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# Federal Sector Management Reports and Testimony, 1991

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# Foreword

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The problems of federal government management will persist as long as measures to identify and solve them are not taken. Improved management can result in sound policy decisions and efficient service to the public. GAO addresses the need for improved federal sector management in areas, such as census reform, the management of the bailout of the failed savings and loan institutions, and federal workforce diversity.

This annual index compiles the summaries of GAO products related to federal sector management that were issued from January to December 1991. The summaries are taken from monthly publications that summarize GAO products at the time the products were released. These summaries are intended to help the reader obtain general information about the federal government and understand how it is managed. Questions may be directed to me at the U.S. General Accounting Office, Room 3858A, 441 G Street NW, Washington, D.C. 20548, (202) 275-8387.

Readers interested in ordering documents or in requesting bibliographic searches on a specific topic should call the Document Handling and Information Service, (202) 275-6241. The form included in the back of this index can also be used to order documents.



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FEDERAL SEMINAR

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**Abbreviations**

ADP	automatic data processing
AID	Agency for International Development
DLA	Defense Logistics Agency
DOD	Department of Defense
DOE	Department of Energy
EEOC	Equal Employment Opportunity Commission
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
FSLIC	Federal Savings and Loan Insurance Corporation
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
IG	Inspector General
INS	Immigration and Naturalization Service
IRS	Internal Revenue Service
NASA	National Aeronautic and Space Administration
NEA	National Endowment for the Arts
NIST	National Institute of Standards and Technology
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PES	Post Enumeration Survey
RIF	reduction-in-force
RTC	Resolution Trust Corporation
SBA	Small Business Administration
SSA	Social Security Administration
TVA	Tennessee Valley Authority
USDA	United States Department of Agriculture
USPS	United States Postal Service
VA	Department of Veterans Affairs

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# The Public Service

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## Quality

### **Parks and Recreation: Resource Limitations Affect Condition of Forest Service Recreation Sites**

GAO/RCED-91-48, Jan. 15, 1991

The Forest Service runs the largest inventory of outdoor recreation sites in the country. About 13,000 of these sites are developed featuring campgrounds, picnic areas, and boating and interpretive sites. GAO estimates that the Forest Service had a \$449 million backlog of unmet maintenance and reconstruction needs at these sites, more than double the amount the agency reported in 1986. GAO developed its own estimate of the backlog because the Forest Service lacks a reliable system for monitoring or reporting on the nationwide condition and maintenance needs of its developed recreation sites. Forest Service officials attributed the backlog to a lack of personnel and funds. GAO found that little of the agency's overall recreation budget is devoted to making the needed repairs and that factors like aging facilities and increased usage are compounding the problem. In this report, GAO is concerned that deferred maintenance could ultimately result in the loss of many sites. Resource limitations were only one of several factors affecting changes in the size and type (and to a lesser extent, the number and length of season) of developed recreation sites. However, resource limitations have reduced and eliminated services, such as garbage collection and site cleaning. The Forest Service is now relying on volunteers and a public/private cost-share program to help compensate for limited resources. Although such solutions are helpful, GAO believes that the Forest Service faces constraints that will limit its effectiveness in reducing the backlog of unmet maintenance and reconstruction needs.

### **Nuclear Safety: The Defense Nuclear Facilities Safety Board's First Year of Operation**

GAO/RCED-91-54, Feb. 5, 1991

The Department of Energy's (DOE) nuclear weapons facilities are among the potentially most dangerous industrial operations in the world. To ensure their independent oversight and safe operation, Congress created the Defense Nuclear Facilities Safety Board. This report discusses the Board's recommendations for improving conditions at DOE's defense nuclear facilities, problems the Board has encountered in hiring technical

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staff, and management problems that could affect the Board's independence and credibility.

**Social Security Downsizing:  
Significant Savings but Some Service Quality and Operational  
Problems**

GAO/HRD-91-63, Mar. 19, 1991

In response to an Office of Management and Budget (OMB) directive, the Social Security Administration (SSA) cut 17,000 staff positions. SSA completed the staff reduction on schedule and achieved cost savings for fiscal years 1985 to 1990 of \$1.9 billion with recurring savings of \$600 million expected annually. Despite the staffing cuts, SSA was able to maintain overall service at past levels, its payment accuracy remained stable, and client satisfaction with the quality of its service remained high. However, these accomplishments came at a price. During the downsizing, employee morale plummeted, the implementation of a new toll-free 800-number telephone service had problems, and some processing times and pending work loads increased. In addition, staffing imbalances in certain areas caused some service deterioration. While questions have been raised about the adequacy of SSA's current staffing level, SSA lacks workload time standards on which to base its total staffing needs. As a result, SSA's credibility was harmed in its 1992 budget request for more staff.

**Labor-Management Relations:  
Firefighters' Concerns About Working Conditions at Fort Campbell**

GAO/GGD-91-55, Mar. 27, 1991

GAO reviewed allegations of dangerous training techniques, abusive personnel practices, and related on-the-job injuries at Fort Campbell Army Base, Tennessee-Kentucky. This report discusses (1) the extent and nature of the firefighters' job-related concerns and (2) actions taken by the Fort Campbell chain of command in response to those actions. Although Fort Campbell management has responded to specific firefighters' concerns and has tried to improve communication, working relationships and trust between management and the firefighters need further improvement. To help achieve such improvement, the installation commander reviewed firefighters' affidavits and was working with the union to reach agreement

on specific conditions like duty schedules that are unique to and directly affect firefighters.

**Federal Personnel:  
Evaluation of Personnel Demonstration Project at Commerce**

GAO/GGD-91-93, May 14, 1991

The Office of Personnel Management (OPM) was required to hire a qualified evaluator to examine the personnel management demonstration project at the Department of Commerce's National Institute of Standards and Technology (NIST). This report provides GAO's assessment of the evaluation's design and implementation during 1988 and 1989, the evaluation's first 2 years. The evaluator for those years was the University Research Corporation of Bethesda, Maryland; the current evaluator is HumRRO International, Inc., of Alexandria, Virginia. GAO found that the evaluation of the NIST project's first 2 years was not sound. Although it proposed a relatively strong research design for the study, the evaluator's implementation of that design was flawed. GAO brought these concerns to OPM, which directed its new contractor to address these issues and provided additional funding for the evaluation.

**Government Shutdown:  
Permanent Funding Lapse Legislation Needed**

GAO/GGD-91-76, June 6, 1991

The 1990 shutdown of the federal government over the Columbus Day weekend had significant adverse effects and did not convey to the public an image of a well-managed government. According to executive branch agencies that GAO surveyed, the shutdown cost taxpayers an estimated \$3.4 million, disrupted government operations, and harmed employee morale. The agencies reported that the cost and disruptions would have been much more severe if the government had shut down for a comparable 3-day period during a normal workweek. Over the past decade, there have been nine appropriation funding gaps; at least four of these resulted in some disruption of government services. In GAO's opinion, shutting down the government during temporary funding gaps is an inappropriate way to encourage compromise on the budget. Beyond being counterproductive from a financial standpoint, a shutdown disrupts government services. In addition, forcing agency managers to choose who will and will not be furloughed during these temporary funding lapses severely tests agency

management's ability to treat its employees fairly. While agencies estimated that over 500,000 federal workers could be furloughed during the first day of a normal workweek, the vast majority of federal employees would not be subject to furloughs because of a wide variety of exemptions. To address the problem of temporary funding lapses, GAO continues to recommend that Congress enact permanent legislation authorizing agencies to incur obligations but not to expend funds when agency appropriations expire.

**Customs Service:  
1911 Act Governing Overtime Is Outdated**

GAO/GGD-91-86, June 14, 1991

Under overtime provisions contained in a 1911 law, U.S. Customs Service inspectors working on Sundays are compensated at a rate of 2 days of regular pay. On holidays, the compensation jumps to 2 days of regular pay plus the hourly rate for the period of time worked. No minimum period of work is required to qualify for the overtime pay; consequently, inspectors can work as little as 1 minute and receive 2 days pay for Sunday work and 2 days pay plus the hourly rate for holiday work. Individuals are now authorized to receive up to \$25,000 in overtime annually. Overtime paid to Customs inspectors rose from \$56.8 million in fiscal year 1985 to \$102.8 million in fiscal year 1990. At five ports visited by GAO, management inattention to individual overtime assignments has resulted in vulnerability to fraud and abuse. Internal control weaknesses have resulted in errors in preparing overtime documentation, certifying payments, and entering data in the overtime system. GAO also found cases of improper time card certifications and duplicative payments. In addition, GAO found that 45 percent of all overtime assignments made in fiscal year 1989 involved overtime requests for 1 hour or less of work. A recent Customs task force estimated that Customs could save about \$22 million by eliminating overtime pay for work completed within 2 hours before the end or the beginning of the regular workday. The special payments set up by the 1911 law reflect a time when it was rare for ports to operate outside of regular hours, especially on Sundays and holidays. While inspectors should be paid extra for working overtime, GAO believes that inspector overtime pay should be directly linked to actual hours worked and that Customs management should focus on achieving a more efficient use of overtime.

**NASA Personnel:  
Shortages of Scientists and Engineers Due to Retirements Unlikely  
in the 1990s**

GAO/NSIAD-91-185, June 17, 1991

The age profile of National Aeronautic and Space Administration (NASA) scientists and engineers is skewed toward the over-44 and under-35 age groups, including relatively fewer of these professionals between the ages of 35 and 44. Despite their eligibility, older employees are not likely to retire in large enough numbers to create a serious shortage of experienced personnel during the 1990s. Overall, NASA is able to recruit the number of highly qualified scientists and engineers that it needs, even though it does not always get its first choices. NASA has had some difficulty, however, obtaining highly specialized scientists and engineers in areas like microgravity, robotics, and artificial intelligence. Agency officials expect shortages in these areas to become even more severe as these fields take on more importance in the 1990s.

**Peace Corps:  
Long-Needed Improvements to Volunteers' Health Care System**

GAO/NSIAD-91-213, July 3, 1991

Peace Corps volunteers risk a myriad of illnesses and injuries in their work, which often takes place in impoverished countries with poor health conditions. Although most current and former volunteers GAO contacted were satisfied with the quality of health care provided by the Peace Corps, the Peace Corps' health care system does not ensure a level of care comparable with that offered in the United States. Furthermore, the agency did not have reliable and systematic data on the quality of care provided. The capabilities of medical officers, who received insufficient training and guidance from the Peace Corps, were not evaluated, and the health care system had not been subjected to a medical review by an independent accrediting organization comparing the quality of care provided to U.S. standards. GAO found that from 10 to 30 percent of former volunteers had medical problems stemming from their Peace Corps service and that about half of these volunteers had not filed a compensation claim under the Federal Employees Compensation Act. Some were unaware of their benefits, and some had used private insurance to cover medical expenses. Others who had sought help in filing a claim said that they received inadequate assistance from the Office of

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Medical Services. The Peace Corps has initiated efforts to improve (1) the quality of care for volunteers during their service and (2) the assistance provided to former volunteers with service-related medical conditions.

**Social Security:  
Measure of Telephone Service Accuracy Can Be Improved**

GAO/HRD-91-69, Aug. 30, 1991

This report assesses SSA's method for measuring the accuracy of the information it provides to the public over its toll-free 800-number telephone services. GAO found that SSA's method of assessing accuracy did not produce consistent evaluations of the responses it provided to callers. Hence, SSA's study results were unreliable. GAO disagreed with SSA's rating of response accuracy and completeness on 35 percent of the 260 issues evaluated during 188 jointly monitored phone calls. Further, SSA reviewers inconsistently rated the responses of their teleservice representatives. The inconsistent ratings were caused by two fundamental shortcomings in SSA's "live-call" study methodology. First, SSA guidance for evaluating telephone responses was inadequate. Second, SSA did not record the telephone calls it sampled, making it hard for reviewers to make consistent and well-reasoned evaluations of conversations. In a related matter, recent legislation requires SSA to restore the public's phone access to more than 800 local SSA field offices in addition to its ongoing toll-free 800-number service. To have a comprehensive monitoring system, SSA needs to develop a methodology for measuring the accuracy of phone service to be provided by these offices.

**Pay and Benefits:  
Information on Four Federal Banking Agencies**

GAO/GGD-91-137BR, Sept. 30, 1991

Provisions of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 seek to promote comparability in pay and benefits among the federal banking agencies and to avoid agency competition for qualified personnel. GAO reviewed conditions at the Federal Deposit Insurance Corporation (FDIC), the Resolution Trust Corporation (RTC), the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. This briefing report discusses mechanisms of cooperation established by the agencies to seek comparability; policies adopted by the agencies that affect actual comparability, such as

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geographic differentials and performance-based awards; and actual data reflecting current pay schedules, including the mean and median pay within a salary range, the number of employees paid above and below their designated ranges, and the distributions within each range.

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Testimony

Customs Service Inspector Overtime: Outdated Law and Inefficient Management

GAO/T-GGD-91-45, June 13, 1991 (same content as GAO/GGD-91-96, June 14, 1991)

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Effectiveness

**Tax Administration:  
Effectiveness of IRS' Return Preparer Penalty Program Is Questionable**

GAO/GGD-91-12, Jan. 7, 1991

Almost half of the individual income tax returns filed in 1989 were done by paid return preparers. The Internal Revenue Service (IRS) has had problems with what it characterizes as incompetent and unscrupulous tax return preparers who understate their clients' tax liabilities. GAO found that IRS needs to better ensure that preparers engaged in negligent or abusive tax practices are penalized. Although IRS generally assesses the right penalty once it decides to penalize a preparer, penalty cases are often not opened when potential preparer misconduct was evident on returns with at least \$5,000 in taxes owed. This failure to open penalty cases limits IRS' ability to penalize preparers who are guilty of misconduct and may weaken the agency's ability to deter preparer misconduct for the large number of returns not reviewed in IRS' examination program. IRS examiners and their supervisors said that they were reluctant to pursue the penalties because of the low dollar amounts involved. Even though preparer penalties may not yield significant revenues, GAO believes that the penalties' potential long-term effect in encouraging voluntary compliance by preparers and their clients should also be considered. GAO also found that IRS district offices sometimes assess different penalties and penalty amounts for similar misconduct. IRS referral of taxpayer preparers for disciplinary action can provide further incentives for compliance. However, the effectiveness of this process is limited because referrals are often not made when required.

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**Employee Drug Testing:  
A Single Agency Is Needed to Manage Federal Employee Drug  
Testing**

GAO/GGD-91-25, Jan. 18, 1991

By executive order, each executive branch government agency is required to develop a plan to achieve a drug-free workplace. The plans were to include drug testing as a means of identifying illegal drug users among federal employees. GAO visited 18 government agencies to assess the implementation of drug testing programs and found inequities in the treatment of employees and disparities in drug testing practices. Employees in some agencies were tested while those in others were not. Proportions and definitions of employees subject to testing varied widely. In addition, testing costs ranged from \$8.90 to more than \$87 per test, and a number of operational problems with testing have not been identified and dealt with. GAO believes that a single agency should oversee governmentwide drug testing practices to ensure that employees are treated equitably, identify agencies that are not in compliance with program guidelines, and see that needed modifications to the program are identified and made. Three agencies—OPM, the Department of Health and Human Services (HHS), and the Office of National Drug Control Policy—are likely candidates for the job, although in GAO's view OPM is in the best position to assume this responsibility.

