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REMARKS OF
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TO THE FT. MONMOUTH CHAPTER,
NATIONAL CONTRACT MANAGEMENT ASSOCIATION

ON
[ROLE OF GAO IN AUDITING
FEDERAL PROGRAMS]
THURSDAY, JUNE 25, 1981

IT IS A PLEASURE FOR ME TO BE WITH YOU TODAY TO DISCUSS THE
ROLE OF THE GENERAL ACCOUNTING OFFICE IN AUDITING FEDERAL PROGRAMS.
I HOPE THAT MY REMARKS WILL PROVIDE YOU WITH A BETTER UNDER-
STANDING OF HOW GAO PLANS AND UNDERTAKES ITS WORK AND PROVIDE
YOU WITH SOME INSIGHT INTO HOW PARTICULAR CONTRACTS OR PROGRAMS
ARE SELECTED FOR REVIEW. I WILL WELCOME ANY QUESTIONS YOU MAY
HAVE AS A RESULT OF MY PRESENTATION OR AS A RESULT OF YOUR FORMER
DEALINGS WITH GAO.

THE GENERAL ACCOUNTING OFFICE -- OTHERWISE REFERRED TO AS THE
GOVERNMENT'S WATCHDOG AGENCY, AND MOST COMMONLY AS THE GAO --
WAS ESTABLISHED BY THE BUDGETING AND ACCOUNTING ACT OF 1921 TO
INVESTIGATE ALL MATTERS RELATING TO THE RECEIPT, DISBURSEMENT, AND
APPLICATION OF PUBLIC FUNDS.

TO SHIELD THE GAO FROM POLITICAL INFLUENCE, THE BUDGET AND
ACCOUNTING ACT PROVIDED FOR GAO'S HEAD, THE COMPTROLLER GENERAL,
TO BE APPOINTED FOR A 15 YEAR PERIOD BY THE PRESIDENT SUBJECT TO
CONFIRMATION BY THE SENATE. HE THEN CANNOT BE REMOVED BY THE

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PRESIDENT NOR BY THE CONGRESS, EXCEPT FOR CAUSE. OUR MOST RECENT COMPTROLLER GENERAL, ELMER B. STAATS, COMPLETED HIS FULL TERM. A COMPTROLLER GENERAL TO SUCCEED HIM HAS NOT YET BEEN APPOINTED.

GAO, UNDER THE LEADERSHIP OF THE COMPTROLLER GENERAL, IS AN ARM OF THE CONGRESS WHICH REVIEWS THE PROGRAMS AND POLICIES OF THE FEDERAL GOVERNMENT AND MAKES RECOMMENDATIONS FOR IMPROVEMENTS. ALTHOUGH WE DO NOT HAVE THE AUTHORITY TO FORCE IMPLEMENTATION OF OUR RECOMMENDATIONS, WE BELIEVE THAT CONSTRUCTIVE OVERSIGHT AND PROGRAM EVALUATION BY THE CONGRESS AND ITS SUPPORT AGENCIES CAN HELP INSURE THAT THE FEDERAL GOVERNMENT BETTER SERVES THE AMERICAN PEOPLE.

TO CARRY OUT ITS LEGISLATIVE AND OVERSIGHT RESPONSIBILITIES, THE CONGRESS REQUIRES RELIABLE DATA WHICH OUR OFFICE STRIVES TO PROVIDE. MUCH INFORMATION IS MADE AVAILABLE TO THE CONGRESS THROUGH HEARINGS AND REPORTS, PARTICULARLY FROM EXECUTIVE BRANCH AGENCIES. HOWEVER, MANY QUESTIONS MAY REMAIN. GAO ATTEMPTS TO PROVIDE THE CONGRESS WITH ANSWERS TO QUESTIONS SUCH AS:

- IS IT POSSIBLE TO ELIMINATE WASTE AND THE INEFFICIENT USE OF PUBLIC MONEY?
- ARE FEDERAL PROGRAMS ACHIEVING THEIR OBJECTIVES, WHETHER ADMINISTERED DIRECTLY BY THE FEDERAL GOVERNMENT OR THROUGH OTHER ORGANIZATIONS SUCH AS STATE AND LOCAL GOVERNMENTS?

