REPORT TO
THE CONGRESS OF THE UNITED STATES

REVIEW OF
FEDERAL CONTRIBUTIONS PROGRAM
OFFICE OF CIVIL AND DEFENSE MOBILIZATION
EXECUTIVE OFFICE OF THE PRESIDENT

BY
THE COMPTROLLER GENERAL OF THE UNITED STATES
DECEMBER 1961

GAO Wash., D. C.
TO THE READER:

SEVERAL PAGES OF THE FOLLOWING MATERIAL MAY BE ILLEGIBLE BECAUSE OF THE POOR QUALITY OF THE COPY SUBMITTED FOR MICROFILMING
The Speaker of the House of Representatives

Dear Sir:

Herewith is our report on the review of the Federal Contributions Program of the Office of Civil and Defense Mobilization (OCDM), Executive Office of the President.

Our review has shown that OCDM administered the Federal Contributions Program in a manner which resulted in the expenditure of Federal funds for equipment and other facilities which the States and their political subdivisions acquired primarily for their normal governmental activities rather than for civil defense as intended by the Congress. Much of the equipment for which the Federal Government contributed half the cost was purchased by the applicants to meet their normal requirements, and, under these circumstances, there is doubt that OCDM's administration of the program resulted in the increased civil defense capability intended by the Congress. We are recommending that future approvals of civil defense projects be suspended until adequate criteria can be developed for governing the eligibility of the various program categories, that approved applications be reviewed in the light of these criteria, and that, where pertinent, ineligible portions be canceled. Certain programs should be discontinued unless their need for civil defense purposes can be clearly demonstrated.

Our review has also shown procedural inadequacies which resulted in (a) approvals of projects for normal needs rather than for civil defense needs, (b) improper payments to State and local governments, (c) dual Federal financing for generators under two assistance programs, and (d) unnecessary advances of several millions of dollars of Federal funds. OCDM did not require sufficient documentation for determining whether claims submitted for payment were proper and did not make comprehensive continuing reviews of program activities.

By letter of July 18, 1961, the Director, OCDM, indicated that corrective action had been or would be taken on many of our findings.
but did not identify the specific action taken in each case. Further, the Director stated that, as a result of our review, the agency would strengthen the administration of the program. The letter is included as an appendix to this report.

The President, by Executive Order 10952, dated July 20, 1961, transferred the responsibility for administration of the Federal Contributions Program from OCDM to the Secretary of Defense, effective August 1, 1961. The specific corrective action to be taken, therefore, will be the responsibility of the Secretary of Defense, and we are directing our recommendations in this report to his attention.

A summary of findings and recommendations is included in the forepart of this report.

This report is also being sent today to the President of the Senate. Copies are being sent to the President of the United States, the Secretary of Defense, and the Director, Office of Emergency Planning (formerly OCDM).

Sincerely yours,

[Signature]

Comptroller General of the United States

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Letter dated July 18, 1961, from the Director, OCDM, to the General Accounting Office 66
The General Accounting Office has reviewed the Federal Contributions Program of the Office of Civil and Defense Mobilization (OCDM), Executive Office of the President. Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). The scope of our review is set forth on page 64 of this report.

GENERAL COMMENTS

The Office of Civil and Defense Mobilization was created by the merger of the Federal Civil Defense Administration (FCDA) and the Office of Defense Mobilization under Reorganization Plan 1 of 1958 (72 Stat. 1799). The President, by Executive Order 10952, dated July 20, 1961, transferred the responsibility for administration of the Federal Contributions Program, along with certain other civil defense functions, from OCDM to the Secretary of Defense, effective August 1, 1961. Public Law 87-296 (75 Stat. 630), approved September 22, 1961, changed the name of OCDM to the Office of Emergency Planning (OEP) which will carry on the retained functions of the agency.

