grosshans

I had an interesting experience. The first year that we got an allocation to ICAF and the National War College [NWC] was in 1968. This was after Staats came in. He had negotiated this. Leo Herbert made the decision that one of the slots ought to go to the field and one to headquarters.

So I was asked if I would be interested in going to NWC. At the time, I really wasn't that ready to move back to Washington, so I told Al that I would be interested but that I couldn't really see how NWC could help me with the regional work load. You may recall that. I guess Leo didn't like that feedback, second-guessing him. So the upshot of it was that I wasn't selected that year. I thought that was the end of it.

The following year, they flip-flopped the allocation. They offered the ICAF slot to the field and the War College slot to headquarters. I was offered the opportunity again. I couldn't gracefully get out of it. It was a wonderful experience.

I looked through the history of SFRO that Al put together for Stu McElyea. It contained about seven or eight names of San Francisco folks who had attended some of the senior schools.

It was just amazing to me. I recollected some of those. It was an impressive array of names.

Mr. Vincent

Did any region even have more than two maybe? I doubt it.

Mr. D'Ambrogia

Leo Herbert was a controversial person. But I think that Leo and Ed Breen did a tremendous amount to professionalize GAO. When we started, there was absolutely no training. I did the same thing that Ken did. Around 1959 or so, I went back to Washington as a counselor to the training class. There were three of us: Joe Boyd, Wayne Tucker, and I.

We got more out of the training because we knew more about the material than probably most of the participants in the course.

Herbert and Breen did a lot to really professionalize the organization in terms of the in-house training, as well as the Stanford, Harvard, and War College programs.

When I was at the Stanford program, I came away with the feeling that probably Stanford should have paid to have somebody from GAO there because we contributed more in terms of giving a perspective to people coming from the business world. In fact, there was a fellow—this was shortly after the Hewlett-Packard case—there from Hewlett-Packard and I was there from GAO. We probably took up two or three class sessions arguing the issues on the Hewlett-Packard case. That was a real eye-opener to the other members of the class.

There was an Air Force colonel from the Air Force Academy. He and I were the only two government people; everybody else was from the business world. I thought that we brought a dimension to that program that would otherwise have been lacking.

Mr. Vincent

I remember that, at Harvard, I was asked to give a seminar on pricing of defense contracts. There were 50 people, all from industry and a lot of them dealing with government. I was up there like a teacher. You're right. Greg Ahart, Frank Curtis, and I from GAO; a guy from the State Department; and one from the Air Force were there. The rest were all from industry.

Mr. Grosshans

In the mid-1960s, Staats changed the policy on recruiting. No longer did we recruit just accountants; we opened our recruiting up to most of the disciplines. "Get the best and the brightest" was really the policy.

Some people in GAO took that very hard. In fact, in one of the oral histories, someone said that it led to the resignation of one of our key Directors at the time. Was there much of an impact in the field when we changed that policy? I don't recall.

Mr. Vincent

The people that we took in were excellent. Hans Hanson was the first one we ever hired. We couldn't have had a better auditor than Hans Hanson, and he was not an accountant at all. Tom Hayes is not an accountant.

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Mr. Pollock We had to teach them how to do workpapers, but other than that there were no problems.

Mr. Vincent A lot of that discipline that you get in accounting was gone, but we got some great people out of that new policy, I thought.

Mr. D'Ambrogia Again, business administration background was helpful as a foundation, but to do the work, it was certainly not essential. I think we had already branched into the broader base of auditing that could certainly utilize these other disciplines. I think it was an easy transition.

Mr. Pollock I can remember, Charlie, your saying, on more than one occasion, that it was great to get paid for this type of work because it is all common sense.

Mr. Vincent What was frustrating was that some of these people from other disciplines had a tough time supporting their views. That was the only negative thing that I had with them. "This is the way it is because that's my professional opinion," they would sometimes say. We couldn't live with that.