**Mentally Ill Inmates:  
Better Data Would Help Determine Protection and Advocacy Needs**

GAO/GGD-91-35, Apr. 17, 1991

According to Bureau of Justice statistics, over 1 million people were housed in U.S. prisons and jails during 1989. Although it is unknown how many of these inmates were mentally ill, studies estimate that between 6 and 14 percent of the correctional population may have major psychiatric disorders. The Protection and Advocacy for the Mentally Ill Individuals Act of 1986 was designed to help states establish and run protection and advocacy systems to protect and uphold patients' rights and investigate incidents of abuse and neglect. This report looks at (1) the extent to which mentally ill individuals in correctional facilities are subject to abuse and neglect and (2) whether all mentally ill individuals in correctional facilities are covered by the act.

**Employee Drug Testing:  
Status of Federal Agencies' Programs**

GAO/GGD-91-70, May 6, 1991

In September 1986, President Reagan signed an executive order establishing the goal of a drug-free federal workplace; as a result of this order, all federal employees are required to refrain from illegal drug use, and federal agencies are to conduct drug testing to identify illegal drug users. This report provides information on the approval and implementation of program plans for drug testing in federal agencies, personnel subject to testing, the drugs that agencies are testing for, program costs, and testing results.

**Social Security Disability:  
Action Needed to Improve Use of Medical Experts at Hearings**

GAO/HRD-91-68, May 20, 1991

When individuals are denied social security disability benefits, they may appeal to administrative law judges, who may seek out medical expert testimony in deciding on the validity of a claim. SSA's Office of Hearings and Appeals relies on a fee schedule to determine payments for these medical experts, who are to be selected to testify on a rotational basis. GAO found that when purchasing medical expert testimony, the Office of Hearings and Appeals has not been ensuring compliance with either its rotation or federal procurement policies. Many hearing offices in the Chicago region use specific medical experts repeatedly rather than rotating among a number of individuals with the same medical specialty. In addition, some hearing offices may have relied unnecessarily on one medical expert for referrals in high-demand medical specialties. Frequent use of individual medical experts occurred nationwide. The high use of specific medical experts has resulted from (1) inadequate hearing office controls over the selection process, (2) inadequate regional office oversight of medical expert use by hearing offices, and (3) insufficient recruitment efforts. Repeated use of medical experts has led to questions about the impartiality and independence of the system, and GAO believes that the Office of Hearings and Appeals needs to strengthen its oversight and procedures.

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**Labor-Management Relations:  
Construction Agreement at DOE's Idaho Laboratory Needs  
Reassessing**

GAO/GGD-91-80BR, May 23, 1991

Most of DOE's research and development activities are carried out by contractors at government-owned facilities around the country. One such facility is the Idaho National Engineering Laboratory, which contains nuclear research facilities and spent waste recovery plants on more than 890 square miles in southeastern Idaho. Between November 1977 and October 1978, the laboratory experienced several work stoppages that resulted in about 7,000 staff days of lost work on construction projects. After several years of effort, the unions and union contractors signed a Site Stabilization Agreement in 1984 that contains a no-strikes/no-lockouts clause and establishes wages, fringe benefits, and working conditions for construction work at the laboratory. This briefing report provides information on contract awards, wage rates, and hiring procedures under the Site Stabilization Agreement. Nonunion contractors have complained that the agreement puts them at a disadvantage by requiring them to go through union hiring halls and, in some cases, make double payments for certain employee benefits. Nonunion contractor reluctance to bid on DOE contractors may reduce the level of competition, thereby resulting in increased costs for taxpayers. In addition, questions may arise about whether the wage rates required under the agreement and the alleged union practice of allowing contractors to charge lower wage rates for private construction outside the laboratory are in the best interest of the government.

**Federal Labor Relations:  
Program in Need of Reform**

GAO/GGD-91-101, July 30, 1991

By law, most federal employees have the right to unionize and thereby participate with agency management in decisions affecting their working decisions. The large majority of all experts GAO interviewed said that the federal labor-management relations program is not working well. In general, they said that (1) the program is too adversarial and often bogged down by litigation over procedural matters and minutiae; (2) some dispute resolution mechanisms are too lengthy, slow, and complex; and (3) ineffective Federal Labor Relations Authority management has weakened

the program. GAO concludes that the problems in the federal labor-management relations program appear so widespread and systemic that piecemeal technical revisions would not be a workable solution. Accordingly, GAO is not making any specific recommendations for changes to the program but suggests that Congress hold hearings on it with a view toward establishing a panel of nationally recognized experts in labor-management relations and participants in the federal program to develop a proposal for comprehensive reform.

**Employment Service:  
Improved Leadership Needed for Better Performance**

GAO/HRD-91-88, Aug. 6, 1991

Through a network of over 1,700 Employment Service offices, the federal government tries to match qualified workers with job openings. However, the performance of the Employment Service varies among different locales, with local offices placing anywhere between 10 and 33 percent of their job seekers. Variations in placement performance stem from differences in state management strategies and ways services are provided by local offices. For example, GAO found that states with placement rates that were double those of other states had (1) set measurable performance goals reinforced by awards for achieving results and (2) assessed local office performance through annual on-site visits. GAO also found that offices with better placement performance were more responsive to client needs. The Department of Labor has played a limited role in helping states manage their Employment Service programs. Labor's annual program planning, review, and reporting activities focus on state compliance with basic federal requirements, rather than a meaningful assessment of program quality or effectiveness. Labor's "hands-off" approach arises from concern about balancing its Employment Service responsibilities against concerns about federal intrusion into state affairs.

**Resolution Trust Corporation:  
Progress Under Way in Minority and Women Outreach Program for Outside Counsel**

GAO/GGD-91-121, Aug. 30, 1991

RTC is required to prescribe regulations for including firms owned by women and minorities to the maximum extent possible in all RTC contracting activities. Officials at RTC and FDIC said that their slow start in

moving the outreach program for outside counsel was due to insufficient headquarters staff. Since July 1991, however, RTC has developed regulations for the establishment of minority and women outreach programs, and these regulations were published in the Federal Register in August 1991. People to assist with the development of the program were provided through additional hiring. RTC and FDIC have also adopted a joint venture program that may increase the areas of expertise for firms owned by women and minorities. Yet a number of shortcomings need to be corrected for RTC to enhance its ability to achieve the objectives of the program. The list of counsel utilized, the criteria used to pick outside counsel, and the monthly case referral reports need improvement. Additionally, headquarters oversight of field outreach activities needs improvement. Furthermore, adequate staffing levels in headquarters and the field offices need to be maintained. RTC and FDIC have acknowledged these shortcomings and said that action plans exist. But until the necessary steps are taken to correct these problems, the program remains vulnerable to the perception that it is not accomplishing its objectives.

**Labor-Management Relations:  
Tennessee Valley Authority Situation Needs to Improve**

GAO/GGD-91-129, Sept. 26, 1991

Although the Tennessee Valley Authority (TVA) is exempt from federal labor relations laws granting employees the right to collectively bargain with employers, TVA's long-standing policy has been to bargain with employees on wages and other employment matters. Even so, TVA employees and their unions lack some basic rights and protections guaranteed by law to employees in most other private and federal organizations. These include the statutory right to collectively bargain and use certain avenues for resolving disputes. TVA's labor relations have deteriorated during the past decade, and an economic downturn has contributed to this situation. In this report, GAO sees two broad alternatives for approaching the current TVA labor situation. One involves a voluntary, cooperative approach by TVA and its unions—perhaps with the help of an independent third party—to work out a framework for bargaining and dispute resolution acceptable to the parties. The other approach involves legislative changes to remove the exemption and give TVA statutorily based employee rights similar to those of other organized parties. GAO favors the cooperative approach. If that is unworkable, GAO recommends replacing the present exemption with statutory requirements.

**Resolution Trust Corporation:  
Progress Under Way in Minority- and Women-Owned Business  
Outreach Program**

GAO/GGD-91-138, Sept. 27, 1991

GAO assessed the policies and procedures used by RTC to maximize the involvement of minority- and women-owned businesses in contracting by the agency. Specifically, this report focuses on RTC's program concerning asset management services. GAO found that the lack of comprehensive program guidance and oversight, combined with inadequate staff at RTC headquarters, regional, and consolidated offices, resulted in a slow start in the program for minority- and women-owned businesses. GAO also found inconsistent implementation of program provisions. In addition, technical bonus points for the program were being applied inconsistently, thereby precluding some minority- and women-owned businesses from final considerations for contracts. In addition, the cost advantage was not being applied because contractors' cost proposals were generally not within the required 3 percent of the lowest bid. While RTC has proposed a series of initiatives to boost the number of employees at regional and consolidated offices working on the program, oversight efforts may fall short because the directive does not provide for (1) more program staff at headquarters or (2) procedures for nationwide oversight to ensure uniform implementation of the program.

**U.S.-Mexico Trade:  
Survey of U.S. Border Infrastructure Needs**

GAO/NSIAD-92-56, Nov. 27, 1991

Trade and commercial traffic between the United States and Mexico has swelled in recent years. The capacity of existing border infrastructure to accommodate traffic is being strained, and anticipated trade expansion will likely intensify traffic pressures at the border. This report provides information on (1) current and anticipated staffing requirements of the U.S. Customs Service and the Immigration and Naturalization Service (INS); (2) the General Services Administration's (GSA) planning for border inspection facilities needs; (3) estimates for border highways and bridge projects and associated costs in Texas, New Mexico, Arizona, and California; and (4) coordination in border management and planning efforts.

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Testimony

Employee Drug Testing: A Single Agency Is Needed to Manage Federal Employee Drug Testing

GAO/T-GGD-91-6, Feb. 19, 1991 (same content as GAO/GGD-91-25, Jan. 18, 1991)

Federal Lobbying: Federal Regulation of Lobbying Act of 1946 Is Ineffective

GAO/T-GGD-91-56, July 16, 1991

Although the Federal Regulation of Lobbying Act of 1946 was intended to reveal the identities of parties who finance lobbyists, the legislation has been largely ineffective since its enactment in 1946. A 1954 Supreme Court ruling strongly narrowed the application of the act to cases in which the main goal of the lobbying was to influence legislation through direct contact with Members of Congress. As a result, many significant lobbying efforts no longer had to be reported. The act itself prescribes only criminal penalties for noncompliance and provides no enforcement authority to Senate and House offices that receive the lobbying reports. These offices have never issued regulations implementing the act. Further, neither these congressional offices nor the Department of Justice take routine enforcement action for late or incomplete filing or for nonfiling. About 6,000 individuals and organizations registered and filed reports for 1989; the 6,000 lobbyists reported total receipts of \$234 million and expenses of \$76 million for 1989. About 62 percent of required reports were filed late, and more than 90 percent were incomplete. GAO could not determine the extent to which required filings were not made, but interviews done by GAO suggest the existence of significant numbers of nonfilers.

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Integrity

Equal Employment:

Minority Representation at USDA's National Agricultural Statistics Service

GAO/GGD-91-31BR, Mar. 18, 1991

In response to allegations that the National Agricultural Statistics Service—part of the U.S. Department of Agriculture (USDA)—had discriminated against blacks in selecting employees for its upward mobility program, GAO looked at equal employment opportunities at the Service. GAO found that with a few exceptions, the Service and USDA's Economics Management Staff, which provides management support to the Service, followed merit promotion procedures when choosing employees (six in total) for upward mobility positions between June 1988 and

November 1990. GAO did find underrepresentation on an overall and occupational basis within the Service workforce, a pattern that is most pronounced among Hispanics, white women, and black women in high paying professional jobs.

**Federal Affirmative Action:  
Better EEOC Guidance and Agency Analysis of Underrepresentation  
Needed**

GAO/GGD-91-86, May 10, 1991

Federal agencies are required to have affirmative action programs to eliminate the historic underrepresentation of women and minorities in the federal workforce. Over the past 5 years, while federal agencies have made progress in diversifying their workforce, women and minorities are often still underrepresented—particularly at higher grade levels. GAO has found that (1) the Equal Employment Opportunity Commission (EEOC) has approved agency affirmative action plans even though agencies have not included all the required data or analyses, (2) the Commission's approval process has been lengthy and lacks timeliness standards, and (3) agencies have not submitted timely affirmative action employment plans. GAO also used data in agency plans to indicate analyses that could be used to better pinpoint specific areas for improvement and to develop and implement corrective actions.

**Fraud and Abuse:  
Stronger Controls Needed in Federal Employees Health Benefits  
Program**

GAO/GGD-91-95, July 16, 1991

Congress passed the Financial Integrity Act of 1982 to reduce waste, fraud, abuse, and misappropriation of federal program funds. Although OPM has made some improvements in the health insurance program's internal controls, it cannot reasonably ensure that program funds are adequately protected from fraud and abuse. The act requires federal agencies to evaluate internal controls in the programs for which they are responsible; however, the carriers themselves are exempt from the requirements of the act. GAO believes that OPM's Retirement and Insurance Group needs to evaluate the controls used by the carriers as part of the Group's Financial Integrity Act responsibilities. OPM has found that the plans are highly vulnerable to fraud and abuse; misappropriation of carrier funds occurred

in 7 of the 25 fee-for-service plans. These cases involved embezzlement, use of plan funds to finance union or employee organization activities, improperly charging the plan over \$1 million in expenses not incurred, and improperly charging the program \$7.2 million for federal income taxes paid on its service charges (profit) over a 5-year period. Although the Retirement and Insurance Group has found that oversight of the carriers is too limited, the Group continues to rely almost entirely on the Inspector General (IG) to perform the oversight role. In addition to limited oversight, other control weaknesses need to be improved. OPM needs to (1) ensure that IG recommendations for correcting deficiencies are implemented by the carriers and (2) develop an aggressive programwide antifraud policy for pursuing enrollee and provider fraud. OPM also needs to use its statutory authority to penalize providers who commit fraud or program-related offenses. GAO also believes that the health benefits program's internal control deficiencies should be reported as a material weakness until OPM can ensure that the carriers have established adequate controls to safeguard funds from loss.