FCDA was established as an independent agency pursuant to the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2251) to provide a system of civil defense for the protection of life and property in the United States from attack.
The Directors of FCDA and its successor agencies, OCDM and OEP, and their tenures follow.

Millard Caldwell Dec. 6, 1950, to Nov. 15, 1952
James J. Wadsworth Nov. 16, 1952, to Feb. 22, 1953
Val Peterson Feb. 23, 1953, to June 14, 1957
Leo A. Hoegh July 19, 1957, to Jan. 20, 1961
Frank B. Ellis Mar. 7, 1961, to present

Mr. Steuart L. Pittman was sworn in as the first Assistant Secretary of Defense (Civil Defense) on September 21, 1961.

The Federal Contributions Program was established by the Federal Civil Defense Act of 1950 to provide impetus to civil defense development. Section 201(1) of the act authorized the Administrator of FCDA to:

"Make financial contributions on the basis of programs or projects approved by the Administrator, to the States for civil defense purposes, including, but not limited to the, procurement, construction, leasing, or renovating of materials and facilities."

The program provides a means for the States and their political subdivisions to obtain Federal funds for up to one half of the cost of civil defense materials, buildings, equipment, and training. The program was administered by eight OCDM Regional Offices under program guidance provided by the OCDM Operational Headquarters in Battle Creek, Michigan.

From the inception of the Federal Contributions Program through fiscal year 1960, $116.2 million had been appropriated by the Congress. The net obligations at June 30, 1960, amounted to $97.5 million of which $69.8 million had been expended. A breakdown of the net obligations by the various subprograms follows:
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<th>Subprogram</th>
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<td>Communications (primarily radio equipment)</td>
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<td>Health and special weapons</td>
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<td>Warning devices and voice sound systems</td>
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<td>Rescue services (including rescue trucks and equipment)</td>
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<td>Emergency operating centers</td>
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<td>Public information</td>
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<td>Welfare services (including cafeteria equipment)</td>
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<td>Police services (including uniforms, guns, badges, etc.)</td>
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<td>Helicopters</td>
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<tr>
<td>Other</td>
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<td><strong>Total</strong></td>
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SUMMARY OF FINDINGS AND RECOMMENDATIONS

IMPROPER CONTRIBUTIONS FOR THE NORMAL REQUIREMENTS OF STATES AND THEIR POLITICAL SUBDIVISIONS

The intent of the Congress is that items approved under the Federal Contributions Program should be for civil defense and over and above the normal requirements of the applicants. Although OCDM has demonstrated its recognition of this intent in its manuals, regulations, and correspondence, our review has shown that its administration of the program has resulted in the expenditure of Federal funds for items which States and political subdivisions acquired primarily for their normal governmental activities rather than for civil defense.

The program, in operation since 1951, was instrumental in stimulating the acquisition or construction of many civil defense items by the States and their political subdivisions. However, our review of project applications for items for which the Federal share amounted to about $8.4 million showed that applications with a Federal share amounting to about $5.2 million were primarily for items which were not over and above the normal requirements of the States and their political subdivisions. The $5.2 million represents about 62 percent of the dollar amount of the project applications reviewed.

In its administration of the program over the years, OCDM relied primarily on the applicants' certifications and did not develop standards or criteria for use by its regional offices for consistent, independent determinations as to whether requests were over and above the applicants' normal requirements. Many of the
items, for which the Federal Government contributed half the cost, were purchased by the applicants to meet their normal requirements and, under these circumstances, there is doubt that OCDM's administration of the program resulted in the increased civil defense capability intended by the Congress. (See p. 11.) Our findings by program area are summarized in the following paragraphs.

**Communications Program**

Our review of communications project applications, Federal share about $4.8 million, showed that applications with a Federal share of about $3.6 million were for equipment needed primarily by the police, fire, and other public safety departments of State and local governments for their normal requirements. (See p. 15.)