Except for that—which was a major problem for a while in the early part of a person's career—there was no problem. In fact, in the final analysis, we're probably better off, because accountants have a tendency to think square. These people had a lot more flair to their thinking.

Mr. D'Ambrogia What time period was that?

Mr. Vincent We started in 1967.

Mr. D'Ambrogia It was also during that same time period when people started to have some feelings and some biases, if you will, toward the type of work that we were doing. We had people who didn't want to do defense-related work, or they didn't believe in what the military side was doing. That had never been an issue before, but it did create some issues that we hadn't had to deal with before in terms of staffing assignments. You mentioned Ray Ellis getting emotionally involved—we had some other people who said they were dead set against anything involving the military. They didn't want to be assigned to military-related work.

Other people had some pretty strong feelings about social program objectives. So we had to start dealing with a bias or a personal-independence-type of issue. I don't recall these ever being issues before that time frame. I'm not sure these issues were linked with bringing in nonaccountants.

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## Role of the Comptroller General

Mr. Grosshans

What about the evolution of GAO and changes in the Comptrollers General? What impact did these changes have on the staff in a region like San Francisco? Campbell, of course, wanted staff to have a straight-laced approach—to wear white shirts and to have a no-nonsense, stand-offish attitude in relationships with the agencies. Under Staats, I guess the approach was much the opposite.

How did that impact the field?

Mr. Pollock

Campbell didn't even want to have association through the Federal Government Accountants Association [FGAA]. But Al didn't pay any attention to that. We continued to be active participants in FGAA, now AGA [Association of Government Accountants], out here. Our participation may have been a little bit low-key, or maybe, in those days, we were isolated from Washington. But Al firmly believed in professionalism and encouraged people to become CPAS, to become a member of the state society, and so on. And he certainly pushed the AGA.

Mr. Vincent

He did. Remember that he couldn't be a member of the local FEB [Federal Executive Board]? He had no choice. You mentioned dress code. Al, of course, was from the old school on that. Jim Mansheim really broke the trail in here by starting to wear combinations of different types of clothing like he had done in Denver; McElyea couldn't have cared less about style of dress, as I understand it. Al broke down on that and didn't really say much. Jim sort of pioneered that.

But, as far as participation, Mr. Staats was really in favor of joining and getting involved with the surrounding environment.

Mr. Grosshans

How did we get the intergovernmental forum started? When did we get more involved in that?

Mr. D'Ambrogia

We were the last of the forums to get established. It really got started in the Southeast with Atlanta as the first one. I'm not sure that establishing forums was something we would have done on our own initiative. But we had our marching orders to create a forum and, for some reason, Al tapped me to get involved in that. So we went out and visited the state and local government units and tried to drum up support.

I would say that the combination of what was happening in terms of government social programs and in large part Jack Birkholz's personal charisma and leadership made this become a very strong forum. In fact, the first national forum meeting was held on the East Coast, and the second one was held in Carson City. The forum really started to bring about a real spirit of cooperativeness. GAO was considered to be a catalyst, because we were the ones who had the chairmanship.

In fact, we were the first audit forum, as I recall, that objected to having a permanent GAO chairman. A pattern had been developed in the area forums that, first, there would always be a GAO chairman and that, second, CPAS would be excluded from participation in the forum activities. We broke ground in both of those areas.

But getting back to this difference between the two Comptrollers General, I think that Elmer Staats was much more obvious in terms of local visibility. He would come out to meetings, AGA meetings, and he was just much more of a presence in the region. Again, it may go back to this whole change in communication and transportation. Things had changed from the days of Campbell. I think he was a much more visible Comptroller General.

Mr. Vincent

I saw him more the first 6 months than I saw Campbell the whole 11 years.

Mr. D'Ambrogia

I never did see Campbell.

Dr. Trask

Did Campbell ever come out here?

Mr. D'Ambrogia

I don't think he ever did.