**Small Business:**

**Improper Payments of Former Administrator's Expenses**

GAO/RCED-91-134, July 19, 1991

The Small Business Administration (SBA) paid for travel expenses incurred by its former Administrator that were improperly authorized and justified. It also paid for continuing legal education courses for the Administrator that had not been approved by OPM, as required by law. SBA officials attributed this situation to improper advice rather than to wrongdoing by the Administrator. Subsequently, SBA requested and received postapproval from OPM for the law courses. GAO disagrees with OPM's decision because GAO believes that the courses did not meet the requirements for providing training to presidential appointees. Among the government-paid trips taken by the Administrator, 23 of 33 trips included stops in either Wisconsin or Minnesota; the Administrator's home is located in Somerset, Wisconsin, a suburb of Minneapolis. Although, GAO did not determine the need for or appropriateness of these trips, an SBA reexamination of all travel records could not identify any improper payments requiring reimbursement from the former Administrator.

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**Internal Revenue Service:  
Employee Views on Integrity and Willingness to Report Misconduct**

GAO/GGD-91-112FS, July 24, 1991

IRS, in conjunction with the Treasury IG, has made substantial progress in responding to concerns about ethics and integrity at IRS. By transferring 21 staff years and \$1.9 million to the IG, IRS has strengthened the IG's role in independently investigating senior employee misconduct. IRS could, however, improve the perception that its decisions on sanctions are fair. IRS should publicize summary information about disciplinary actions taken against employees at all levels, periodically review disciplinary actions by type of infraction and level of employee to ensure that they are equitably applied, and maintain the same level of National Office oversight for all cases returned by the IG. GAO's survey of IRS employees suggests that IRS needs to continue emphasizing ethics and integrity; fewer than 66 percent of IRS employees believed that the level of integrity at IRS is generally "high" or "very high," and 34 percent believe that at least some upper level managers engage in misconduct. GAO concludes that IRS' actions so far constitute initial steps in a major, long-term effort. IRS will need to maintain a high level of effort for several years to carry through on its ethics plans, which stress communication, training, ethics, and integrity awareness.

**Merit Systems Protection Board:  
Time and Attendance and Personnel Practices Need Attention**

GAO/GGD-91-104, Aug. 8, 1991

As presidential appointees, U.S. Merit Systems Protection Board members are not required to work specific duty schedules or set hours. Accordingly, they can legally maintain whatever work schedules and office hours they deem appropriate. All other employees of the Board must comply with the agency's established time and attendance requirements. In reviewing time and attendance practices in the offices of the three Board members and the Executive Director in 1989, GAO found extensive breakdowns in internal controls in the time and attendance and recordkeeping practices. The Board also improperly detailed three Schedule C appointees from the Vice Chairman's office in November 1989. The Board violated its own published pay-setting policy on three separate occasions when it made initial appointments to the Senior Executive Service at a pay level higher than the agency's pay-setting policy authorized. In addition, the Board improperly had its IG reporting to the Executive Director rather than

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directly to the Chairman, a practice that violates the GAO standard and OMB requirements for organizational independence. Finally, evidence exists that many past and present Board employees believe that the Board has a racially or sexually discriminatory working environment.

**Conflict of Interest Policy:  
Defense Logistics Agency Employees Whose Spouses Work for  
Contractors**

GAO/NSIAD-92-6, Oct. 21, 1991

Defense Logistics Agency (DLA) regulations prohibit agency employees from participating in any official action in which they or their spouses or other household members have a financial interest. In addition, DLA personnel shall not receive or retain any direct or indirect financial interest that conflicts with their duties or responsibilities. DLA has identified 153 employees with financial conflicts of interest resulting from their spouse's employment. As of June 1991, DLA was reviewing 81 of these cases. In the remaining 72 cases, employees were disqualified from performing specific duties or reassigned to other positions or locations. In 10 cases, the conflict was resolved because the household member resigned. If a financial conflict of interest cannot be resolved, the employee can ask for a waiver. DLA records identify only two requests for waivers in the 1980s; both requests were denied. However, 62 of the 153 DLA employees with conflicts of interest have requested a waiver. DLA's district offices have denied 13 of these requests and are evaluating 28 others. The remaining 21 waivers have been or will soon be sent to DLA's General Counsel for final decision. GAO concludes that DLA's regulation is consistent with conflict-of-interest laws and regulations applicable to all government employees. Further, DLA's regulation reflects the government's interest in maintaining high ethical standards while providing for the consideration of DLA employees' individual situations.

**Federal Workforce:  
Continuing Need for Federal Affirmative Employment**

GAO/GGD-92-27BR, Nov. 27, 1991

The 1978 Civil Service Reform Act set forth that a goal of federal personnel management should be a competent, honest, and productive federal workforce reflective of the nation's diverse population. This briefing report provides information on the extent to which the federal government

has achieved such a representative workforce and the effectiveness of the government's management of affirmative employment efforts relating to federal employees. GAO concludes that while the government has made progress toward that goal, white women and Hispanics remain underrepresented in the overall federal workforce. This underrepresentation of women and minorities by grade level suggests the need for continued attention, especially for women and minorities in agencies' key jobs and in the upper levels of those jobs. The affirmative employment planning process has not made such representation a priority, and agencies vary in their success in achieving representation of women and minorities. In addition, the discrimination complaint processing system is often described as in need of repair. These shortcomings point to the continuing need for a strong federal affirmative action program.

**Internal Revenue Service:  
Status of IRS' Efforts to Deal With Integrity and Ethics Issues**

GAO/GGD-92-16, Dec. 31, 1991

In testimony before Congress in July 1991 (see GAO/T-GGD-91-58), GAO discussed IRS efforts to address integrity and ethics issues. This report provides information on IRS' responses to the recommendations in GAO's testimony, including the need to (1) improve employee communication and ethics awareness, (2) maintain the same level of National Office oversight while processing all IG findings, (3) publicize summary information about misconduct cases, and (4) periodically review IRS' disciplinary actions.

**Testimony**

**Implementation of the Certification Requirements of the Procurement Integrity Law**

GAO/T-NSIAD-91-5, Feb. 21, 1991

GAO testified on the implementation of the Procurement Integrity Law, which requires competing contractors and federal procurement officials—including contracting officers—to execute written certifications before the award or modification of contracts exceeding \$100,000. Officials representing both parties must certify that they have no knowledge of any conduct prohibited by the law, such as the offering of gratuities or discussions about future employment. GAO discusses some of the experiences of federal agencies and contractors—including possible violations—in implementing the certification requirements during the

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initial 4-1/2 months the law was in effect (July 16 through November 30, 1989).

Federal Affirmative Action: Better EEOC Guidance and Agency Analysis of Underrepresentation Needed

GAO/T-GGD-91-32, Mar. 16, 1991 (same content as GAO/GGD-91-86, May 10, 1991)

Advance Notice: Public and Private Sector Policy and Practice

GAO/T-HRD-91-19, Apr. 18, 1991

GAO testified on advance notice of business closures and mass layoffs in the private sector and on reductions-in-force (RIF) in the federal government. Advance notice to workers and community leaders helps in getting reemployment assistance to dislocated workers when it counts most—before or at the time of layoff. Private sector employers are now required to provide at least 60 days' notice to workers, the local community, and the state dislocated worker unit. In contracts, most federal agencies give only 30 days' notice before a RIF. As a result, GAO believes it may be extremely difficult to mount an effective reemployment assistance program before or at the time of a RIF. As Congress considers a statutory 60-day notice requirement for federal employees affected by a RIF, GAO recommends that Congress include provisions similar to those for the private sector to ensure that federal workers receive maximum benefit from the assistance available.

The President's Commission on Executive Exchange

GAO/T-GGD-91-38, June 10, 1991 and GAO/T-GGD-91-38, June 19, 1991

The President's Commission on Executive Exchange was created in 1969 to foster understanding between the federal government and the private sector through the temporary placement of executives from one sector to the other. GAO testified that because of erroneous legal advice from OPM, the Commission made expenditures over a 4-year period that did not comply with federal procurement and travel laws. Budgetary controls did not always ensure that the appropriate funds were used for the Commission's expenditures. The Commission and OPM followed required federal personnel laws, regulations, and guidelines for some actions but not for others. Over the past several years, Commissioners appointed by the president have not provided the supervision and review of the agency's activities that were called for in the executive order creating the Commission.

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IRS' Efforts to Deal With Integrity and Ethics Issues

GAO/T-GGD-91-58, July 24, 1991 (same content as GAO/GGD-91-112FS; July 24, 1991)

Federal Affirmative Action: Status of Women and Minority Representation in the Federal Workforce

GAO/T-GGD-92-2, Oct. 23, 1991

A basic personnel policy, set out by law, is to create a competent, honest, and productive federal workforce that reflects the nation's diverse population. While improvements have occurred, the federal civilian workforce still does not reflect the nation's diversity; white women and Hispanics in the federal workforce continue to lag behind their representation in the nation's civilian workforce. This testimony focuses on the representation status of women and minorities in the federal workforce, particularly at the upper grade levels and in jobs that typically lead to those grades. GAO also discusses the need (1) to improve the statistical criteria used to measure women and minority representation and (2) for more emphasis on collecting and/or analyzing recruiting, hiring, training and development, promotion, and separation data to better identify barriers to women and minorities.

The Christopher Columbus Quincentenary Jubilee Commission

GAO/T-OSI-92-2, Nov. 20, 1991

GAO testified about its ongoing investigation of allegations of misconduct involving the Christopher Columbus Quincentenary Jubilee Commission under former Chairman John N. Goudie. Specifically, GAO discusses its findings concerning personal and family ties and financial and business dealings involving members of the Commission and members associated with the Christopher Columbus Licensing Group, Inc., with which the Commission had a licensing contract.

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**Competitiveness and Stewardship**

**Nuclear Waste:  
Quality Assurance Auditors Need Access to Employee Records**

GAO/RCED-91-7, Jan. 18, 1991

The Privacy Act of 1974 restricts both the type of information on private individuals that federal agencies may maintain in their records and the conditions under which such information may be disclosed. The Nuclear

Regulatory Commission, which must approve DOE plans to build a nuclear waste repository at the Yucca Mountain site in Nevada, requires a quality assurance program to guarantee that studies of the site are done by qualified employees. Under such a program, the training and qualifications of DOE and contractor employees would be verified. This report reviews (1) DOE's efforts to identify and resolve the implications of the Privacy Act for DOE's quality assurance program and (2) how the delay in resolving Privacy Act issues may have affected preliminary work on the Yucca Mountain project.

**Workforce Issues:  
Employment Practices in Selected Large Private Companies**

GAO/GGD-91-47, Mar. 13, 1991

As part of an effort to assess the government's ability to attract and retain employees, GAO examined employment practices in the nonfederal sector that may have applications in the government. GAO surveyed large companies with many employment locations around the country. This report presents the results of that survey concerning recruiting and hiring practices; benefit programs; pay practices; and other programs—planned or in place—dealing with family concerns, alternatives to traditional work arrangements, older workers, and managing an increasingly diverse workforce.

**Federal Pay:  
Private Sector Salary Differences by Locality**

GAO/GGD-91-63FS, Apr. 29, 1991

The concept of "locality pay," which will be applied to federal workers beginning in 1994, links government pay rates to prevailing nonfederal salary levels in each geographical area. This fact sheet indicates how private sector and federal salary rates compare, particularly in many areas with the largest number of federal white-collar employees. GAO found that the private sector overall paid more than the federal government in each of the 22 metropolitan statistical areas it reviewed. However, the size of the differential varied from area to area, ranging from 6 percent in San Antonio to 39 percent in San Francisco. In 9 of the 22 areas, average federal pay trailed private sector pay by more than 25 percent. In only 3 of the 22 areas was the average private sector pay advantage less than 15 percent. The data also revealed a substantial difference in federal/private

sector pay competitiveness within the metropolitan statistical areas across salary grades and across jobs within grades.

**Experts and Consultants:  
Weaknesses in Hiring Process at State's Office of Inspector  
General**

GAO/GGD-91-60, June 24, 1991

In a draft report to Congress, the State Department's OIG was linked to problems concerning the appointment of experts and the reporting on consulting contracts. In the final version of this report, however, these references were omitted. GAO found that these omissions did not involve a deliberate attempt to conceal internal OIG problems but rather stemmed from (1) reporting before complete information about problems was known and (2) misunderstandings among OIG staff. However, GAO concludes that many of the expert appointments were questionable and that contracting requirements were not followed.

**Nuclear Security:  
DOE Original Classification Authority Has Been Improperly  
Delegated**

GAO/RCED-91-183, July 5, 1991

Despite an executive order limiting the authority to make original classification decisions to government officials, DOE has delegated this authority to a number of contractor employees. Although the number of original classification decisions made by these contractors is small, this number neither negates nor diminishes the significance of the improper delegation of authority. If misclassification were to occur, particularly at the Top Secret level, U.S. national security interests could potentially be seriously affected and threatened. Furthermore, DOE's argument that the delegation of such authority is a long-standing policy and done on a selective basis does not legitimize the practice and does not relieve DOE of its responsibility to meet the requirements of the executive order. To meet the requirements of the order, DOE needs to independently assess all original classification determinations made by contractors; otherwise, DOE cannot be sure that U.S. national security interests have been or are being adequately protected.

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**Federal Workforce:  
Inappropriate Use of Experts and Consultants at Selected Civilian  
Agencies**

GAO/GGD-91-99, July 17, 1991

The services of outside experts and consultants can be obtained through appointments of individuals to the civil service as special government employees, under procurement contracts, or through an advisory committee. GAO examined whether (1) agencies complied with federal requirements for making expert and consultant appointments and (2) agencies and OPM adequately monitored the appointments to ensure compliance with applicable requirements. Out of 106 appointments randomly selected and examined, GAO found that 37 were inappropriate, primarily because they were made to positions that involved full-time or continuous duties that are the responsibility of career employees. Further, some experts and consultants do not appear to have the required qualifications for the positions to which they were appointed. GAO believes that the problems found with these appointments went undetected because of limited agency and OPM oversight.

**Defense Contract Audits:  
Defense Contract Audit Agency's Staff Qualifications, Experience,  
Turnover, and Training**

GAO/AFMD-91-72, July 19, 1991

During fiscal years 1986 through 1990, the Defense Contract Audit Agency recruited and hired over 4,600 auditors to fill new staff positions authorized by Congress and to replace staff who had left the agency. All of these auditors met or exceeded OPM's minimum qualification standards for federal government auditors. The Agency accomplished this by expanding its recruitment program and by using direct hire authority delegated to it by OPM. The Agency also maintained a cadre of experienced auditors, as measured by their grade levels and years of experience at the Agency. Between fiscal years 1986 and 1990, the Agency's staff turnover rate was generally lower than that of other Department of Defense (DOD) audit organizations but somewhat higher than OPM's reported turnover rate for all federal government auditors. During this period, however, the Agency's staff turnover rates may have appeared higher to the contractors being audited because the Agency's auditor rotation policy results in the frequent movement of audit staff among contractor locations. The Defense

Contract Audit Agency expanded its training program to meet the requirements of a larger audit staff by providing more contract auditing classes and training more auditors. Moreover, the Agency's auditors met, and most, exceeded the minimum hours of training required by the Agency's training policy and applicable federal standards.