**Civil Defense Training Center Program**

Our review of six civil defense training centers showed that four centers, Federal share $488,384, were needed by applicants for the normal training of State or local personnel in the execution of day-to-day responsibilities rather than for civil defense as certified to OCDM. One facility, Federal share $69,230, had been represented as a civil defense training center but was planned and built by the applicant primarily as a community social center. Another facility, Federal share $160,000, was built and used for normal community operations. We found that very little civil defense training was conducted at the centers reviewed. (See p. 22.)

**Centralized Traffic Control Program**

We reviewed three project applications, Federal share $427,456, which had been approved under the Centralized Traffic
Control Program. Most of the equipment was needed by the applicants to replace or expand obsolete or outdated traffic control systems in order to handle the normal traffic control problems of their communities. In the opinion of traffic experts, the usefulness of traffic signalization to assist in evacuation appears so doubtful that expenditures of Federal funds for equipment of this kind should be questioned. (See p. 30.)

Helicopter Program

We reviewed the acquisition and use of seven helicopters approved by OCDM. Two helicopters were being used extensively for revenue-producing spraying operations and a third had been purchased and was being used daily for normal traffic control prior to OCDM approval of the project application. Further, there are strong indications that the remaining helicopters were not purchased for civil defense as certified to OCDM because they were being used for normal public service activities of the applicants. (See p. 34.)

Hospital Generator Program

OCDM approved one half the total cost of many generators which were completely or partially for the applicants' normal emergency requirements rather than for civil defense. Also, dual Federal participation for certain generators resulted from inadequate OCDM procedures. (See p. 38.)

Emergency Welfare Program

Our review of project applications with a Federal share of $124,894, or about 20 percent of the total obligated under this program, showed that the cafeteria equipment involved was being or
was to be used for the daily feeding of school students and patients of a home for the aged rather than for civil defense. (See p. 43.)

**Police Services Program**

Most of the police equipment which we reviewed, Federal share $20,532, approved by OCDM on the basis of a civil defense need, was acquired and was being used for the normal needs of the applicants. (See p. 45.)

**Emergency Operating Center Program**

We reviewed five emergency operating centers. One center was not operationally ready because emergency equipment had not been installed although construction had been completed about a year prior to our review. Another, Federal share $112,507, was planned and constructed by the applicant primarily for the normal needs of the community. OCDM changed its policy—which we believe requires further consideration—to allow emergency operating centers to be placed in areas most likely to be destroyed in the event of an enemy attack. Also, we noted that OCDM did not require centers to be manned 24 hours a day and did not require them to maintain a supply of food. (See p. 47.)

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We are recommending to the Secretary of Defense that (1) future project approvals be suspended until adequate criteria can be developed as to the eligibility of the various program categories for Federal financing, (2) approved applications be reviewed for their conformance with the criteria to be established and that those portions not meeting the criteria be canceled, and (3) a
system of review and reporting be established, where appropriate, to provide necessary follow-up on the use of items financed with Federal funds. Regarding the programs for communications equipment and central traffic control, we are recommending that consideration be given to their discontinuance unless their need for civil defense purposes can be clearly demonstrated.

INADEQUATE REVIEWS OF PROJECT APPLICATIONS AND CLAIMS PRIOR TO PAYMENT

OCDM did not make adequate reviews of project applications and applicants' claims prior to payment and, as a result, did not make the necessary determinations as to whether procurements financed under the program came within the availability of Federal appropriations to be charged. On the basis of our tests of claims paid, we believe that the total amount of improper payments was substantial.

We advised OCDM of the results of our examination, and we were subsequently informed that the agency was strengthening its review procedures. Amendatory legislation was enacted, in the form of Public Law 87-390, approved October 4, 1961 (75 Stat. 820), which ratified and affirmed retroactive financial contributions otherwise approvable. (See p. 51.)