Mr. Pollock

Yes, he did come out here once, and Al was very upset because all he wanted to do was meet Alex Postley, who was, at that time, the oldest man in the Field Operations Division. But Staats, you have to remember, was an insider in government. He had spent all those years at OMB. He knew the federal government inside and out and knew how it worked.

He knew the relationships between the legislative and executive branches—he was just incredible.

Mr. Vincent

It was incredible to go with him on any tour. He knew everybody. We went out to the Livermore Laboratory and he would say, "Hi Clyde, Bill, Tom." It's amazing how many people he knew.

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## Regional Managers' Network

Mr. Grosshans

How about one area that we've touched on but really deserves a little more discussion, the Regional Managers' network and the conferences. This was a big thing, as I recall—and you've already alluded to it—in fact, a lot of the communication really went up and down through the Regional Manager. That was the communications network in the early days. Of course, we've made a lot of changes recently. Division heads didn't attend the Regional Managers' conferences. If you're going to get something accomplished, you really need to do it as a collegial body. That's exactly what's happening today in GAO. I think I've seen a lot of changes as a result of that.

But for many, many years, the Regional Managers guarded the conferences very jealously; they felt that it was their conference. Of course, Campbell was very much involved in that and ran those conferences.

Mr. Vincent

It must have been sometime after Staats took over that the division heads began attending; when they had it here in 1970, all the division heads were here. If you were an Assistant Regional Manager, you were invited to the one in your region. I got to sit through all of the one in our region.

So I remember Al going to the meetings when Campbell was involved. As you said, only the Regional Managers were included. The pictures I have at home support that.

But at these later ones—and I can remember the one in 1970 specifically because I was there—everybody was there. Herschel Simmons even showed up. Everybody was there.

- Mr. Grosshans                      Was there much networking among the Regional Managers other than what took place at those annual conferences?
- Mr. Pollock                              There were phone calls.
- Mr. Vincent                              I don't think they ever got together much except through the conferences. I don't know what they did on the phone except carry on one-to-one conversations. I know that they started in 1977 with these Assistant Managers' meetings. The Regional Managers came to those. They were held periodically over a period of about 5 or 6 years.
- I don't think that the period over which the Assistant Regional Managers' meetings were held was longer than the period over which those Regional Managers' meetings were held. That was the argument that I remember Al making. It was unfortunate that the division heads weren't there because they didn't get to see each other very often.
- Mr. Grosshans                      Was there any networking among the western Regional Managers? I know we did work with Seattle on some of the power issues and with Denver. We used to get fairly close with them. I think there was much more of a relationship even at the top level.
- Mr. Vincent                              Actually, you can talk about Los Angeles—and you can talk kiddingly about this—but I think we networked with them pretty well.
- Harold Ryder was a little bit hostile, but I can remember going into his region constantly. He was always gentlemanly about it, after he first told Clavelli that we could not come. Then he would calm down and be the best host you could ask for. Ryder was always that way.
- Mr. D'Ambrogia                      Also, I think there was a tendency, in the nature of the work we were doing, to have relationships with certain regions and not with others. We tended to do work with Denver, Dallas, Los Angeles, and Seattle. We had very little contact with Boston or Norfolk. It seems that we had an affinity working on certain types of jobs with certain regions. There may have been some networking. If there was, it was because of that and probably because of the personal relationships. I don't think that organizationally there was any force behind it.
- Mr. Grosshans                      What about the superregion concept? Does anybody remember?
- Mr. Vincent                              You mean the concept under which New York and Boston were overseen by Hy Krieger while retaining their Regional Managers?

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Mr. Grosshans                      Wasn't there some talk about San Francisco?

Mr. Pollock                        Clavelli's reaction to that was the same as Margaret Thatcher's to the European community. She felt that there is only so much authority around here. If you get somebody between Washington and the regions, some of that authority to the regions would be diminished.

   I don't remember his saying anything positive about that.

Mr. Vincent                        Actually, it was done only to place Hy Krieger. Bob Drakert came back to New York from Europe. You had to guarantee their slots, so Drakert went back to work and Hy had to go somewhere.