**Severance Pay:  
DOD Not Exempt From Paying Benefits to Greek Employees**

GAO/NSIAD-91-223, July 22, 1991

This unclassified version of a classified report looks at severance payments for Greek nationals employed by DOD. GAO analyzed whether section 311 of the National Defense Authorization Act of fiscal years 1990 and 1991 applies to the closure of two U.S. bases in Greece and determined the amount of severance and incentive pay for employees at both locations. GAO concludes that section 311, which prohibits severance payments if termination of employment results from the host government's request to close or curtail activities at a U.S. base, does not apply to the Greek base closures. Severance and incentive payments will total about \$7.2 million for local nationals employed at the two bases. GAO identified serious problems with the law that Congress could address by eliminating the section. Alternatively, if it wanted to effectively restrict severance pay, Congress could prohibit DOD from using appropriations for severance pay at specific bases.

**Energy Management:  
Using DOE Employees Can Reduce Costs for Some Support Services**

GAO/RCED-91-186, Aug. 16, 1991

GAO reviewed DOE's contracting practices for support services. These practices involve obtaining staff for a wide variety of services related to DOE's management, administrative, and technical activities. This report discusses (1) the overall cost and use of the contracts, (2) the adequacy of controls to ensure that DOE's support service contracts are cost-effective, and (3) whether work done on selected support service contracts could be done less expensively by federal employees. DOE rarely considered the cost of in-house performance in awarding the support service contracts GAO reviewed. In 1990, inadequate attention to cost-effectiveness cost the government at least \$5 million more than was necessary to perform activities for which GAO conducted cost comparisons. GAO believes that

cost comparisons are an essential management tool in making decisions about whether to contract work out.

**Federal Recruiting and Hiring:  
Authority for Higher Starting Pay Useful but Guidance Needs  
Improvement**

GAO/GGD-91-22, Sept. 10, 1991

Since 1964, federal agencies have been allowed to offer higher starting salaries to new workers who have superior or unique qualifications. Over the years, that authority has been expanded. In 1988 OPM gave all federal agencies the authority to approve such federal appointments without first seeking permission from OPM. The 1990 Federal Pay Comparability Act further expanded that authority by extending the allowance for higher starting salaries to new workers below the GS-11 grade. GAO was asked to review agencies' use of this authority. It discovered that while the authority is a very helpful recruiting aid for agencies, control over the use of the authority needs improvement. Specifically, GAO found that OPM's guidance to agencies on when they may offer higher starting salaries should be more instructive to help agencies decide who qualifies for higher starting salaries. For example, the guidance should (1) require agencies to compare, where practicable, candidates' qualifications with those of current employees in the same positions and (2) outline conditions that define "special need." GAO believes that current OPM guidance, which is designed more for candidates with experience, is inappropriate for positions below the GS-11 grade. Better guidance from OPM would also help agencies that are major users of the authority to develop their own, more tailored guidance.

**Nuclear Health and Safety:  
Workers' Compensation Rights Protected at Hanford**

GAO/RCED-91-203, Sept. 10, 1991

Since 1943, the Washington State Department of Labor and Industries has had a contract with DOE or its predecessor to administer a self-insured workers' compensation/pension program for contractor employees at DOE's Hanford Site near Richland, Washington. This review stemmed from concerns that the contract's implementation could have prevented Hanford employees from filing workers' compensation claims for radiation-related injuries or occupational diseases resulting from their

employment at the Hanford Site. GAO found that since the late 1950s the procedures for filing claims contain sufficient checks and balances to ensure they cannot be blocked by DOE. However, this assurance is lacking for claims initiated between 1943, when Hanford was founded, and the late 1950s. Claim-filing procedures in effect at that time required claims to be submitted to the state through the employer. However, no evidence was found that DOE did not forward employee claims to the state before the procedural change, nor were DOE, state officials, or employee union representatives aware of any Hanford employee being denied the right to file a workers' compensation claim.

**Foreign Assistance:  
AID's Use of Personal Services Contracts Overseas**

GAO/NSIAD-91-237, Sept. 13, 1991

Overseas missions and offices of the Agency for International Development (AID) used several hundred U.S. personal services contractors to perform a broad range of mission and project management functions. GAO's review disclosed no instances in which contractors performed inappropriate functions—such as negotiating with foreign entities; entering into an agreement on behalf of the United States; or making decisions involving planning, budgeting, programming, and personnel selections. However, in its reviews in Guatemala, Honduras, Indonesia, the Ivory Coast, Kenya, and Pakistan, GAO did identify situations where contractors worked without close or continuous supervision, thus enabling them to influence AID operations by providing advice and recommendations. GAO recommends more stringent enforcement of conflict-of-interest regulations for personal service contractors.

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Testimony

Federal Lobbying: Lobbying the Executive Branch  
GAO/T-GGD-91-70, Sept. 25, 1991

The Byrd amendment—enacted in October 1989—prohibits the use of federal funds for lobbying agency employees or Members or employees of Congress in connection with the awarding of contracts and loans and entering cooperative agreements. GAO testified that 28 of 31 agencies it surveyed had implemented the amendment; three agencies—FDIC, RTC, and the Export-Import Bank—had not. GAO and many IGs identified problems with the act's implementation and effectiveness. Required certifications and disclosure forms were not always filed and disclosure forms that were

filed were often incomplete, lacking such required information as payments to lobbyists, the names of persons lobbied, and the dates of service. Reasons for these problems include the newness of the law, the voluntary nature of compliance, ambiguity in the definition of lobbying, exclusion of certain types of program advocacy from the act, and ambiguity in the law and OMB's guidance to agencies on the act's implementation. Refinements to the law and to OMB's guidance can reduce some of these problems. On a related matter, GAO testified that none of the disclosure forms filed with the Senate so far related to contracts awarded by the Federal Aviation Administration (FAA), despite the fact that agency officials had frequent contact with contractors or their representatives about contract awards.

FAA Staffing: Better Strategy Needed to Ensure Facilities Are Properly Staffed

GAO/T-RCED-92-8, Oct. 16, 1991

The air traffic controller staffing levels of FAA have been a problem since 1981 when more than 11,000 controllers went on strike and were fired. In looking at efforts by FAA to rebuild its workforce in the 10 years since the strike, GAO found that FAA has updated its staffing standards. The standards indicate that FAA is about 700 controllers, or 4 percent, short of its overall staffing goal of about 18,300. However, GAO also found that at selected air traffic control facilities, actual staffing levels differ substantially from the levels the standards prescribe. Some of the busiest facilities in the country have levels that are well below the staffing standards. GAO also found that FAA is developing a new plan to improve hiring, training, and placement of controllers. It remains to be seen how the plan will relate to FAA's current efforts and whether FAA can effectively implement the plan.

Federal Labor-Management Relations Program

GAO/T-GGD-92-8, Nov. 19, 1991

In this testimony GAO tries to answer the following questions: How well is the federal labor-management relations program working? Are changes needed for the future? Has the program fostered a cooperative spirit between management and labor to help agencies' quality improvement initiatives succeed? GAO interviewed experts on federal labor-management relations, a large majority of whom said that the program is not accomplishing its objectives. The experts said that the program is characterized by excessive litigation, adversarial relationships between agency management and unions, and too little focus on issues that are of

greater importance to employees. GAO also surveyed union representatives connected with 13 departments and agencies. These respondents tended to agree with the experts' assessments of the program. On the basis of these findings, GAO testified that the program needs substantial reform. Rather than a piecemeal approach to technical changes, GAO recommends that a special panel of nationally recognized experts in labor-management relations and participants in the federal program be created to develop a plan for comprehensive program reform.

Federal Employment: Job Displacement Assistance for Disabled Workers  
GAO/T-GGD-92-6, Dec. 11, 1991

DOD estimates that budget cuts, along with base realignments and closures, will affect an estimated 200,000 civilian employees over the next 4 years. Officials acknowledge that existing placement systems will be severely strained by the large number of reductions. This testimony (1) briefly describes the operations of certain job information and placement programs that can help displaced workers; (2) provides recent job placement data for displaced federal employees; and (3) identifies questions, limitations, or preliminary concerns about these programs.

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# Federal Agency Organization and Management

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## **Immigration Management: Strong Leadership and Management Reforms Needed to Address Serious Problems**

GAO/GGD-91-28, Jan. 23, 1991

INS is faced with balancing the demanding roles of enforcement and service. On the one hand, INS enforces laws meant to prevent the illegal entry of millions of poverty-stricken, often repressed people naturally drawn to a better life in the United States. On the other hand, INS facilitates legal immigration by processing millions of requests relating to citizenship and asylum and by inspecting hundreds of millions of people at ports of entry. This report, one in a series of general management reviews of major federal departments and agencies, concludes that over the past decade weak management systems and inconsistent leadership at INS have allowed serious problems to go unresolved. As a result of these problems, the agency has degenerated into a group of segmented autonomous programs, each trying to handle its own set of problems with little attention to their interrelatedness. Compounding this lack of overall direction is a chaotic budget development process that has produced budgets that are simply compilations of program submissions with little accountability for funds or attention to agencywide priorities. The current INS organizational structure, marked by complicated lines of authority and communication, adds to and perpetuates the agency's segmented management. Although INS' problems did not happen overnight, the agency needs to take immediate action to improve both enforcement and service operations. In the long run, the Department of Justice and INS must articulate a vision of how INS is to effectively implement the nation's immigration policy.

## **U.S. Department of Agriculture: Strategic Marketing Needed to Lead Agribusiness in International Trade**

GAO/RCED-91-22, Jan. 22, 1991

GAO found that USDA agencies rarely employ strategic marketing—a range of practices that identify consumer needs and develop products and delivery systems to satisfy those needs—to help U.S. agribusiness better compete in both export and domestic markets. Although USDA agencies are reacting positively to some of the challenges of strategic marketing, GAO concludes that overall USDA is not prepared to guide agribusiness in a

market-driven economy. Important marketing policies, practices, and skills are lacking within individual agencies, impairing USDA's ability to fulfill a leadership role. For example, three of the four agencies GAO examined do not coordinate their program planning or systematically exchange information. These factors have contributed to USDA's inability to develop a plan for marketing as a coordinated, departmentwide issue under the new management-by-objective system.

**U.S. Department of Agriculture:  
Farm Agencies' Field Structure Needs Major Overhaul**

GAO/RCED-91-9, Jan. 29, 1991

USDA runs its farm programs and services through one of the federal government's largest and most decentralized field structures. This structure is a creation of the 1930s and reflects the more limited transportation and communication systems in use at that time. Given changing patterns in American agriculture and mounting constraints on federal spending, GAO looked for ways to improve the overall management of USDA's field structure. GAO found that USDA can save millions of dollars while maintaining or improving operational effectiveness by (1) more aggressively pursuing incremental improvements through field office collocations and consolidations and (2) restructuring to provide a more flexible, integrated field organization. In this report, GAO notes the likelihood of many sources of opposition to the restructuring of USDA field operations. As a result, USDA will need to engage its grass roots staff, top management, farm clients, and Congress in updating its current structure to one that can effectively deliver services into the next century.

**U.S. Attorneys:  
Better Models Can Reduce Resource Disparities Among Offices**

GAO/GGD-91-39, Mar. 6, 1991

After reviewing the Department of Justice's process for allocating attorneys among the 94 U.S. Attorney offices, GAO concludes that the process does not adequately account for differences in complexity of legal workloads among offices. Many factors, including case type (e.g. drugs, organized crime), number of defendants, and whether a trial or indictment occurred, make some cases more complex—that is, taking more time and effort to litigate—than others. Yet Justice's allocation process seeks to measure only a few of these factors. GAO developed (1) a "workload

model” to account for differences in the workloads of the U.S. Attorney offices and (2) an “allocation model” to assign new attorney positions in such a way as to reduce staffing disparities identified by the workload model. The results of GAO’s workload model suggest that resource disparities exist among U.S. Attorney offices. GAO’s allocation model showed a high level of agreement with the actual allocation Justice made for most offices, but the two allocations differed substantially for some offices. GAO cautions that these models must be interpreted with care. They serve only as a rational starting point for allocating attorneys and obviously cannot substitute for managerial and political judgment.

**U.S. Department of Agriculture:  
Improving Management of Cross-Cutting Agricultural Issues**

GAO/RCED-91-41, Mar. 12, 1991

This is one of several GAO reports on the management of USDA, which is comprised of 36 agencies under the leadership of 2 under and 7 assistant secretaries. Traditionally, policies are set and implemented by the agencies responsible for a particular area. However, a growing number of issues—termed cross-cutting issues—must be dealt with by more than one agency. In assessing USDA’s effectiveness in managing cross-cutting issues and identifying ways for improving management of these issues, GAO focuses on three emerging issues: food safety, agricultural biotechnology, and water quality.

**General Services Administration:  
Status of Management Improvement Efforts**

GAO/GGD-91-59, Apr. 3, 1991

This report examines progress made by GSA in implementing recommendations made by GAO in its November 1989 general management review of GSA. Those recommendations focused on improving GSA’s performance in managing the federal government’s billion dollar real estate portfolio and providing various facilities, goods, and services. GSA has started to implement many of the recommendations, especially in the areas of executive leadership, facilities management, and management information. More improvements remain to be made, however, especially in the human resources area. In addition, because several of the recommendations are still open and long-term efforts are needed to

implement many of them, it is critical that GSA stay committed to and provide sustained attention to GAO's recommendations.

**Managing IRS:  
Important Strides Forward Since 1988 but More Needs to Be Done**

GAO/GGD-91-74, Apr. 29, 1991

IRS faces many challenges, including a burgeoning workload that threatens to overwhelm its antiquated computer system and increasing demands to do more in a time of fiscal austerity. GAO found that IRS, in response to recommendations made by GAO in 1988, has taken steps to establish a leadership framework that will help it address these problems. Among the most important actions were the establishment of the positions of Chief Financial Officer, Controller, and Chief Information Officer and the creation of a business review process. This report also discusses actions that IRS needs to take to better ensure that these mechanisms are effective in improving efficiency, managerial accountability, and quality.

**U.S. Department of Agriculture:  
Strengthening Management Systems to Support Secretarial Goals**

GAO/RCED-91-49, July 3, 1991

USDA makes decisions every day that rely heavily on its financial, information, and human resources management systems. GAO concludes that weaknesses in USDA's basic management systems, which were set up in a simpler era, severely limit its ability to carry out its responsibilities efficiently and effectively. These weaknesses, often long-standing, developed because USDA has not had strong central leadership and oversight. Without strong central leadership in basic management systems, improvements are likely to be ad hoc, not occur in all agencies, and ultimately cost more than necessary. USDA has launched several important initiatives to improve its management systems. However, without strong central leadership and more comprehensive solutions to persistent problems, these efforts will not be adequate to address underlying weaknesses in the management systems.