- ARE THERE OTHER WAYS OF ACCOMPLISHING THE OBJECTIVES OF THESE PROGRAMS AT LOWER COSTS?
- ARE FUNDS BEING SPENT LEGALLY? IS THE ACCOUNTING SYSTEM FOR THEM ADEQUATE?

THE NEEDS OF CONGRESS HAVE EXPANDED ENORMOUSLY BECAUSE OF THE INCREASING SIZE AND COMPLEXITY OF OUR NATION AND GOVERNMENT. GAO HAS GROWN AND CHANGED ACCORDINGLY TO MEET THESE NEEDS. FOR EXAMPLE, GAO'S KEY FOCUS PRIOR TO THE MID-50'S WAS ON WHETHER AGENCIES WERE OPERATING IN A LEGAL AND ADMINISTRATIVELY EFFICIENT MANNER AND NOT ON WHETHER AGENCY PROGRAMS WERE MEETING THEIR GOALS. HOWEVER, DURING THE DECADE BETWEEN THE MID-50'S AND 60'S (1954-1966), GAO INCREASINGLY EMPHASIZED THE AUDITS OF DEFENSE EXPENDITURES, PARTICULARLY AUDITS OF DEFENSE CONTRACTS WITH PRIVATE COMPANIES. THIS WAS PARTLY DUE TO THE ENORMOUS AMOUNTS OF FEDERAL MONIES BEING SPENT FOR DEFENSE PURPOSES DURING THE COLD WORLD YEARS. DURING THIS PERIOD, COMPREHENSIVE AUDITING, AS A SUBSTITUTE FOR VOUCHER CHECKING, BECAME THE RULE IN GAO. THUS, MORE EMPHASIS WAS PLACED ON ECONOMY AND EFFICIENCY IN THE APPLICATION OF FUNDS WITH LESS STRESS ON THE STRICT LEGALITY OF INDIVIDUAL PAYMENTS. MORE AND MORE AUDITS FOCUSED ON THE NEED FOR MATERIALS AND SERVICES PURCHASED BY AGENCIES, THE REASONABLENESS OF THE PRICES THEY PAID, AND THE EFFECTIVE USE OF AGENCY RESOURCES. THIS WAS THE BEGINNING OF THE MOVE TOWARD MANAGEMENT AUDITS.

SINCE 1966, THE BEGINNING OF THE MOST RECENT COMPTROLLER GENERAL'S TENURE, GAO HAS DIRECTED MUCH OF ITS ATTENTION TO MANAGEMENT AUDITS OR AUDITS AIMED AT EVALUATING PROGRAM RESULTS. THIS CONCEPT OF AUDITING LOOKS BEYOND HOW A PROGRAM WORKS AND ADDRESSES THE QUESTION OF WHETHER IT IS ACCOMPLISHING ITS OBJECTIVES AS ESTABLISHED BY CONGRESS. IT GOES BEYOND ASKING THE TRADITIONAL QUESTION: "ARE FUNDS BEING SPENT LEGALLY?" MORE IMPORTANTLY PROGRAM RESULTS AUDITS ASK: "ARE FEDERAL PROGRAMS ACHIEVING THEIR OBJECTIVES?" AND "ARE THERE OTHER WAYS OF ACCOMPLISHING PROGRAM OBJECTIVES AT A LOWER COST?"

CONGRESS MADE IT VERY CLEAR, BY PASSING THE LEGISLATIVE AND REORGANIZATION ACT OF 1970, THAT IT WAS CONCERNED ABOUT THE RESULTS OF THE PROGRAMS IT WAS LEGISLATING AND FUNDING. WHILE GAO HAS ALWAYS HAD LEGAL AUTHORITY UNDER THE BUDGET AND ACCOUNTING ACT OF 1921 TO MAKE PROGRAM EVALUATIONS, THE 1970 ACT SPECIFICALLY REQUIRED THE COMPTROLLER GENERAL TO REVIEW AND ANALYZE THE RESULTS OF GOVERNMENT PROGRAMS AND ACTIVITIES, AND TO MAKE COST/BENEFIT STUDIES. THE CONGRESS FURTHER STRENGTHENED GAO'S PROGRAM EVALUATION RESPONSIBILITIES IN 1974 BY REQUIRING GAO TO ASSIST CONGRESSIONAL COMMITTEES IN DEVELOPING STATEMENTS OF LEGISLATIVE OBJECTIVES AND GOALS AND IN ANALYZING AND ASSESSING FEDERAL AGENCY PROGRAMS.