Mr. Grosshans                      Its back, you know, in GAO. We have come full circle.

Mr. Vincent                        What's back?

Mr. Grosshans                      The superregion concept.

Mr. Pollock                        Chicago and Detroit?

Mr. Vincent                        Maybe there's hope yet for Los Angeles. Too bad Al isn't around to see it.

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## Abolition of the Field Operations Division

Dr. Trask                            We talked earlier about the creation of the Field Operations Division in 1956. The consensus was that that didn't really make a difference to San Francisco.

   In 1982—and this is after at least some of you retired—the Field Operations Division was abolished. Did that have any effect?

Mr. D'Ambrogia                    I think that what had probably the biggest impact on the region, particularly from a regional management perspective, was the teams concept. I don't remember whether that preceded the abolition of FOD.

Dr. Trask                            The team concept was followed in the 1977-1978 time period. FOD was abolished in 1982.



Mr. D'Ambrogia

To me, going to teams and the establishment of the relationship between the senior-level staff below the management-level staff in the regions and the headquarters had a major impact in the role of regional management. There really was no role of any great consequence anymore because the channels of responsibility extended more from senior-level people to their counterparts in Washington and the region was perceived to be the administrative agent. You were the one who would try to participate, if you were invited to do so—and usually you weren't—in providing technical support to the job. As I said, it really tore the structure of the region completely apart.

Mr. Vincent

Was that good or bad?

Mr. D'Ambrogia

Bad, in my opinion.

Mr. Sheldon

I had a different opinion. I was the first team leader in the region, because they abolished me out of the management group when Conrardy came out. He got Brucia and me out of management. He turned me into a team leader and turned Brucia into an employee of a commercial company.

Then I worked strictly with the Washington groups for the most part.

Mr. Vincent

I was Dick's supervisor. I saw him maybe an hour every other week as he was going by with his suitcase. That was our review.

Mr. Sheldon

I was off on the rangeland job, traveling all over the West looking at the Bureau of Land Management's public rangelands. We were looking at the impact of cattle grazing on the land and the reasonableness of the fees that cattlemen were paying for the use of the land.

Mr. Vincent

I feel very strongly that teams should have been the way to go because this is the way management consulting works. You have a team structure, and the guy at the top is your expert. The way we operate is like a CPA firm under the theory that the partner is an expert. A cash count is a cash count. I always felt that teams was the ideal for something complex. It had problems, I agree.

Mr. D'Ambrogia

The problem was that they tried to lay this on and retain the regional structure and you couldn't have it both ways.

Mr. Vincent Yes, it was just like Conrardy trying to lay his system onto us when GAO didn't do it as an organization. It can't be done under those circumstances.

Mr. Sheldon I think that most of the auditors and supervisors prefer the team kind of thing, at least the ones that I've talked to. You work directly with your Washington counterpart. They develop this close relationship and it really works out quite well.

Mr. D'Ambrogia But the difficulty from a regional management concept is that the regions still retain responsibility to make promotion decisions, evaluate performance, and compare groups with their peers within that unit of the organization.

Mr. Sheldon It is a very difficult job because regional management really does not have complete knowledge of how the job is being done. As I mentioned, in earlier times, Mr. Clavelli knew everything about what was being done because he was the conduit for all information flowing into the region and out of it. He was also very active in entrance and exit conferences. Now, some of what is happening is not visible to regional management. They cannot attend all briefings on the Hill or meetings that are held in Washington or in other regions. They have to rely more on telephone discussions with Washington staff, planning meetings, and staff briefings.

Mr. D'Ambrogia To me, that had a lot more impact on the regions, at least this region, than the abolishment of FOD.

Mr. Sheldon That was the big thing.

Mr. D'Ambrogia That was the major change. Again, it really raised the question of what the role of regional management should be and ought to be. It may be defined now, but it sure wasn't defined when I left.

Mr. Vincent What do we do today at GAO?