**U.S. Department of Agriculture:  
Revitalizing Structure, Systems, and Strategies**

GAO/RCED-91-168, Sept. 3, 1991

USDA's organizational structure—essentially unchanged since the 1930s—is unresponsive to the new challenges it faces. Consolidating and integrating organizational functions, for example, would allow USDA to provide the same service more efficiently to agribusiness customers and give it flexibility to meet needs more effectively. In addition, USDA needs to be able to coordinate and integrate its diverse responsibilities in cross-cutting issues, like food safety, water quality, and marketing. Information, financial, and human resources management systems need strategic planning to ensure that weaknesses are addressed in all agencies and that systems operate as a unit. Revitalizing USDA will not be an easy task. The individual agencies protect their interests, which are often closely tied to special interest groups and as such garner considerable congressional support. Strong top management leadership is essential to ensure that individual agencies institutionalize the needed changes. Congressional support will also be needed to enable USDA to help U.S. agribusiness produce safe, healthful, and environmentally sound food and fiber products to meet the needs of consumers worldwide.

**Wilderness Management:  
Accountability for Forest Service Funds Needs Improvement**

GAO/RCED-92-33, Nov. 4, 1991

To help ensure that Forest Service wilderness areas are protected and maintained in their natural state, Congress increased funding for wilderness management by almost 80 percent during fiscal years 1989 through 1991. The Forest Service, however, diverted more than one-third of the \$44.7 million designated for wilderness management to other activities. Of the \$28.3 million spent on wilderness management, \$10.5 million was used for management expenses—mainly salaries and administrative costs—at organizational levels above the district offices, with the remainder spent on wilderness management at the district level. The Forest Service reported that 112 of the 500 district offices managing wilderness areas saw cuts in funding for fiscal year 1990, including some offices that had earlier reported funding and staffing shortfalls. Contrary to congressional directives, the Forest Service reprogrammed these funds without seeking prior approval by the House Committee on Appropriations. The head of the Forest Service recently outlined several

steps to ensure that (1) designated funds are spent as Congress intended, (2) the Committee's reprogramming procedures are followed, and (3) greater accountability exists over funds designated for wilderness management. In addition, GAO suggests that the Forest Service refine its accounting for expenditures and establish output targets to improve accountability over expenditures of wilderness management funds and the performance of wilderness managers.

**Aviation Safety:  
Problems Persist in FAA's Inspection Program**

GAO/RCED-92-14, Nov. 20, 1991

To ensure the safety of the flying public, FAA inspects airlines for compliance with aviation regulations. Last year, FAA inspectors identified about 300 regulatory violations and 1,900 unsafe practices on scheduled commercial airlines. Yet GAO found that FAA's inspection program contains many deficiencies that impede FAA's ability to ensure the safe operations of airlines. FAA lacks adequate information to help oversee its inspection program. In addition, FAA cannot effectively evaluate airlines' safety conditions because it does not (1) have adequate guidance for properly classifying airline problems, (2) assess the conditions inspectors found or evaluate their severity, and (3) know whether airlines are correcting problems. Since FAA will never have enough money and manpower to inspect all carriers all the time, it needs to make more effective use of its limited resources. FAA's Program Tracking and Reporting Subsystem—a computer-based system designed to provide data for planning and overseeing FAA's inspection program—does little to help the agency decide which carriers need more inspections and which need less. A system to systematically and uniformly determine risk could provide FAA with information vital to enhancing its inspection program. Although FAA has monitored DOD's system for years, it has done little, until recently, to apply the concept of risk assessment to the management of its inspection resources.

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Testimony

U.S. Attorneys: Better Models Can Help Reduce Resource Disparities  
Among Offices

GAO/T-GGD-91-14, Mar. 13, 1991 (same as GAO/GGD-91-39, Mar. 6, 1991)

Immigration Management: Strong Leadership and Management Reforms  
Needed to Address Serious Problems

GAO/T-GGD-91-23, Apr. 24, 1991

INS faces the difficult challenge of stopping illegal entry into the United States while also providing service to people seeking immigration benefits. Over the past decade, weak management systems and inconsistent leadership have allowed serious problems to go unresolved. While INS has addressed cash and debt management problems and has hired a total quality management firm to assist in establishing a framework to develop a strategic vision, much work remains to be done before INS will have fixed its fundamental management problems.

Service to the Public: How Effective and Responsive Is the Government?

GAO/T-HRD-91-26, May 8, 1991

Are the American people getting their money's worth from the federal government? GAO testified that a lot will be required of the government and its managers to operate more efficiently and effectively in the years ahead but that positive signs are on the horizon. In general, the problems of the government are its management, not its people. To improve management, agencies need to develop strategies to overcome disruptive effects of leadership changes, such as long-range plans and sound financial management systems. Agencies also must become accustomed to operating with the customer's needs in mind and to measure performance accordingly. Congress can play an important role in this type of reform by supporting agency efforts in the following three areas: quality management, stewardship of public funds, and more systematic program evaluation.

HUD Reforms: Limited Progress Made Since the HUD Scandals

GAO/T-RCED-91-62, June 12, 1991

In GAO's view, it is too soon to evaluate the effectiveness of efforts by the Department of Housing and Urban Development (HUD) to combat widespread waste, fraud, and abuse at that agency. GAO concludes, however, that the underlying causes of the scandals at HUD—inadequate information and financial management systems (including computerized systems), weak internal controls, inappropriate organizational structure, and insufficient staffing—remain largely unresolved, leaving the agency vulnerable to future problems.

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Immigration Management: Actions Being Taken, but Problems Remain

GAO/T-GGD-91-48, June 24, 1991

INS faces the difficult challenge of preventing illegal entry into the United States while at the same time providing service to individuals seeking legal immigration benefits. Over the past decade, weak management systems and inconsistent leadership have allowed serious problems at INS to go unresolved. These problems, however, did not develop overnight, and solving them will require people with the right skills to fill the new key positions and a sustained commitment from both INS and the Justice Department. While both INS and Justice have started to systematically improve INS' management framework, INS is just beginning its efforts. Such efforts, including a recently approved reorganization and development of a total quality management framework, should put the agency in a position to confront its management problems. Yet challenges remain. For example, overlaps in the enforcement program continue, and progress in addressing financial management weaknesses has been slow.

Management Challenges Facing IRS

GAO/T-GGD-91-20, June 25, 1991

IRS' inventory of billed but unpaid taxes is pushing \$100 billion and up to half of this amount may have to be written off because of lagging collections. Other challenges facing IRS include providing assistance to over 70 million taxpayers, processing over 200 million tax returns, collecting and accounting for over \$1 trillion in revenues, and narrowing the \$100 billion a year tax gap. In GAO's view, IRS' old way of doing business can no longer handle IRS' current workload and demands, let alone carry the agency into the 21st century. GAO testified that new management strategies at IRS—including strategic planning, financial management, compliance initiatives, and an \$8 billion computer modernization effort—appear promising.

Identifying Options for Organizational and Business Changes at IRS

GAO/T-GGD-91-54, July 9, 1991

Tax Systems Modernization is a major IRS effort to update its information systems to provide taxpayers and IRS internal users with timely and accurate tax services. GAO strongly supports IRS' modernization program and believes it has great potential for improving tax administration. IRS' Design Master Plan outlines a solid technical blueprint and suggests how automation will greatly enhance service to taxpayers and promote more efficient processing of tax returns. The plan, however, does not provide a

corresponding vision of how the new technology could enable the agency to transform its future organizational structures and business operations. Although automation should provide clear benefits, IRS' existing organization structure and business operations—based on outdated technology—will keep the agency from realizing its potential. GAO concludes that now is the time for IRS to systematically examine options for major changes in business operations, unconstrained by assumptions that limit organizational change.

Justice Management: The Value of Oversight Has Been Demonstrated  
GAO/T-GGD-91-51, July 11, 1991

GAO's work concerning INS; the Bureau of Prisons; and debt collection, asset seizure and forfeiture, and information resources at the Department of Justice illustrates the need for and benefit of effective congressional oversight of Justice programs. However, GAO testified that it has not enjoyed consistently good access to necessary information. As GAO has turned from administrative and support functions to investigative and prosecutorial activities, it has encountered increasing resistance from Justice to its information requests. The problems are most prevalent at the Federal Bureau of Investigation (FBI) and in connection with GAO's work on financial institution fraud. In addition, FBI routinely resists cooperating with GAO's Office of Special Investigations, which was created to look into allegations of waste, fraud, and abuse in the federal government. GAO concludes that it is important that the Justice Department reach an accommodation with GAO for providing information and documentation in specific cases. In exercising its oversight responsibility, a partially informed Congress cannot balance interests fairly, resolve issues effectively, or deliberate soundly.

Management Issues at the National Aeronautics and Space Administration  
GAO/T-NSIAD-91-48, Aug. 1, 1991

In this testimony on management reviews done at NASA over the past 4 years, GAO discusses basic management activities at the agency. These activities include developing strategic planning systems to prepare NASA for future challenges; dealing with leadership problems that arise from a high turnover rate and lack of accountability; addressing long-standing problems involving information resources management, financial management, and internal controls; and focusing on how managers and workers are recruited and trained. GAO is encouraged by high-level NASA interest in identifying and implementing management improvements. In

general, NASA has been receptive to GAO's suggestions. At the same time, however, significant management problems exist at NASA, and that agency faces a formidable task for the foreseeable future.

GSA: A Central Management Agency Needing Comprehensive  
Congressional Oversight

GAO/T-GGD-92-3, Oct. 29, 1991

While Congress has been involved in individual projects and has kept a watchful eye on specific GSA efforts, such as major automatic data processing (ADP) procurement and capital investment projects, it has paid little attention to GSA's overall efforts to fulfill its mission. The annual reauthorization of GSA's overall operations as proposed by H.R. 3161 is designed to improve legislative oversight. To be effective in addressing GSA's problems, GAO testified that the focus of the reauthorization should (1) be on holding GSA accountable for defining and achieving key strategic goals and objectives, (2) cover a period longer than a single year, and (3) perhaps involve sunset provisions for particular GSA activities on a staggered basis.

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# Major Government Business Operations

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## Postal Service

### **Mail Management: Improved Social Security Mail Management Could Reduce Postage Costs**

GAO/GGD-91-34, Feb. 13, 1991

This report—one in a series on how federal agencies can improve management of their mail operations—looks at how SSA, one of the largest civilian agency mailers, could reduce postal costs through improved mail management. GAO found that while SSA's mail managers have begun some mail cost reduction measures, more work needs to be done. SSA's mailing initiatives cut fiscal year 1989 postage costs by about \$16 million. However, SSA could have further reduced mail costs by (1) using a nine-digit zip code on First-Class, computer-generated mail; (2) presorting First-Class, computer-generated mail from large volume mailing locations; and (3) printing a barcode on outgoing mail where applicable. In addition, SSA could have reduced overpayments to the U.S. Postal Service (USPS) resulting from overstating anticipated postage costs. Further, SSA lacks a multiyear mail management plan with goals and timetables for making mail management improvements.

### **Mail Management: The Department of Veterans Affairs Can Further Reduce Its Postage Costs**

GAO/GGD-91-44, Mar. 19, 1991

This report—one in the series on how federal agencies can improve management of their mail programs—looks at how the Department of Veterans Affairs (VA) could reduce postage costs through improved mail management. VA incurred \$48 million in postage costs during fiscal year 1989 and obtained about \$6.3 million in postage discounts. However, GAO believes that VA could save an additional \$4 million each year by sending more prescription and other drugs via fourth-class mail. The concerns of VA medical centers about the timeliness of fourth-class mail service in some areas, while valid, could be overcome by changing VA's prescription renewal policy or by using alternative private sector mail carriers when fourth-class service is considered inadequate.

**Mail Management:  
Labor Programs Run by States Could Reduce Postage Costs**

GAO/GGD-91-43, Mar. 20, 1991

This report—one in the series on how federal agencies can improve management of their mail programs—looks at how the Department of Labor could reduce postage costs at state employment security agencies, which administer the federal-state unemployment insurance and the public employment service programs throughout the country. The agencies incurred \$90.1 million in postage costs in fiscal year 1989. GAO believes that Labor could reduce its annual mailing cost by \$4.8 million if it persuades the agencies to use more presorting and by another \$1.9 if it persuades the agencies to include the nine-digit zip code on their mail. The agencies have little incentive at present to minimize postage costs because they would not directly benefit from any resulting savings. To reap benefits from presorting, Labor will need either to provide more funding to the agencies for equipment and software or to encourage the agencies to use outside contractors; the second option would reduce annual savings by \$2.4 million, although the agencies would be able to avoid investing in equipment and software.

**Postal Service:  
Transfer of Mail Processing from Parkersburg to Clarksburg, WV  
Makes Sense**

GAO/GGD-91-79, May 8, 1991

This report examines USPS' plan to transfer outgoing mail processing from Parkersburg to Clarksburg, West Virginia. Although the original plan for handling Parkersburg's outgoing mail would have adversely affected Parkersburg's service commitments, the recent increase of sorting capacity at Clarksburg will enable it to meet service commitments to Parkersburg. The alternative of having Parkersburg continue to manually process outgoing mail would add to USPS' costs without a service benefit and would become increasingly anomalous as mail processing becomes fully automated nationwide, which is expected by 1995.

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**Postal Service:  
Annual Distribution of 1990 Marketing Costs**

GAO/GGD-91-77BR, May 8, 1991

USPS' Marketing and Customer Service Group handles advertising, product marketing, and market research along with philatelic and retail services. Concerns had been raised that spending patterns of the group might be similar to those disclosed in the past at other federal agencies where obligations were made in the final days of the fiscal year to avoid a loss of budget authority and to reduce the likelihood of cuts in future appropriations. This briefing report discusses in detail the group's end-of-fiscal year 1990 spending practices.

**Procurement Reform:  
New Concepts Being Cautiously Applied at the Postal Service**

GAO/GGD-91-103, Aug. 6, 1991

GAO reviewed USPS' implementation of new procurement rules adopted in 1988 as part of an overall program to improve postal procurement. GAO (1) compared and contrasted federal and USPS procurement rules, (2) examined how USPS has used its authority to exercise more discretionary judgment than federal agencies when making purchases, and (3) assessed the effects when USPS made purchases using the new rules. While contracts GAO examined as well as customer, contractor, and user views on the use of the new procurement rules were encouraging, the additional discretionary judgment has not been enough for GAO to conclude that the policy changes have proven their worth and therefore warrant broader application in other contexts. USPS did not collect data that show the extent to which procurement personnel have used the added discretion permitted by the new rules. USPS also did not keep track of the specific advantages and disadvantages when contracting officers used increased discretionary judgment. This data would be useful not only to USPS but also to other members of the federal procurement community who are considering the adoption of similar techniques.