IN RECENT YEARS GAO HAS EMPHASIZED MAKING ITS WORK MORE USEFUL AND RELEVANT FOR CONGRESSIONAL NEEDS. CURRENTLY, ABOUT

ONE-THIRD OF OUR WORK IS IN RESPONSE TO SPECIFIC REQUESTS FROM THE CONGRESS, CONGRESSIONAL COMMITTEES AND INDIVIDUAL MEMBERS, FOR US TO LOOK INTO A GREAT VARIETY OF FEDERAL OPERATIONS OF PARTICULAR CONCERN TO THEM.

THE MAJORITY OF OUR WORK, HOWEVER, IS PERFORMED THROUGH THE APPLICATION OF OUR DISCRETIONARY RESOURCES. WE HAVE WIDE DISCRETION AS TO THE KINDS AND MIX OF AUDITS AND EVALUATIONS WE UNDERTAKE. IN DECIDING WHAT AUDIT WORK TO PERFORM, WE EMPHASIZE FEDERAL PROGRAMS AND AGENCY OPERATIONS IN WHICH STRONG PRESENT OR POTENTIAL CONGRESSIONAL INTEREST EXISTS, PROGRAMS OR ISSUES OF GREAT NATIONAL INTEREST, AND PROGRAMS WHERE THERE ARE MAJOR OPPORTUNITIES FOR IMPROVEMENT AND DOLLAR SAVINGS.

HOWEVER, EVEN THOUGH MOST OF OUR WORK IS SELF INITIATED, IT IS STILL CONDUCTED TO ASSIST CONGRESS. GAO'S OBJECTIVES CANNOT BE SEPARATED FROM THE NEEDS OF CONGRESS FOR THE INFORMATION AND ADVICE IT NEEDS TO CARRY OUT ITS LEGISLATIVE AND OVERSIGHT RESPONSIBILITIES.

TO ENSURE THAT OUR WORK IS MOST BENEFICIAL, WE DETERMINE CONGRESSIONAL NEEDS THROUGH CONTACTS WITH ITS MEMBERS AND STAFFS. IN THIS WAY, WE CAN GIVE THEM TIMELY INFORMATION FOR USE IN IMPROVING GOVERNMENT OPERATIONS.

GAO'S EFFORTS TO ASSIST THE CONGRESS HAVE TAKEN VARIOUS FORMS

IN RECENT YEARS AND ITS WORKLOAD CONTINUES TO GROW. IN ADDITION TO RESPONDING TO SPECIFIC CONGRESSIONAL REQUESTS, WE ASSIST THE CONGRESS BY:

- PROVIDING TESTIMONY AT CONGRESSIONAL HEARINGS
- BRIEFING CONGRESSIONAL COMMITTEES, MEMBERS, AND THEIR STAFFS EXTENSIVELY ON WORK OF INTEREST TO THEM, AND
- PROVIDING LEGAL OPINIONS AND COMMENTING ON LEGISLATIVE PROPOSALS.

GAO ALSO ASSIGNS ITS STAFF, UPON REQUEST, TO WORK ON CONGRESSIONAL COMMITTEES AND SUBCOMMITTEES.

DURING FISCAL YEAR 1980, AS A RESULT OF ITS AUDITS, GAO HAD IDENTIFIED SAVINGS TO THE GOVERNMENT AND THE TAXPAYER OF \$3.7 BILLION. SAVINGS FROM MANAGEMENT IMPROVEMENTS, WHICH CANNOT BE ACCURATELY MEASURED IN TERMS OF DOLLARS, ALSO RESULTED. IN COMPARISON, GAO'S EXPENSES IN 1980 WERE ABOUT \$197.3 MILLION.