Mr. Sheldon I think what teams did is just to formalize something that was already informally operating anyway.

Mr. Grosshans What we are trying to do now is associate regions much more closely with the issue areas even beyond what we had before. We're trying to get each of the regions to decide what the four or five key areas are for

which they really are logical regions to perform audits. For that, a critical mass of expertise ought to be present to work directly with headquarters. That's where we're going. It has been reasonably well-accepted.

I just attended the unit head meeting in Cincinnati and was amazed at how much commonality I found.

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## Reflections on Careers

Dr. Trask

We're pretty well along here and ready to wind up. I think the last thing we would like to ask each of you to do individually is to reflect on your careers at GAO—disappointments, things that you feel were accomplishments, and things of that sort.

Charlie, would you start?

Mr. Vincent

Well, I can address one major thing right off the bat. Whoever was responsible for rendering it possible that I did not ever have to leave San Francisco—and I probably know who they are—I thank some of them posthumously. When I came out in 1956, that was it. I was never leaving. They knew that. I didn't pull any punches. I didn't hedge in this at all. Yet despite that, GAO promoted me regularly; I got one of the first ARM positions established by Staats, I was sent to Harvard, and I was offered several Regional Manager jobs in my lifetime. At the time of the last offer, in 1977, Stu McElyea said, "Now you realize this is it. You will never get another offer the rest of your life."

I said, "Stu, I take this offer as a compliment, and I appreciate it. But I just do not ever want to leave San Francisco."

In any event, I have always had a warm spot in my heart for GAO and for the people who did this—and I know who they are pretty much, three or four of them—because they could have easily forced me out. I would have had to leave GAO. I think I was happier here with this kind of work than I ever would have been somewhere else at that point in my life.

That's why I'll always have, as I said, a very warm spot for GAO. That's about all I have to add.

- Mr. Pollock Well, I consider myself particularly fortunate, despite the fact that I had to leave San Francisco, for which I, too, have great affection.
- Mr. Vincent You didn't have to leave.
- Mr. Pollock I did to go to Washington. I was able to spend the rest of my career working in the computer field. I feel that the work that I did was significant. The course that we set up for the Wharton School, for the Wharton Information Systems Processing Course, designed specifically for GAO, which we got off the ground, gave the Office a first start in really examining computer issues.
- I don't want to, at this point, go into some of the shortcomings of the assignments that were given to people who subsequently graduated and didn't get a chance to work in the area at GAO, but they did staff a lot of the other government internal audit agencies in the ADP area.
- I was allowed to work on some of the governmentwide studies, where I think we had a tremendous impact on the operations of the federal government in the ADP area. That, plus the fact that I could work with the AICPA, the Institute of Internal Auditors, and the ADP Auditors Association just made it a fine career, as far as I'm concerned. I have no regrets, and I'm very thankful to the Office for giving me the opportunities to do these things.
- Mr. D'Ambrogia I joined GAO because I felt that the kind of work GAO was doing at that time was interesting work. It was much more attractive than I felt public accounting to be. I was never disappointed in that. I felt that—I think I mentioned it before—the personal highlight of my career was the 2 years I spent in Hawaii. That was the opportunity to really enjoy myself.
- Mr. Pollock And to operate on your own.
- Mr. D'Ambrogia I guess my personal point of satisfaction, or the thing that I feel really good about, is the fact that I had about five or six former secretaries who all became part of the professional staff. That I felt very good about because I felt that we had pretty down-to-earth discussions on expectations and they opted to do that. Two or three of them are still here in San Francisco. From a personal satisfaction standpoint, I feel good about that.
- I felt, in later years in GAO, that the organization, from my perspective, was starting to head in different directions. I wasn't as comfortable with

the teams concept. I felt that in the role that I was expected to play, I was not as comfortable with what was evolving with the organization.

Having retired from GAO and having worked now for the last 6 years in public accounting, I haven't found people, other than GAO people, who would bring the kind of experience to the table that is needed.