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**Testimony**

**Operational Performance of the United States Postal Service**  
GAO/T-GGD-91-9, Mar. 5, 1991

GAO testified that USPS had a much better budget year than expected in 1990, enjoying productivity gains and restrained growth in labor costs. Yet

service performance was below expectations. While several factors contributed to this situation, GAO found that pressure on managers to improve productivity may have harmed service in fiscal year 1990. GAO foresees the task of balancing productivity and service as becoming increasingly difficult but not impossible in the coming years. To the extent that USPS' improvement of its service measurement systems translates into real incentive for management performance, GAO is encouraged that service and productivity need not move in opposite directions. In addition, automation promises to greatly assist productivity gains and free up resources for service improvement. GAO will, however, be more comfortable with this conclusion when it sees the methodology to be used to definitively identify and realize savings from automation.

Postage Stamp Production and Procurement

GAO/T-GGD-91-39, June 5, 1991

GAO believes that the situation between the Bureau of Engraving and Printing and USPS is much improved. By 1988 the relationship between the two agencies had become so strained that USPS proposed that all stamp production be contracted out to the private sector within 5 years. A 1990 formal interagency agreement spelling out detailed understanding and procedures has resulted in a much more businesslike arrangement. Because USPS is not legally required to buy all or any of its stamps from the Bureau, however, the long-term outlook for the Bureau's role in producing postage stamps is uncertain. In GAO's view, USPS should not be required to buy solely from the Bureau because competition is a healthy incentive toward excellence. Given this, the Bureau's total quality management initiative, properly implemented, should provide more dependable assurance of a thriving public sector stamp production than would a legislated monopoly.

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General Services

**Government Vehicles:  
Officials Now Rarely Receive Unauthorized Home-to-Work  
Transportation**

GAO/GGD-91-27, Mar. 15, 1991

While cases of unauthorized home-to-work transportation of high-level federal officials have occurred, GAO found that routine home-to-work transportation is generally confined to approved individuals. The instances of unauthorized use that GAO identified tended to be isolated or infrequent

occurrences and did not constitute a regular pattern of abuse. All 13 agencies reviewed kept required vehicle logs or other records, such as notations on an appointment calendar for home-to-work transportation. However, 10 of the 13 agencies failed to notify the relevant congressional committees about home-to-work transportation arrangements for their principal deputies. As a result, the committees have been hampered in their oversight responsibility for use of government funds. As of September 1990, none of the agencies had established rules for the use of government-owned or leased vehicles outside of official business; Congress may wish to monitor development and implementation of such rules.

**GSA Travel Services:  
Small Disadvantaged Businesses Seldom Receive Contracts**

GAO/GGD-91-58BR, Apr. 26, 1991

In response to concerns that small businesses and small disadvantaged businesses seldom receive government travel contracts, GAO looked at how GSA has been contracting with travel agencies to provide travel arrangements for government employees. GAO found that small disadvantaged businesses have had little success in winning GSA travel service contracts. During the past 3 fiscal years, small businesses received about 9 percent of the estimated travel service contracts awarded by GSA, while small disadvantaged businesses received about 1 percent of the estimated dollar value. In an effort to increase participation by small and small disadvantaged businesses, the Air Force has created smaller acquisitions by allowing installations to contract for their own travel services, and the Army has required offerors to submit subcontracting plans. These options are available to GSA if it chooses to give small and small disadvantaged firms greater opportunity for travel service contracts.

**Consulting Services:  
Contract Obligations for Fiscal Years 1987, 1988, and 1989**

GAO/GGD-91-62FS, May 8, 1991

Federal agencies are required to report certain data on consulting contracts that exceed \$25,000 to the Federal Procurement Data Center, which runs a computer system that collects, develops, and disseminates this information. Among the items to be reported are the amount of the contract, the main type of product or service procured, and whether or not

the contract is considered a consulting service. This fact sheet provides information on consulting service contract obligations by federal agencies. GAO discusses the extent to which federal agencies incurred obligations for consulting services for fiscal years 1987 to 1989 as reported by the Federal Procurement Data Center.

**Government Contractors:  
Are Service Contractors Performing Inherently Governmental  
Functions?**

GAO/GGD-92-11, Nov. 18, 1991

Should government employees or contractors determine the eligibility of government employees to receive security clearances, run prisons, or assess the effectiveness of weapons systems being developed? Such questions are central to the continuing debate over whether contractors should assume certain governmental duties and what controls or limitations should be placed on the government's authority to contract out these functions. None of the documents GAO reviewed clearly defined inherently governmental functions. OMB could improve its current guidance by defining governmental functions in terms of relative responsibilities of the government and contractors. OMB, guided by this concept, should develop a short generic list of inherently governmental functions. In addition, agencies should develop their own supplemental guidance. Although most of the contracts GAO reviewed seemed appropriate for contractors to administer based on existing OMB and agency policy guidance, GAO found that the Department of Transportation, DOE, and the Environmental Protection Agency may have contracted out for some activities that may have involved inherently governmental functions. Because of the difficulty in defining governmental functions, however, GAO could not definitively conclude that these activities involved such functions. In addition, some agency officials said that one of the major reasons that agencies used contractors to administer some functions that might be inherently governmental was the lack of federal positions for employees and the lack of federal employees with sufficient expertise to do the work.

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Real Estate

**Navy Office Space:  
Cost Estimate for Consolidating the Naval Systems Commands May  
Be High**

GAO/GGD-91-61, Mar. 8, 1991

GAO reviewed GSA's cost estimates for locating the Naval Systems Commands offices in Northern Virginia. To cover all construction and land acquisition costs, Congress appropriated \$240 million for the facility and an additional \$10 million for contingencies. GAO recognizes that construction cost estimating, particularly for land costs, is often imprecise and subject to differences based on the assumptions used for many unknowns. As a result, neither GAO's nor GSA's estimate should be taken as definitive. However, GAO concludes that GSA's cost estimate of \$273.8 million for 1 million square feet of occupiable space may be high; GAO's estimate for the proposed facility is \$257.8 million. Until offers are received and evaluated by GSA late in 1991, the contract costs will remain unknown.

**Federal Buildings:  
Actions Needed to Prevent Further Deterioration and  
Obsolescence**

GAO/GGD-91-57, May 13, 1991

Reports of deterioration in the nation's dams, bridges, and highways have become all too familiar. Less well known is the mounting evidence of deterioration in federally owned buildings. For example, the Pentagon—now 50 years old—needs a billion-dollar overhaul to overcome decades of neglect. Other federal buildings, though not as neglected as the Pentagon, need at least \$3 billion worth of repairs and alterations. GAO's analysis of 25 federally owned buildings showed that over one-third have had maintenance deferred, including repair and replacement of leaking roofs and plumbing systems, installation of fire alarms and sprinklers, and upgrading of electrical and heating systems. As a result, the value of federal assets has deteriorated, workers have had to endure poor quality workspace, agency operations have been impeded, and employees' health and safety have been jeopardized. Funding limitations and ineffective GSA management and oversight of identified repair and alteration requirements are the two main reasons why buildings have been neglected and gradually allowed to become antiquated and even unsafe.

**Federal Office Space:  
Comparison of Construction Costs for New Judiciary and Navy  
Buildings**

GAO/GGD-91-87BR, May 30, 1991

A recent newspaper article reported that the Judiciary office building being constructed next to Washington's Union Station will cost about \$100 per square foot. In contrast, GSA has said that it will spend about \$273 dollars per square foot for two Navy office buildings in Northern Virginia. This report compares the construction costs of the Judiciary and Navy office buildings, calculating costs per square foot according to total gross space, gross office space, and occupiable office space.

**Land Exchange:  
Phoenix Indian School Development Plan Adversely Affects  
Property Value**

GAO/GGD-91-111, July 25, 1991

The exchange of government-owned land in Phoenix, Arizona—formerly occupied by an Indian school—for environmentally sensitive land in Florida is now under consideration. The 111-acre Indian school site is potentially one of the most valuable undeveloped real estate parcels in the Southwest, depending upon how the city of Phoenix allows the property to be developed. In order to limit competition to downtown development, increase residential housing, and preserve as much parkland as possible, the plan chosen by the Phoenix City Council allowed less commercial space than what the city had proportionately allowed developers in other projects and what some real estate experts considered to be reasonable. Had Phoenix allowed as much commercial development as deemed reasonable by the Department of the Interior's contract appraiser and GAO's consultant, the government might have been able to realize more than the \$80 million minimum price set forth in legislation authorizing the land swap. While GAO did not determine the worth of the property, the plan greatly diminishes the property's value.

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Testimony

National Air and Space Museum Extension Site Selection Process  
GAO/T-GGD-91-5, Feb. 5, 1991

In the early 1980s, the National Air and Space Museum—part of the Smithsonian Institution—began looking at sites on which to build an annex for its growing collection of aircraft. After considering several locations, the Smithsonian chose Dulles International Airport as its preferred site. Beginning in the late 1980s, however, controversy erupted. First, the Governor of Maryland expressed an interest in locating the facility at Baltimore-Washington International Airport, and then the city of Denver proposed locating the annex at Stapleton International Airport. In this testimony, GAO argues that the Smithsonian's site selection process was not systematic, open, or cost-conscious enough to ensure that the most cost-effective site had been selected. Because the Smithsonian has never publicly announced its needs, it has no assurance that the three current offers include all potentially competitive sites. Moreover, the Smithsonian's analysis of the three alternatives has been incomplete. GAO concludes that the selection of Dulles cannot be objectively defended as offering the best value of the three sites, although it may turn out to do so. GAO believes that the Smithsonian should reopen its selection decision and use a more systematic and competitive approach to ensure that the government receives the best value for its investment.

Revised Plan for the National Air and Space Museum Extension  
GAO/T-GGD-91-60, July 30, 1991

In February 1991 testimony before Congress, GAO reported that in considering an extension to the National Air and Space Museum, the Smithsonian Institution did not take a consistent and businesslike approach to selecting a site and developing a facility under potentially competitive circumstances. As a result, the Smithsonian could not objectively defend the selection of Dulles International Airport as the preferred site of the extension. Smithsonian officials later requested that GAO meet with them to discuss the issues raised in GAO's testimony. Over the course of three meetings, the Smithsonian did further site analyses and revised their extension plans. The Smithsonian sent a letter to Congress describing these revisions and included additional cost analysis. This testimony summarizes GAO's previous testimony and its response to the Smithsonian's letter to Congress.

Long-Term Neglect of Federal Building Needs

GAO/T-GGD-91-64, Aug. 1, 1991

In March 1990, testimony before Congress, GAO noted that for nearly 2 decades the federal government has neglected capital investment in modern, quality facilities that would enable federal agencies to carry out their missions more effectively. In this testimony, GAO highlights (1) various consequences associated with the federal government's failure to invest sufficiently in the public buildings infrastructure and (2) the two key obstacles that most directly affect GSA's ability to meet federal space needs effectively—the Federal Building Fund's inadequacy in financing needed capital investment in new as well as existing federal buildings and GSA's lack of a strategic concept of its public buildings role.

Proposed Sale of Federal Land to the Columbia Hospital for Women

GAO/T-GGD-91-69, Sept. 25, 1991 and GAO/T-GGD-92-7, Nov. 13, 1991

H.R. 2570 would authorize the sale of government-owned land in the District of Columbia to the Columbia Hospital for Women for \$12 million. This testimony summarizes GAO's work on the value of the land and assesses the financial condition of the hospital. Because the costs for the proposed health resources center represent a significant financial undertaking for the hospital, GAO supports the concept of providing for the land's reversion if the hospital is unable to build the center.

Real Property Management Issues Facing GSA and Congress

GAO/T-GGD-92-4, Oct. 30, 1991

With over 400,000 buildings that cost hundreds of billions of dollars, the federal government's inventory of real property is enormous. In the past, real property management stressed satisfying basic space needs at the least cost. Today, recognition is growing that quality workspace enhances agency performance and employee productivity. In addition, changing work concepts and styles brought about by new information and telecommunications technology have changed federal workspace requirements. GSA was established in 1949 to bring central direction to the government's essential housekeeping functions. GAO believes that GSA needs to concentrate on its envisioned central management agency role and leave operations up to tenant agencies. GAO has identified several reasons why GSA has not effectively fulfilled its intended central management role in the real property area or been successful in acquiring and managing such assets in a more cost-effective, businesslike manner. Those factors under GSA's direct control are its predilection toward

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operations and its lack of a strategic approach to asset management. Those beyond GSA's direct control are the government's decentralized management of real property, funding shortfalls, the current federal budget structure, and the existing congressional authorization process.

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# Federal Asset Management

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## Federal Properties

### **Asset Forfeiture: Need for Stronger Marshals Service Oversight of Commercial Real Property**

GAO/GGD-91-82, May 31, 1991

This is one in a series of GAO reports on asset forfeiture programs run by the Department of Justice and the U.S. Customs Service. These programs, which deal with hundreds of millions of dollars in seized property each year, have been designated by GAO as high-risk areas warranting special audit effort because of their vulnerability to fraud, waste, and mismanagement. This report addresses key U.S. Marshals Service property management activities and Marshals Service district compliance with policies and procedures in managing high-value commercial real properties—those valued at \$1 million or more at the time of seizure. Internal control problems have resulted in a fragmented program that may not adequately ensure that seized high-value commercial properties are being managed in the best interest of the government. Because basic responsibilities, such as ensuring that a property is seized from the correct party or overseeing the managers of federally seized properties, have not always been carried out, the government has risked losing or has actually lost money on properties worth millions of dollars. While the Marshals Service has made progress on some of these issues, more work needs to be done. Resolution of current problems becomes more urgent as the seized asset inventory grows and includes more properties that are valuable and complicated to managed.

### **Asset Forfeiture: Noncash Property Should Be Consolidated Under the Marshals Service**

GAO/GGD-91-97, June 28, 1991

Although Congress mandated in 1988 that the Department of Justice and the U.S. Customs Service should develop a joint plan for consolidating the post-seizure administration of properties seized as a result of drug-related violations, Justice and Customs have made little progress in developing a plan. As a result of this inaction, duplication of effort continues and potential cost savings remain unrealized. GAO estimates that about \$25 million annually could be saved in administrative costs if all of Justice's and Custom's seized properties—drug- and nondrug-related—were consolidated in one agency. Additional savings should also accrue from

lower vendor costs. Under a consolidated program, the government should be able to negotiate for prices lower than those obtained through separate contracts. GAO believes that Justice should be designated the leader in the consolidation effort and that the Marshals Service should be designated property custodian because (1) Justice's noncash property inventory is 3 times the size of Customs' inventory, (2) the Marshals Service has a staff of over 200 and is experienced in managing property seized by other agencies, and (3) the Marshals Service has a regional infrastructure dedicated to program oversight and providing technical help to its 94 district offices.