SO THAT WE CAN RESPOND QUICKLY AND EFFICIENTLY TO CONGRESSIONAL NEEDS, OUR STAFF MEMBERS, APPROXIMATELY 5500, ARE LOCATED AT THE GAO HEADQUARTERS'S OFFICE AND ABOUT 80 AUDIT SITES IN THE WASHINGTON, D.C. AREA. THEY ARE ALSO LOCATED AT 15 REGIONAL OFFICES IN THE UNITED STATES; AND AT 4 BRANCH OFFICES IN BANGKOK, FRANKFORT, HONOLULU, AND PANAMA CITY. IN FISCAL YEAR 1980, TO GIVE AN EXAMPLE, GAO HAD APPROXIMATELY 1,300 AUDITS UNDERWAY AROUND THE WORLD AT ANY GIVEN TIME. TRADITIONALLY GAO HAS HIRED PROFESSIONAL STAFF WITH ACCOUNTING, AUDITING, AND LAW BACKGROUNDS.

HOWEVER, OVER THE PAST SEVERAL YEARS IT HAS EXPANDED ITS EXPERTISE TO EVALUATE INCREASINGLY COMPLEX GOVERNMENT PROGRAMS. ABOUT 50 PERCENT OF OUR PROFESSIONAL STAFF IS NOW COMPOSED OF OTHER DISCIPLINES, SUCH AS ENGINEERS, ECONOMISTS, AND COMPUTER SPECIALISTS.

GAO HAS MADE MAJOR IMPROVEMENTS IN ITS ORGANIZATION AND PLANNING IN RECENT YEARS SO IT CAN BETTER IDENTIFY THOSE NATIONAL ISSUES AND KEY MANAGEMENT PROBLEMS LIKELY TO BE OF DIRECT INTEREST TO THE CONGRESS OR OF SUCH IMPORTANCE THAT THEY SHOULD BE AUDITED BY GAO AS AN INDEPENDENT AGENCY.

UNTIL EARLY 1972, GAO WAS ORGANIZED PRIMARILY ON A FEDERAL AGENCY BASIS. FOR EXAMPLE, THERE WAS A DEFENSE DIVISION RESPONSIBLE FOR THE AUDIT OF ALL ACTIVITIES OF THE DEPARTMENT OF DEFENSE, A CIVIL DIVISION RESPONSIBLE FOR THE AUDIT OF ALL CIVIL AGENCIES, AND AN INTERNATIONAL DIVISION RESPONSIBLE FOR THE AUDIT OF INTERNATIONAL ACTIVITIES OF ALL AGENCIES.

IN 1972, THE COMPTROLLER GENERAL REORGANIZED GAO TO ACCOMMODATE ITS MOVE TO GREATER PROGRAM AND FUNCTIONAL SPECIALIZATION. THE REORGANIZATION, WHICH WAS THE FIRST IN OVER 15 YEARS, YIELDED 12 DIVISIONS, EACH RESPONSIBLE FOR A SPECIFIC FUNCTION OR PROGRAM. FOR EXAMPLE, THE FEDERAL PERSONNEL AND COMPENSATION DIVISION WAS CHARGED WITH RESPONSIBILITY FOR EVALUATING FEDERAL PERSONNEL MANAGEMENT AND COMPENSATION. LIKEWISE, A HUMAN RESOURCES DIVISION WAS TO PROVIDE OUR OFFICE'S EXPERTISE ON THE FEDERAL GOVERNMENT'S HEALTH ACTIVITIES. THE GENERAL GOVERNMENT

DIVISION, WAS GIVEN THE RESPONSIBILITY FOR GENERAL GOVERNMENT ACTIVITIES, SUCH AS LAW ENFORCEMENT, BANKING, AND TAX ADMINISTRATION.

THE REORGANIZATION OF 1972 HAS ALLOWED GAO TO CUT ACROSS FEDERAL ORGANIZATIONAL LINES TO ADDRESS CURRENT PRESSING NATIONAL ISSUES AND CONCERNS. IT HAS PROVEN USEFUL IN SELECTING INTER-AGENCY AND GOVERNMENT-WIDE PROBLEMS AND ISSUES FOR AUDIT. IT HAS ENABLED THE IDENTIFICATION OF DUPLICATION OF EFFORT AMONG AGENCIES, INADEQUATE COORDINATION ARRANGEMENTS AND CONFLICTING APPROACHES TO SIMILAR GOALS.