I have also found that there is a uniqueness in the kind of experience that people get in GAO. This just isn't found anyplace else. Even other organizations that are doing performance or operational type of auditing don't have that breadth of experience that one gets in GAO.

So it's a unique opportunity. It's a unique organization. There's a high degree of respect, which you get a good feeling about, among the community that's involved with auditing for GAO people. That makes you feel good, too.

So it was a good 31—whatever it was—years that I spent in GAO. But at the end of that time, I was anxious to move on to do something else, and I am very comfortable with what I am doing now.

In balance, it was a good career, an interesting time, a time of growth and a time to meet interesting people. You've probably heard this in the 4 or 5 hours since we've been talking—this is sort of a tribute to Al Clavelli. You see a lot of people around this table over whom he had a tremendous amount of influence. I am getting melancholy, but, again, I feel that this was a good career.

Mr. Vincent

There were some pretty good offers, too, you turned down.

Mr. D'Ambrogia

Yes, I did.

Mr. Sheldon

I was a little bit like Hal when I was going to college. I was oriented toward public accounting. Certainly Mr. Storli, head of the Accounting Department, was pushing us that way. While he supported government work, he didn't really support it that much. He chose the people he would rather channel into public accounting, and I channeled the wrong way, from his standpoint.

But at that time, after listening to the speeches that the Air Force recruiter gave and that the GAO recruiters gave, GAO's work sounded a lot more interesting and diverse than voucher-type work, which by then, I had come to understand, accounting in the private sector was all about.

What I think I've enjoyed most of all was the extreme diversity of work. I worked on reviews at AEC [Atomic Energy Commission], the IRS [Internal Revenue Service], and the FBI [Federal Bureau of Investigation]. I worked on the Senate Stockpiling Subcommittee. I traveled to Korea and made a couple of trips to Hawaii with Ken. It was really great I got to meet all the people, the Washington counterparts. It was very impressive and enjoyable. And I like working by myself sometimes, too. [Laughter]

Mr. Vincent

You got offers and wouldn't leave either.

Mr. Sheldon

I turned down several.

Mr. Vincent

When do we get to listen to you wrap up, Werner?

Mr. Grosshans

I just want to thank each of you. As you know, when I contacted you, this was kind of an experiment. We have done two interviews on FOD. I think we have received favorable comments on each of them. However, there was a feeling that we really didn't quite capture what goes on in a regional office. I think that some of the discussions today are going to get much closer to that. Like some of you have pointed out, maybe San Francisco was somewhat atypical of the regions at the time; nevertheless, I think this interview has covered some of the operations in a regional office and the growth and the strength that the regions provided to GAO.

Charlie, I think you mentioned the quality of staff, and Hal alluded to that, that we're fortunate to work with. That certainly came out very clearly in this interview. In spite of all of the turnover that we had (and we didn't lose all those people—they went on to bigger and better things in GAO and elsewhere), I think we made a tremendous contribution and the regions played a vital role in those early days of getting GAO out of the voucher audits and into the mainstream. Certainly, the change in the mid-1960s to more program evaluation and program assessment programs that Dick and others spoke about was a key change, and San Francisco certainly played a vital role in that.

I think we had a good discussion. I think it was nice to reminisce about some of the good old days. I think, like Hal says, maybe this was a tribute to Al Clavelli. He was here in San Francisco 21 years, and certainly left a mark on a lot of us. I think he developed an awful lot of people. He had a good style of management—of assigning responsibility

early, whenever he felt people were ready. And he continuously challenged them. Maybe some of that came out a little better in this discussion. I hope it does, and I hope others will find it helpful.

So, again, thank you very much for making your time available.

Dr. Trask

I just want to say, as you know, that we make these oral history interview transcripts public. We publish them. They are read by a good many people within GAO and some people on the outside.

From my own point of view, I value these interviews mostly because we're creating another original historical source, which can be of use to anyone who is involved in studying and writing the history of GAO. I think this interview is particularly valuable from that point of view. So I thank you also.