INADEQUATE SUPPORT FOR CLAIMS PAID BY APPLICANTS

When claims for reimbursement under approved project applications were presented by applicants to OCDM for payment, OCDM did not require that vendors' paid invoices, copies of contracts, purchase orders, or evidence of competitive bidding be submitted as support for the amounts claimed. As a result, applicants claimed
incorrect amounts, did not obtain competitive bidding when re-
quired, and submitted incorrect or no purchase dates, which re-
sulted in payment of unallowable claims.

We are recommending to the Secretary of Defense that appli-
cants be required to submit paid vendors' invoices, purchase or-
ders, contracts, and evidence of competitive bidding to support
claims submitted for payment. (See p. 53.)

FEDERAL FUNDS ADVANCED WHEN NOT REQUIRED AND
WITHOUT CONTROLS TO ASSURE PROMPT USE OR REFUND

Because OCDM did not establish adequate controls, advances
amounting to several million dollars have been made to applicants
for the Federal share of approved projects long before they were
required or when they were not required at all. Thus, these ad-
vances remained in the possession of the applicants for long peri-
ods before they were used or refunded. Unnecessary or premature
advances result in added cost to the Government because of inter-
est paid by the Treasury on borrowed funds.

We are recommending that the Secretary of Defense require ap-
plicants to submit their bases for the legal requirements for ad-
vances and that he place reasonable time limits on all project ap-
plications to attain prompt liquidation or return of advances.
(See p. 55.)

NEED FOR COMPREHENSIVE, CONTINUING REVIEWS
OF PROGRAM ACTIVITY AT THE STATE AND LOCAL LEVELS

OCDM did not perform comprehensive and continuing reviews at
the State and local levels to determine whether successful appli-
cants were complying with pertinent laws and OCDM policies, proce-
dures, and requirements, and as a result information was not avail-
able to management for the evaluation of program procedures and
performance, for achieving effective administration of the program.
We are recommending that the Secretary of Defense initiate a program for continuing, comprehensive reviews of all program areas under the Federal Contributions Program to obtain better compliance with pertinent laws and policies, procedures, and requirements. (See p. 58.)

**POSTATTACK EFFECTIVENESS OF APPROVED PROJECTS REDUCED THROUGH LACK OF REQUIREMENTS FOR EMERGENCY POWER AND SUPPLIES**

Under certain programs OCDM did not require applicants to provide emergency power and other necessary supplies without which there is no assurance that approved equipment and structures surviving an enemy attack can be used effectively in a civil defense emergency.

We are recommending that the Secretary of Defense, when considering approval of future project applications, require applicants to provide necessary supplies to assure greater postattack capability. Also, we are recommending that the Secretary encourage previous applicants to provide such needed supplies. (See p. 61.)

**AGENCY COMMENTS**

In a letter dated July 18, 1961, included as an appendix to this report, the Director, OCDM, indicated that management controls over all aspects of the program would be strengthened and stated, in part, that:

"*** corrective action has been taken on many of the specific projects which were the subject of your review; in some instances our examination revealed that the States were in substantial compliance. My staff is continuing to examine the problem areas with the view toward a satisfactory resolution in each case."
FINDINGS AND RECOMMENDATIONS

IMPROPER CONTRIBUTIONS FOR THE NORMAL REQUIREMENTS OF STATES AND THEIR POLITICAL SUBDIVISIONS

Our review has shown that OCDM administration of the Federal Contributions Program resulted in the expenditure of Federal funds for items which States and their political subdivisions acquired primarily for their normal governmental activities rather than for civil defense.

The legislative history of the Federal Civil Defense Act of 1950, under which the Federal Contributions Program was initiated in 1951, shows that the Congress intended that items approved under the program were to be over and above the normal requirements of applicants (States and their political subdivisions) in meeting their governmental responsibilities. Senate Report 2683, Eighty-first Congress, states, in part, that:

"This financing program will cover such items as communal shelters, mobile organizational equipment, and other supplies which the States and communities normally do not require in meeting their governmental responsibilities."