**Asset Forfeiture:  
Customs Reports Improved Controls Over Sales of Forfeited  
Property**

GAO/GGD-91-127, Sept. 25, 1991

GAO found that cash sales of more than \$10,000 at the U.S. Customs Service auctions were not being reported to IRS by the previous management contractor. The reporting requirement was designed to help ensure that large cash incomes were being reported to IRS and to curtail money laundering. Recordkeeping was also poor, making it hard for GAO to reconstruct the specifics of such sales. Customs officials said that the current management contractor has corrected these problems. GAO identified no widespread instances of potentially prohibited purchases during its review of controls that Customs uses to ensure that its employees and those of its management contractor and subcontractors do not buy forfeited property and general order merchandise. However, the absence of key buyer identification information on sales transaction records prevented GAO from fully testing 28 percent of the purchases at the auctions it analyzed. More importantly, the absence of complete, readily available information on buyers reduced Customs' and the management contractor's basis for evaluating essentially passive controls over purchases of the forfeited property and general order merchandise. The current management contractor appears to have procedures in place that provide a better basis for ensuring the collection of complete data in the future. With one exception—the purchase of a low-value vehicle—GAO found no indication that violators were buying property that had been seized from them.

**Asset Management:  
Governmentwide Asset Disposition Activities**

GAO/GGD-91-139FS, Sept. 27, 1991

The federal government has a fragmented approach to managing and disposing of assets targeted for disposition. Over time, authority for managing and disposing of these assets has been given to many agencies, and congressional oversight has been spread among numerous committees. The result of such fragmentation has been an absence of any central control over asset disposition activities as illustrated by the absence of a governmentwide inventory of these assets. This fact sheet provides such an inventory and describes the extent of federal involvement in asset disposition activities.

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Testimony

Asset Management: Opportunities to Improve Program Administration

GAO/T-GGD-91-16, Mar. 13, 1991

GAO has designated the asset forfeiture programs at the Department of Justice and the U.S. Customs Service as high-risk areas warranting special audit attention. In this testimony, GAO reports that while the management of both programs has improved considerably, the asset forfeiture program could be improved even further. Specifically, GAO believes that improved efficiencies and dollar savings would result from consolidating Justice's and Customs' noncash seized assets in a single agency for post-seizure management and disposition.

Asset Management: Opportunities for Savings Through Program Consolidation

GAO/T-GGD-91-22, Apr. 25, 1991

The Anti-Drug Abuse Act of 1988 required the Attorney General and the Secretary of the Treasury to develop a plan for consolidating in one agency the task of administering properties seized in drug raids. GAO testified that little headway has been made toward developing that plan. Both agencies have drafted proposals that were rejected by the other agency; limited discussions followed and eventually broke down in February 1990. GAO reviewed the situation and concluded that consolidation would save money and promote efficiency. It recommends that Congress incorporate GAO's proposed framework for consolidation into law.

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## Savings and Loans Bailout

### **Resolution Trust Corporation: Unnecessary Loan Servicing Costs Due to Inadequate Contract Oversight**

GAO/GGD-91-19, Jan. 17, 1991

GAO found that from January to July 1990, RTC might have avoided as much as \$1 million in loan processing costs resulting from continued operations at a large loan processing center in Orlando, Florida. These unnecessary costs arose from inadequate RTC oversight, insufficient RTC and North Carolina National Bank of Florida initiatives to plan for a large reduction in the number of loans processed at the center, insufficient cost information on center operations, and RTC's failure to take early action to market the center. Given the thousands of assets in RTC's current real estate inventory, GAO believes that the Florida situation highlights the urgent need for timely and adequate contractor monitoring efforts.

### **Failed Thrifts' Assets: RTC's Oversight of 1988 Deals Needs Improvement**

GAO/GGD-91-116, Aug. 21, 1991

GAO reviewed the oversight of the asset disposition plans submitted by institutions that acquired failed thrifts from the Federal Savings and Loan Insurance Corporation (FSLIC) in 1988 under financial assistance agreements. GAO did not identify significant problems in FSLIC's division of operations' review and approval of the asset disposition plans. GAO discovered, however, that adequate management information systems for monitoring the implementation of the approved plans and tracking covered asset disposition are not yet fully operational.

### **Resolution Trust Corporation: Evolving Oversight on Interim Servicing Arrangements**

GAO/GGD-91-120, Sept. 18, 1991

This report assesses RTC's efforts to manage assets during the interim period between the sale of the thrift institution and the award of a contract for asset management services for those assets remaining with RTC. A sample of cases were reviewed to determine whether (1) the agreements covering the interim period contained appropriate provisions to protect the interests of the government, (2) RTC had sufficient procedures in place

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to verify bills, and (3) and to what extent RTC monitored contractor performance under the interim agreements.

**Resolution Trust Corporation:  
Immediate Action Is Needed to Control Insurance Costs**

GAO/GGD-91-119, Sept. 20, 1991

Although RTC has made some progress on a plan for self-insuring its real estate holdings and minimizing exposure to third-party liability, more could be done to control the cost of insurance premiums. RTC focused primarily on hiring contractors to assess its insurance needs and develop a program based on the concept of self-insurance. These processes, however, have consumed more than 1 year—far more time than RTC's managers or Tillinghast, the management consulting firm retained by RTC to assess its risk-management practices, thought it would take to get a long-term program started—and are still incomplete. RTC has missed several opportunities to save on insurance costs as a result of delays in getting the self-insurance program started.

**Resolution Trust Corporation:  
Monitoring RTC's Fitness and Integrity Policies for Independent Contractors**

GAO/GGD-91-134BR, Sept. 25, 1991

This briefing report examines RTC's development and administration of ethics and conflict-of-interest policies as they relate to independent contractors. GAO found that RTC has established policies and procedures to ensure that these contractors meet minimum standards for fitness and integrity. The Contractors' Conflicts Committee, along with the various RTC program ethics offices, has begun establishing operational guidelines by using a case law approach to determine fitness and integrity issues as they apply to independent contractors. A goal of RTC's fitness and integrity policies is to disseminate as widely as possible the bases for decisions. Such dissemination of information increases the potential for contractor understanding of RTC's operational guidelines. However, the current backlog of cases raises concerns that contractors may not be getting all the information they need in a timely manner. In addition, RTC is now in the process of revising the procedures used to assess fitness and integrity issues before a contract is awarded. RTC needs to formalize these screening policies and procedures.

**Resolution Trust Corporation:  
A More Flexible Contracting-Out Policy Is Needed**

GAO/GGD-91-136, Sept. 28, 1991

RTC need not justify hiring private contractors on the basis of a comparison of in-house and private-sector contractor costs. The law states that RTC shall use the private sector whenever "practical and efficient" and does not require a justification. In practice, GAO found that RTC directs its staff to use only private-sector asset management and disposition contractors for real estate and problem loan assets. In GAO's view, this policy may not be the most effective asset management and disposition approach for RTC in some instances. RTC staff are concerned that such a change in the agency's contracting policy would divert the staff's attention from the primary goal of contracting-out asset management and disposition. GAO recognizes that RTC must contract out most of its activities; however, situations exist for which it would clearly be less expensive to use in-house staff. Accordingly, GAO recommends that RTC's policy on contracting-out be clarified to help ensure that it can take full advantage of such activities.

**Resolution Trust Corporation:  
Effectiveness of Auction Sales Should Be Demonstrated**

GAO/GGD-92-7, Oct. 31, 1991

RTC believes that auctions are an effective way to sell many types of real estate assets quickly and still get a good price. In GAO's view, RTC's auction approach is conceptually sound and is a productive way to sell assets. Widespread uncertainty, however, exists about the viability of auctions because little analysis has been done on the effectiveness of auctions in maximizing returns relative to the more commonly used brokered sales approach. RTC eventually intends to test the various disposition methods it uses to identify what works best. Yet the results of these tests are needed now to support a decision to continue using auctions as a sales approach. These results could answer the questions of whether returns are being maximized and could help RTC respond to criticism that brokered or other approaches work better than auctions because they produce higher returns.

**Resolution Trust Corporation:  
Proposed Tax Credit Would Add to Government's Cost of Selling  
RTC Assets**

GAO/GGD-92-14BR, Nov. 1, 1991

This briefing report looks at whether a tax credit would facilitate the sale of distressed property held by RTC. The tax credit would be earned in five equal installments, and it would have a present value of up to 80 percent of the purchase price plus the cost of necessary rehabilitation of the applicable RTC property. Specifically, GAO evaluates the cost-effectiveness of a tax credit program that would begin on January 1, 1992, and have a cap of \$1 billion. GAO also discusses RTC's strategies to dispose of properties by lowering their prices and using other alternatives.

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Testimony

**Resolution Trust Corporation: Performance Assessment to Date**  
GAO/T-GGD-91-7, Feb. 20, 1991

The American taxpayer is being asked to shoulder a heavy burden for the many savings and loan officials and thrift regulators who abused their responsibilities. As a result, the government has a special obligation to clean up the industry as effectively and efficiently as possible. In this testimony, the Comptroller General discusses how well RTC has done its job since August 1989. Although GAO believes that RTC is making progress in cleaning up the savings and loan mess, RTC has serious problems in major areas, such as contracting for private sector services, marketing and selling assets, managing conservatorships, and managing information systems.

**Resolution Trust Corporation: Update on Funding and Performance**  
GAO/T-GGD-91-43, June 11, 1991 and GAO/T-GGD-91-47, June 17, 1991

GAO testified on the status of RTC's current operations and initiatives and the possible restructuring of RTC. GAO already has reported that the \$80 billion provided by Congress will not be enough to resolve all expected thrift failures. RTC's sales of troubled assets have been slower than expected, and proceeds are likely to be lower than anticipated. RTC will need at least another \$50 billion in 1992 and that amount could escalate significantly if RTC accelerates its resolution schedule or if more thrifts than predicted fail. It also is likely that some of RTC's working capital will not be repaid from asset sales proceeds, especially in light of a new RTC

policy that allows it to aggressively discount distressed properties. RTC has had major problems in reconciling its accounts and was late in supplying GAO with its financial statements. Because of these problems and the complexity of estimating asset values, GAO will be unable to provide Congress with its audit opinion by the June 30, 1991, reporting date. RTC stewardship of thrift assets and the vast sums of taxpayer dollars being spent in this effort underscore the need for accounting and auditing reforms for financial institutions; unless action is taken on these issues, a future taxpayer bailout is quite possible. In response to GAO concerns, Congress has included specific management reforms in RTC's Funding Act of 1991 that require improvement in RTC management of conservatorships, thrift resolution, asset sales, information management, and contracting. RTC is responding to these requirements and expects that the pace of resolutions and asset sales will increase between June and September 1991. GAO supports continuing discussions on the possible restructuring of RTC and suggests that Congress obtain the views and recommendations of the RTC Oversight Board.

Resolution Trust Corporation: Structure and Oversight Issues  
GAO/T-GGD-91-55, July 15, 1991

Frustration with the slow pace of asset disposal for failed thrifts has generated several proposals for restructuring RTC. Most of these proposals have centered on separating RTC from FDIC and changing the current dual board structure. In addition, legislation pending before Congress—H.R. 2682—would make RTC an executive agency. GAO endorses independent oversight of RTC operations because of the extraordinary amount of money it will spend and because of its complex mission. Regardless of whether such oversight is done by OMB or by the Department of the Treasury, steps must be taken to ensure strong, consistent, effective, and timely management oversight and intervention. It is unclear to GAO, however, what additional expertise OMB could bring to bear that would result in better oversight of RTC or what benefits would accrue from more active OMB involvement. Numerous mechanisms are already in place to oversee RTC's actions, and these may or may not be strengthened if RTC were to become such an agency. Many laws cover a wide range of matters that would apply to RTC if it were to become an executive agency. It is critical that the applicability of these laws be fully considered and their benefits carefully weighed against their potential to retard RTC's asset disposition efforts.

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Resolution Trust Corporation: Funding, Asset Disposition, and Structure Issues

GAO/T-GGD-91-67, Sept. 17, 1991

RTC is now about 2 years old. During its existence, it has struggled to resolve a large number of thrifts and to sell assets. In this testimony on funding, asset disposition, and structure issues relating to RTC, the Comptroller General notes that the management initiatives contained in the RTC Funding Act of 1991 have helped RTC focus on making needed improvements in several of its operations and programs. The act required RTC to report to Congress by September 30, 1991. The Comptroller General reports that even though progress is being made in implementing the initiatives, much more remains to be done, and the challenges facing RTC continue to change and grow. More failed institutions will need to be resolved in an environment of shrinking demand. In addition, less marketable assets will require RTC to continue to enhance its strategies to sell them. While grappling with these challenges, RTC will need to assure Congress and the taxpayers that it can efficiently and effectively carry out its multibillion dollar operations without fraud, waste, and mismanagement.

## Census

### **Information Requests: Courts Can Provide Documents in a More Cost-Effective Manner**

GAO/GGD-91-30, Feb. 13, 1991

This report addresses whether federal courts are doing an adequate job distributing copies of judicial opinions and other court documents to the public. Concerns about this topic had been raised because the price courts charge for photocopies of documents—50 cents per page—is substantially higher than that charged by federal agencies and commercial copying services. An argument for retaining the 50-cent fee, which was set in 1959, has been that it deters frivolous and irresponsible requests for copying services. Although all 10 district courts contacted by GAO allow public access to their documents, procedures for providing the documents vary. GAO found that several court clerks supplemented the traditional method of having their own staffs make every copy and charging requesters 50 cents per page. Through the initiative of individual clerks who have provided requesters with options like contracts with private vendors, some courts have been able to reduce the workload of their staffs while at the same time providing copies of court documents at a lower cost to the requester. In this report, GAO recommends that the Administrative Office of the U.S. Courts (1) research the range of options the federal courts are using to provide access to their documents and (2) encourage the courts to adopt any option that the court clerks believe would most benefit their operations and the needs of requesters.

### **1990 Census Adjustment: Estimating Census Accuracy—A Complex Task**

GAO/GGD-91-42, Mar. 11, 1991

Decennial census counts play an important role in reapportioning the House of Representatives and redrawing congressional, state, and municipal legislative district lines. However, the census has historically undercounted the population, especially black persons. This undercount can create inequities in political representation and the distribution of federal funds. GAO reviewed the Census Bureau's procedures to estimate the accuracy of the census counts in the 1988 dress rehearsal—the final precensus test. This report focuses on the Post Enumeration Survey (PES), which is the key census activity for a possible adjustment. GAO discusses a number of major hurdles to completing a high-quality PES in 1990.

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**Peer Review:  
Compliance With the Privacy Act and Federal Advisory Committee  
Act**

GAO/GGD-91-48, Apr. 17, 1991

Federal agencies that fund external grant requests in the arts, sciences, and humanities often use outside experts or professional “peers” to review grant applications and to help the agencies decide which projects to fund. The Privacy Act prohibits public disclosure of written records kept in individual applicant files while the Federal Advisory Committee Act closes peer review panel meetings to the public and prohibits public disclosure of any personal information contained in the minutes of panel meetings. This report examines how six agencies—the National Science Foundation, the National Institutes of Health, HHS, DOE, VA, the National Oceanic and Atmospheric Administration, and the National Endowment for the Humanities—complied with the Privacy Act and the Federal Advisory Committee Act in their peer review processes.