WHILE SOME REFINEMENTS HAVE BEEN MADE IN GAO'S ORGANIZATION SINCE 1972, IT CONTINUES TO REFLECT THE PHILOSOPHY OF ASSIGNING GOVERNMENT-WIDE RESPONSIBILITY FOR PARTICULAR PROGRAMS AND FUNCTIONS TO INDIVIDUAL OPERATING DIVISIONS, WHILE AT THE SAME TIME RETAINING AGENCY COGNIZANCE WITHIN THESE SAME DIVISIONS. JUST RECENTLY, GAO STRENGTHENED ITS ORGANIZATION TO PERFORM DEFENSE AND MATERIAL MANAGEMENT STUDIES. A REVISED DIVISION ENTITLED "MISSION ANALYSIS AND SYSTEMS ACQUISITIONS DIVISION" ASSUMED RESPONSIBILITY FOR SYSTEMS DEVELOPMENT AND ACQUISITION, MISSION ANALYSIS, AND COMMUNICATIONS, COMMAND, CONTROL, AND INTELLIGENCE. THIS DIVISION, WHICH REPLACED THE PROCUREMENT AND SYSTEMS ACQUISITION DIVISION, WILL HAVE A CLEAR FOCUS ON THE ASSESSMENT OF THE NEED FOR NEW SYSTEMS, AND ON SYSTEM COST, SCHEDULE, PERFORMANCE, AND EFFECTIVENESS THROUGHOUT THE DEVELOPMENT AND ACQUISITION

STAGES. SIMILARLY, A REVISED DIVISION ENTITLED "PROCUREMENT, LOGISTICS, AND READINESS DIVISION" (PLRD) WILL REPLACE THE LOGISTICS AND COMMUNICATIONS DIVISION. THIS NEW DIVISION IS RESPONSIBLE FOR AUDITS OF GENERAL PROCUREMENT, INCLUDING THE PROCUREMENT PRACTICES OF ALL MAJOR AGENCIES, SUPPLY, MAINTENANCE AND DISTRIBUTION, FACILITIES ACQUISITION AND MANAGEMENT, AND READINESS.

THE REORGANIZATION OF 1972 LATER LED TO THE CREATION OF AN ISSUE AREA PLANNING AND PROGRAMMING SYSTEM WHICH HAS HELPED US TO BETTER INSURE THAT GOVERNMENT-WIDE ISSUES OF APPARENT NATIONAL IMPORTANCE, OR ISSUES IN WHICH THE GOVERNMENT HAS AN OBVIOUS STAKE, ARE CONTINUOUSLY IDENTIFIED AND REVIEWED FOR AUDIT COVERAGE. GAO CURRENTLY HAS 39 ISSUE AREAS COVERING A BROAD SPECTRUM OF GOVERNMENT ACTIVITIES, INCLUDING FOOD, ENERGY, ENVIRONMENTAL PROTECTION, AND TRANSPORTATION, AS WELL AS THE PREVIOUSLY MENTIONED ISSUES MANAGED BY THE NEWLY CREATED DIVISIONS TO PERFORM DEFENSE AUDITS -- GENERAL PROCUREMENT, PROCUREMENT OF MAJOR SYSTEMS, AND COMMUNICATIONS. THE NUMBER OF ISSUE AREAS, EACH OF WHICH ARE ASSIGNED TO ONE OF GAO'S VARIOUS OPERATING DIVISIONS, IS CONTINUOUSLY GROWING.

NOW, LET US TURN OUR ATTENTION TO HOW GAO USES ITS DISCRETIONARY RESOURCES TO INITIATE SPECIFIC ASSIGNMENTS. AS AN EXAMPLE, LET US CONSIDER ASSIGNMENTS THAT WOULD BE FAMILIAR TO MEMBERS OF YOUR ORGANIZATION, THOSE DEALING WITH GENERAL PROCURE-

MENT. THE GENERAL PROCUREMENT ISSUE AREA IS MANAGED AND COORDINATED BY THE PROCUREMENT, LOGISTICS AND READINESS DIVISION.

PROCUREMENT, AS YOU KNOW, IS AMONG THE MOST WIDELY PERFORMED FUNCTIONS WITHIN THE FEDERAL GOVERNMENT. FOR THE PAST SEVERAL YEARS ABOUT 20 PERCENT OF THE ANNUAL FEDERAL BUDGET HAS BEEN EXPENDED THROUGH THE PROCUREMENT PROCESS. IN FISCAL YEAR 1980 THIS WAS APPROXIMATELY \$110 BILLION, OF WHICH ABOUT \$83 BILLION WAS SPENT BY THE DEPARTMENT OF DEFENSE. ADDITIONAL BILLIONS OF FEDERAL DOLLARS ARE SPENT BY GRANTEEES ON PROCUREMENTS.