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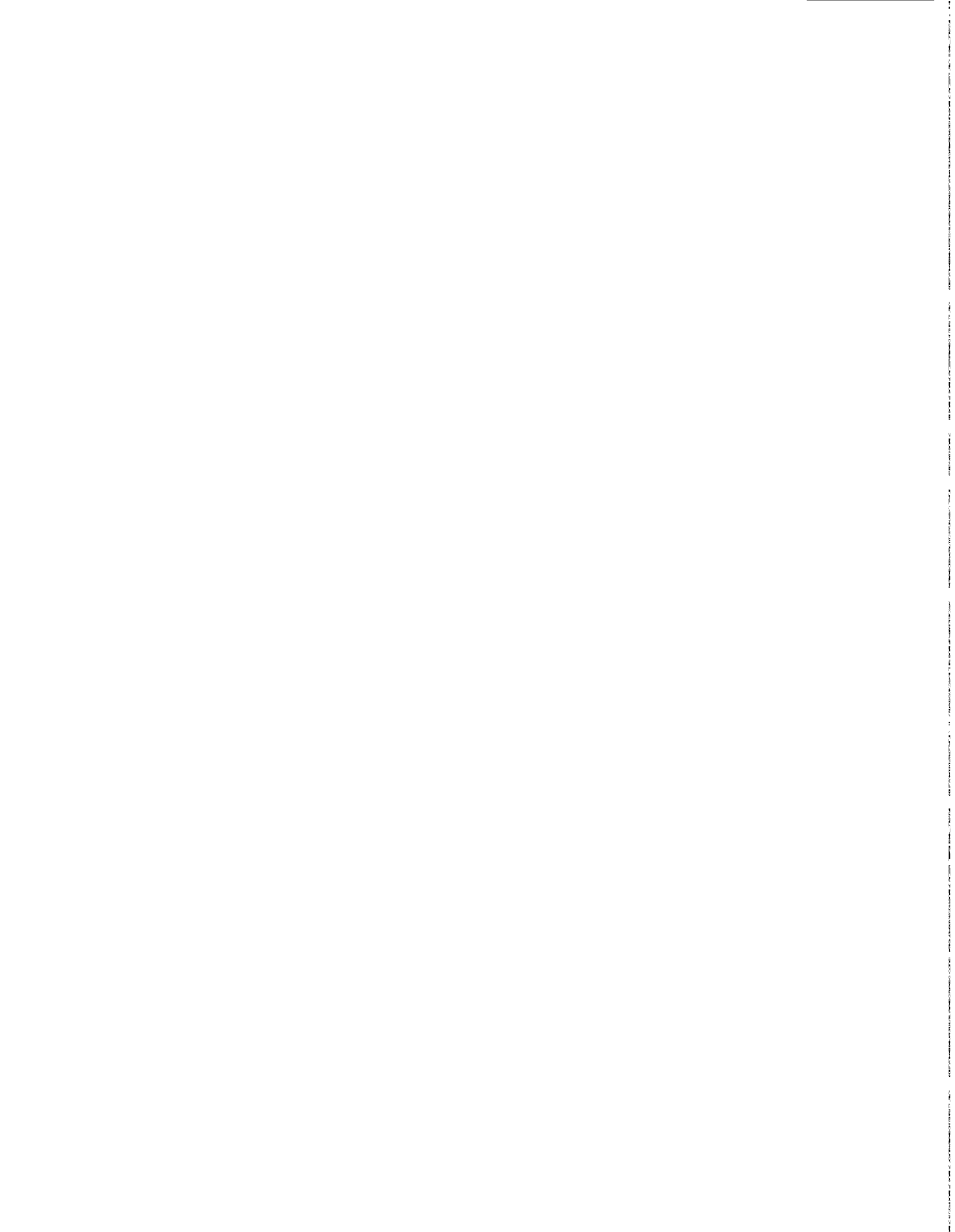
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