**1990 Census:  
Reported Net Undercount Obscured Magnitude of Error**

GAO/GGD-91-113, Aug. 22, 1991

GAO estimates that the 1990 census contained a minimum of 14.1 million gross errors and perhaps as many as 25.7 million errors, depending on how broadly census error is defined. In either case, these are substantially more errors than indicated by the Census Bureau’s widely reported 1990 census undercount of about 5.3 million persons. A focus on the net undercount obscures the true magnitude of the error in the census because, while millions of people were missed by the census, millions of other people were improperly counted. Examining the amount of gross error, therefore, provides a more complete picture of the quality of the census. In addition, the 1990 census contained proportionately more errors than the 1980 census. The estimated minimum number of errors in the 1980 census (7.8 million) represented about 3.4 percent of the 1980 count in contrast to 1990, when the minimum (14.1 million errors) represented about 5.7 percent of the count.

**Federal Records:**

**Document Removal by Agency Heads Needs Independent Oversight**

GAO/GGD-91-117, Aug. 30, 1991

GAO looked into the removal of government documents by the last two agency heads during the Reagan administration at the Departments of Justice, State, the Treasury, and DOD. GAO discovered that records of departing agency heads were not controlled by the National Archives and Records Administration, as they are for departing presidents. All eight of the former agency heads removed documents when they left office, and two of the four agencies did not know whether records were removed by departing agency heads. Agencies were unaware of classified material in two removed collections and failed to ensure that required security restrictions were followed for a significant amount of classified material in a third collection that was removed to a private business. In addition, at least half of the collections contained original documents that agencies did not know had been removed. As a result, GAO believes that it is possible that official records were also removed. Once documents are removed, the government's access to them is not ensured—as evidenced by GAO's being denied access to three of the eight collections. GAO concludes that current internal controls do not adequately ensure that government records and information are properly protected because no independent review of documents is made before they are removed. GAO believes that the National Archives and Records Administration should oversee plans by agency heads to remove documents and determine whether their relinquishment and removal are consistent with federal laws and regulations.

**Formula Programs:**

**Adjusted Census Data Would Redistribute Small Percentage of Funds to States**

GAO/GGD-92-12, Nov. 7, 1991

A total of 100 federal programs providing grants at the state and local levels use population-related data in formulas that allocate all or part of program grant money. While these programs had total estimated obligations of about \$116 billion in fiscal year 1991, the amount of funding influenced by population data was substantially less than that because some programs allocated only a small portion of their total grants according to population data. Of the 100 programs, 30 use data elements

for which the decennial census is the only source of information. While hard to predict precisely, the general effect of using adjusted 1990 census population for federal funding purposes would likely be small as a percentage of total funding. Using 1990 adjusted population data in place of the decennial census figures, GAO simulated allocations for three major federal programs—the Social Services Block Grant, certain Federal Highway Aid Programs in which population is a factor, and Medicaid. GAO found that the use of adjusted data would redistribute less than half of 1 percent of total funding. Some individual states, however, would incur estimated changes of more than \$1 million in their allocations; the effect of such differences becomes more substantial when applied over an entire decade. Redistribution of funds to localities could have a greater impact. Because of the time involved to complete the necessary methodological research, the Census Bureau believes that any intercensal population estimates incorporating a correction for census undercoverage could not be made available before mid-1992 or early 1993.

**1990 Census:**

**Limitations in Methods and Procedures to Include the Homeless**

GAO/GGD-92-1, Dec. 30, 1991

This report focuses on the Census Bureau's Shelter and Street Night Enumeration (S-Night), which was meant to include the homeless population in the census. GAO concludes that the results of S-Night cannot be used to construct a count of the nation's homeless at any level of geography because S-Night was not designed to capture all of the nation's homeless population. In addition, the chosen method of enumerating selected shelter and street locations at night resulted in an unknown number of the hidden homeless being missed and a lack of assurance that those counted were homeless and would not also be counted during other census operations. These methodological limitations, combined with the operational problems the Bureau experienced with the street count, resulted in S-Night street data that have limited value in meeting needs for information on the number of homeless and their characteristics.

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Testimony

Components of the 1990 Census Count

GAO/T-GGD-91-8, Feb. 21, 1991

The 1990 census population count came from three broad sources: (1) data that individuals and households provided on themselves; (2) data

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gathered from nonhousehold sources, such as administrative records or neighbors; and (3) data generated through statistical methods such as imputation. GAO testified that data are not available that show clearly how much each source contributed to the count, although it is clear that most of the data were provided directly by households. An evaluation of the comparative quality of the three sources of data should provide insight into the best mix of methodologies to improve the cost effectiveness of future censuses.

Census Reform Needs Attention Now

GAO/T-GGD-91-13, Mar. 12, 1991

Growing costs and population undercounts suggest that the current census methodology may have reached the limits of its effectiveness in enumerating an increasingly diverse and mobile population. While GAO views the efforts to plan the next census as encouraging and in marked contrast to the planning of the last census planning, GAO testified that fundamental census reform is needed and that the process must be guided by three principles. First, planning must focus on evaluating opportunities for fundamental reform rather than incremental refinements. Second, planning efforts must recognize that census reform raises issues that go beyond the limits of the Bureau of the Census and the Department of Commerce, such as how to obtain the quality and timely data that decisionmakers need. Third, Commerce must be willing to invest enough money early in the decade to reap cost savings and census improvement in 2000.

Preparations For A Possible Census Adjustment

GAO/T-GGD-91-18, Mar. 19, 1991 (same as GAO/GGD-91-42, Mar. 11, 1991)

Counting the Homeless: Limitations of 1990 Census Results and Methodology

GAO/T-GGD-91-29, May 9, 1991

GAO testified on the Census Bureau's 1990 S-Night, which was designed to count people who might otherwise have been missed by the census. The census and S-Night were not designed to, and did not, provide a complete count of the nation's homeless. The Bureau consistently has warned data users that the decennial census is not the appropriate vehicle for determining the extent of homelessness. In past reports, GAO has discussed efforts to estimate the number of homeless that extend well beyond the decennial census. As a result of methodological and operational

weaknesses, however, the Bureau added fewer people to the census count through S-Night than it probably could have if it had aggressively pursued the daytime method early in the decade. S-Night is an example of what has been one of GAO's major concerns for several years: that late census planning and failure to fully consider and evaluate alternatives that characterized the 1990 census must be avoided for the 2000 census.

Expanding the Role of Local Governments: An Important Element of Census Reform

GAO/T-GGD-91-46, June 15, 1991

The success of the decennial census requires a strong partnership between the Census Bureau and local governments—one probably much stronger than commonly realized. During the 1990 census, local governments helped to determine what data would be collected on the census questionnaire, encourage public participation through publicity and outreach efforts, and improve the completeness of the Bureau's address list and the accuracy of the population counts through the census local review program. Moreover, a successful 2000 census demands that the Bureau and local governments work even more closely together throughout the coming decade. GAO believes that it is in the best interests of both the Bureau and the governments to make sure that their important partnership yields the most complete count possible.

1990 Census: Final Preparation for a Possible Adjustment

GAO/T-GGD-91-26, June 19, 1991

All measures of coverage error indicate that the 1990 census missed a greater percentage of the U.S. population than did the 1980 census, the first time in modern census history that the coverage rate did not improve over that of the previous census. Furthermore, the differential undercount between the undercount of blacks and the undercount of nonblacks was greater than at any time since the Bureau began measuring the differential in 1940. At this point, however, GAO is unable to assess the quality of the 1990 PES—a central methodology the Department of Commerce will use to decide whether or not to adjust census counts—because it has not had time to assess the results of the Census Bureau's evaluations of the survey. The quality of the survey data will influence Commerce's confidence in PES when deciding on adjustment. In the final analysis, GAO testified, the Census Bureau and Commerce will need to use available data and their informed judgment when deciding upon the technical quality of PES.

1990 Census: Applying PES Results and Evaluations to the Adjustment Decision

GAO/T-GGD-91-49, June 27, 1991

In this testimony, a supplement to GAO's June 19 statement (see GAO/T-GGD-91-29), GAO discusses the results of the 1990 census PES—a central methodology that Commerce is using to decide whether or not to adjust the 1990 census counts. While all measures of coverage error indicate that the 1990 census missed a greater percentage of the U.S. population than did the 1980 census, GAO believes that the dependability of PES as a tool for adjusting census counts remains questionable. In the 3 weeks remaining before the deadline for an adjustment decision, Commerce will have to grapple with some hard technical questions in deciding if adjustment would improve the accuracy of the counts, particularly at lower geographic levels.

Potential Impact of Using Adjusted Census Counts for Federal Formula Programs

GAO/T-GGD-92-5, Nov. 13, 1991 (same as GAO/GGD-92-12, Nov. 7, 1991)

**OMB Circular A-76:  
Expected Savings Are Not Being Realized in Ft. Sill's Logistics  
Contract**

GAO/GGD-91-33, Feb. 11, 1991

OMB Circular A-76 requires federal agencies to study their commercial activities, such as data processing, custodial services, and vehicle maintenance, to determine whether these activities can be more economically performed by private contractors or by in-house federal employees. An A-76 study indicated that logistics functions at Ft. Sill, Oklahoma, if contracted out, could be performed at a cost savings to the government of \$2.7 million over 5 years. As a result, a cost-plus-award-fee contract was awarded to Northrop Worldwide Aircraft Services, Inc., under which Northrop performs supply, maintenance, and transportation functions for the army facility. The savings, however, are not being realized; instead, projections show larger-than-anticipated increases of about \$14.8 million in contract costs. Although in-house costs would have risen also, they still would have been significantly lower. Moreover, contractor performance has been below standard for two of the three functions. If contractor performance does not improve, contract cost increases could go even higher. Poor contract performance has also compromised the readiness requirements for the army units based at Ft. Sill and supported by the contractor. The estimated 5-year cost savings are further eroded by Ft. Sill's administration of the contract. Specifically, Northrop received awards for below minimally standard work; Ft. Sill provided no motivation for excellent performance, and Northrop could, by improving its performance, receive an additional \$2.4 million for meeting—not exceeding—performance standards.

**District's Workforce:  
Annual Report Required by the District of Columbia Retirement  
Reform Act**

GAO/GGD-91-71, Mar. 29, 1991

The District of Columbia Retirement Reform Act provides for annual federal payments to the District of Columbia Police Officers and Fire Fighters' Retirement Fund. These payments, however, are to be reduced when the disability retirement rate exceeds an established limit. This a measure was meant to encourage control of disability retirement costs by the District government. Since the disability retirement rate reported by

GAO— 0.754 percent—is less than 0.8 of 1 percentage point, no reduction is required in the fiscal year 1992 payment to the fund.

**U.S. Mint:  
Procurement of Clad Metal for Coins**

GAO/GGD-91-78BR, May 17, 1991

This briefing report examines the U.S. Mint's procurement of clad material, which consists of layers of metal bonded together. The U.S. Mint buys this material in strips from a private contractor and uses it to make dimes, quarters, and half dollars. GAO discusses (1) the extent of competition and trend in prices paid for clad material; (2) possible alternatives to the current contract arrangement; (3) the possible disruption of the U.S. coinage supply if the single government supplier were unable to meet contract requirements because of a prolonged strike, natural disaster, or other factors; and (4) the capacity of the current supplier to meet potential short-term demand if a new dollar coin were authorized.

**OMB Circular A-76:  
Legislation Has Curbed Many Cost Studies in the Military Services**

GAO/GGD-91-100, July 30, 1991

In response to congressional concerns that the Defense Department was taking too long to do OMB Circular A-76 cost studies, GAO reviewed (1) DOD's A-76 activity level, (2) the length of time DOD takes to complete A-76 cost studies, (3) the reasons for long cost-study times, (4) DOD's actions to shorten study times, (5) the number and cost of private-sector A-76 studies, and (6) DOD's response to GAO's recent recommendations and those made by DOD's IG. GAO found that DOD's A-76 activity has significantly decreased. Officials attributed this trend primarily to legislation that has affected DOD's A-76 program. The total number of cost studies in process fell from 1,225 in September 1987 to 113 in May 1991. It remains to be seen whether the services will successfully meet the new time frame requirements established by the DOD Appropriation Act for 1991. About 80 percent of the services' cost studies done in fiscal year 1990 took longer than the new time frames, and the services have not corrected the underlying causes of the length of these studies. However, it is possible that the reduced number of studies and the DOD Appropriations Act's time

limitation could result in the services more expeditiously completing cost studies in the future.

**D.C. Government:  
Information on Homeless Family Program**

GAO/GGD-91-108, Aug. 22, 1991

While the District has been providing housing to homeless families since the mid-1960s, enactment of the District of Columbia Right to Overnight Shelter Initiative of 1984 gave every homeless person in the District the right to overnight shelter. As a result, the number of homeless families assisted has increased more than 300 percent from fiscal years 1984 through 1990. This report addresses the following five issues concerning the operation of the District's homeless family program: (1) What approaches has the District used to acquire its apartment-style shelter housing? (2) What is the District paying for contract shelter and support services? (3) How does the District monitor contractor performance? (4) How many once-homeless families have located permanent housing? (5) How many families who left a shelter have returned to the program?

**Grant Administration:  
Implementation of National Endowment for the Arts  
Reauthorization Act**

GAO/GGD-91-102FS, Sept. 17, 1991

GAO studied the National Endowment for the Arts' (NEA) staffing policies, including its use of consultants and contractors as administrative staff. In particular, GAO looked at NEA practices, such as the membership of review panels, limitations on the number of terms of a review panel member, conflict-of-interest requirements, detailed grant application reporting requirements, and the institution of interim reporting and installation grant payment procedures. NEA made procedural changes to meet the requirements of its reauthorization act. It now requires all panels to have a knowledgeable layperson as a member, limits the panel members' terms to no more than three consecutive years, and requires all panels to be free of conflicts of interest. Further, NEA now requires all applicants to provide a project description. NEA also requires interim reports from certain grantees and makes installment payments for certain grants.

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Testimony

Christopher Columbus Quincentenary Jubilee Commission  
GAO/T-GGD-91-24, Apr. 23, 1991

The 500th anniversary of Columbus' first voyage to the New World is less than 18 months away, yet the organization charged with commemorating this event—the Christopher Columbus Quincentenary Jubilee Commission—has lived up to few of Congress' expectations, and its financial position is precarious. The Commission has had several setbacks, including a spate of negative publicity, the withdrawal of the primary corporate sponsor, and the resignation of top Commission officials. GAO testified that what should be the "home stretch" for the Commission has become "operation boot strap" to salvage whatever benefits are possible in the time remaining. While steps taken by the new management to improve the Commission's financial management appear reasonable, clearly this approach will require funding far in excess of appropriated funds. In GAO's view, the success or failure of the Commission's new management is directly contingent upon the ability to raise these new funds—quickly—from private sources. GAO recommends close congressional oversight of the Commission's future activities and progress.

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## THE PUBLIC SERVICE

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