IN FISCAL YEAR 1980, 5.1 PERCENT OF GAO'S RESOURCES WAS DEVOTED TO THE FEDERAL PROCUREMENT OF GOODS AND SERVICES ISSUE AREA. THIS PERCENTAGE SHOULD INCREASE IN THE FUTURE BECAUSE OF INCREASING EMPHASIS BEING PLACED ON CIVIL AND DEFENSE PROCUREMENT PROGRAMS. THE BILLIONS OF DOLLARS ANTICIPATED TO BE ADDED TO THE DEFENSE BUDGET FOR PROCURING WEAPONS SYSTEMS COULD ALSO SUBSTANTIALLY INCREASE GAO'S WORKLOAD.

THE GOAL OF THIS ISSUE AREA IS TO REVIEW AND EVALUATE PROCUREMENT PROGRAMS, PROCESSES AND ORGANIZATIONS, TO ASSURE THAT THE PROPER QUALITY AND QUANTITY OF GOODS AND SERVICES ARE PURCHASED AND DELIVERED IN A TIMELY MANNER AT THE LOWEST POSSIBLE COST.

MAJOR AREAS TO BE ADDRESSED UNDER THE PROCUREMENT OF GOODS AND SERVICES ISSUE AREA INCLUDE:

- (1) THE EFFECTIVENESS OF CENTRAL SUPPLY AGENCIES IN PERFORMING THE PROCUREMENT FUNCTIONS,
- (2) THE EXTENT COMPETITION IS BEING MAXIMIZED IN THE

PROCUREMENT OF MAJOR SYSTEMS, COMPONENTS, COMMODITIES AND SERVICES,

- (3) THE FAIRNESS AND REASONABLENESS OF PRICES PAID ON NEGOTIATED CONTRACTS,
- (4) THE QUALITY AND TIMELINESS OF PRODUCTS PURCHASED AND DELIVERED,
- (5) THE EFFECTIVENESS OF THE PROCUREMENT WORKFORCE,
- (6) THE EFFECTIVENESS OF FEDERAL GRANTEE AND CONTRACTOR PROCUREMENT SYSTEMS, AND
- (7) THE RESOLUTION OF CONTRACTING PROBLEMS RELATED TO CONTRACT CLAIMS, BID PROTESTS, CONTRACT TERMINATIONS AND THE CONTRACT APPEALS SYSTEM.

WITHIN THE MAJOR AREAS, ASSIGNMENTS COULD BE INITIATED TO EVALUATE HOW EFFECTIVELY THE VARIOUS PROCUREMENT FUNCTIONS ARE BEING PERFORMED. FOR EXAMPLE, THE ISSUE REGARDING THE MAXIMIZING OF COMPETITION WOULD EXAMINE THE IMPACT ON COMPETITION OF SUCH PROCUREMENT FUNCTIONS AS REQUIREMENTS, VALIDATION, METHOD OF PROCUREMENT, ETC.

SPECIFICALLY GAO COULD EXAMINE SELECTED CONTRACTS, PROCUREMENT FUNCTIONS, PRACTICES AND PROCEDURES TO DETERMINE WHETHER:

- ONLY NEEDED PRODUCTS AND SERVICES ARE PURCHASED IN THE REQUIRED QUANTITY AND OF PROPER QUALITY,
- COMPETITION IS OBTAINED WHEREVER POSSIBLE, AND IF NOT, THE PRICES NEGOTIATED ARE FAIR, AND

- PRODUCTS AND SERVICES ARE TIMELY DELIVERED.

ONE METHOD FOR SELECTING CONTRACTS, AGENCIES, AND PROCUREMENT PROCEDURES FOR REVIEW IS TO UTILIZE THE FEDERAL PROCUREMENT DATA SYSTEM. THIS SYSTEM WOULD BE USED TO STRATIFY FEDERAL PROCUREMENT TRANSACTIONS TO IDENTIFY A TARGET UNIVERSE OR SAMPLE. FOR EXAMPLE, THE SYSTEM WOULD IDENTIFY AGENCIES' CONTRACTS THAT HAVE HIGH DOLLAR PROCUREMENTS, A SIGNIFICANT AMOUNT OF NONCOMPETITIVE PROCUREMENTS, EXPERIENCE LARGE SURGES IN PROCUREMENT FROM ONE PERIOD TO THE NEXT, HAVE A HIGH INCIDENCE OF COST-TYPE CONTRACTS, AND/OR HAVE EXTENSIVE PROCUREMENTS OF AN INDIVIDUAL PRODUCT OR SERVICE.

GAO ISSUED, IN FISCAL YEAR 1980, 55 REPORTS CONCERNING GENERAL PROCUREMENT ISSUES. THESE REPORTS TOGETHER WITH CONGRESSIONAL BRIEFINGS, TESTIMONY, AND QUESTIONS FOR USE IN HEARINGS HAVE RESULTED IN \$80.9 MILLION IN ACCOMPLISHMENTS, AND SUBSTANTIAL MANAGEMENT IMPROVEMENTS WERE EFFECTED IN THE PROCUREMENT OF GOODS AND SERVICES ISSUE AREA.

RECIPIENTS OF THE FISCAL YEAR 1980 REPORTS WERE AS FOLLOWS:

THE CONGRESS	9
CONGRESSIONAL COMMITTEES	10
CONGRESSIONAL MEMBERS	12
DEPARTMENTS/AGENCIES	13
LOCAL AGENCY	11

TOTAL	55
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THERE ARE A NUMBER OF EVENTS AND TRENDS THAT HAVE AND WILL SIGNIFICANTLY IMPACT THE PROCUREMENT OF GOODS AND SERVICES ISSUE AREA, AS WELL AS THE ALLOCATION OF GAO RESOURCES.

MOST NOTABLY IS THE COMMITTEE ON APPROPRIATIONS REPORT, DATED MAY 4, 1981, STATING THAT GAO SHOULD CONCENTRATE ON THOSE STUDIES AND INVESTIGATIONS WHICH DIRECTLY RELATE TO REDUCING WASTE AND INEFFICIENCY.

WITH REGARD TO OUR AUDIT ACTIVITIES AT FORT MONMOUTH, GAO'S NEW YORK REGIONAL OFFICE RECENTLY ASSUMED AUDIT RESPONSIBILITIES FOR FORT MONMOUTH FROM THE PHILADELPHIA REGIONAL OFFICE. THE NEW YORK OFFICE, OF WHICH I AM A MEMBER, IS UNDERTAKING A SURVEY OF MAJOR ACTIVITIES AND PROGRAMS AT FORT MONMOUTH TO IDENTIFY PRIORITIES FOR FUTURE WORK. THE FOCUS OF THIS SURVEY WILL BE TO DEVELOP OVERALL INFORMATION ON ACTIVITY ORGANIZATIONAL STRUCTURES, MISSIONS, AND BUDGETS. WE WILL DOCUMENT THE ON-GOING AND PLANNED MAJOR SYSTEMS AND PROJECTS IN EACH ACTIVITY. IN ADDITION, WE WILL OBTAIN PERFORMANCE, COST, AND MILESTONE DATA FOR SELECTED SYSTEMS AND PROGRAMS MANAGED BY THESE ACTIVITIES. WE WILL USE THIS INFORMATION AS THE BASIS FOR PROGRAMMING FUTURE WORK.

IN CLOSING, LET ME EMPHASIZE THAT FEDERAL AGENCY PROGRAMS AND OPERATIONS HAVE GROWN SO LARGE THAT GAO CANNOT POSSIBLY AUDIT ALL OF THEM. WE HAVE NEITHER SUFFICIENT STAFF NOR FUNDS. NEVERTHELESS, INCREASING CONCERN OVER INFLATION AND EXISTING BUDGET AND CREDIT CONSTRAINTS, WILL CAUSE INCREASED EMPHASIS TO BE

GIVEN TO HOW LIMITED FEDERAL DOLLARS CAN BE USED IN THE MOST EFFECTIVE WAY. GAO AND FEDERAL AGENCIES MUST STRIVE TO MEET THIS CHALLENGE.