* * * * *

"Such equipment would be peculiar to civil defense ***." (Underscoring supplied.)

OCDM demonstrated its recognition of the intent of the Congress for items to be obtained under this program. As early as 1952, the then Administrator of FCDA testified before a Subcommittee of the Committee on Appropriations, House of Representatives, that, in addition to certifications of responsible State and local officials, FCDA required a showing that:
"*** equipment is equipment which is needed over and above their normal requirements. We will not provide matching of funds for equipment which will simply bring their complement up to a normal need. We are supplementing for needs over and above the normal." (Underlining supplied.)

The OCDM Contributions Manual, AM 25-1, sets forth the criteria for eligibility under the program, and requires that the applicants certify to the following prohibition:

"It should be noted that Federal contributions are not available for items normally used by the local community in the usual course of business, or for combating local natural disasters except when such items are required in unusual quantities dictated by planned requirements approved by OCDM." (Underlining supplied.)

From inception of the program in 1951, OCDM relied primarily on the applicants' certifications that items for which OCDM approval was requested were for civil defense and over and above normal requirements.

The agency discontinued the Fire Services Program after fiscal year 1953 because the feeling existed in the Congress that some applicants were using Federal funds to avoid some of their normal fire-fighting expenses even though the applicants had certified that the items obtained were over and above normal requirements. In addition, responsible OCDM officials were aware that, despite applicants' certifications to the contrary, some items submitted for approval were not over and above the applicants' normal needs.

Although the action taken as a result of congressional feeling placed doubt on applicants' certifications and despite OCDM's own awareness that applicants' certifications were not proper, OCDM continued to rely primarily on the certifications. OCDM did
not develop standards or criteria for use by its regional offices so that consistent, independent determinations could be made as to whether items requested were for civil defense or for other uses. We recognize that the development of standards or criteria for adequately evaluating the normal needs of applicants in every case would not be practicable, but without some criteria OCDM Regional Offices did not have a reasonable basis for approval of project applications.

Some local civil defense officials indicated to us that they considered that any item which had a civil defense use, regardless of normal need, was eligible for Federal matching funds. Such a position is clearly contrary to the intent of the Congress. These officials requested OCDM approval for items needed in normal community operations and certified to OCDM that the items were for civil defense and over and above normal requirements. OCDM accepted the certifications and approved the project applications.

Because many of the items OCDM approved have a normal day-to-day use and because OCDM permitted normal use of some items, applicants apparently justified items required for normal needs as being for civil defense and over and above normal requirements. In recent years, some applicants have used this program, particularly in the communications area, to finance expansion of existing facilities needed to adequately provide service to new growth areas or to enable more efficient operation of their day-to-day activities.

Many of the items, for which the Federal Government contributed half the cost, were purchased by the applicants to meet their
normal requirements, and, under these circumstances, there is doubt that OCDM's administration resulted in the increased civil defense capability intended by the Congress.

Although the Federal Contributions Program has been instrumental in stimulating the acquisition or construction of many items for civil defense, our review of project applications for items for which the Federal share amounted to about $8.4 million showed that applications with a Federal share of about $5.2 million were primarily for items which were not over and above the normal requirements of the applicants. The $5.2 million represents about 62 percent of the dollar amount of the project applications reviewed. The results of our review were communicated to OCDM at completion.

The details of our review and our recommendations for corrective action are presented below by program area.
Communications Program

The Communications Program represents the largest segment of the Federal Contributions Program. From fiscal year 1952 through fiscal year 1960, about $41.5 million, or 43 percent of the entire Federal Contributions Program, was obligated for the procurement, leasing, and maintenance of communications equipment. Typical of the items approved under this program are base stations, mobile radios, and related accessories. Communications equipment was obtained under the program for many types of State and local government operating groups such as police, fire, highway, and conservation departments. OCDM approved the replacement or expansion of existing communications systems and also the procurement of complete new systems. Communications equipment procured under the Federal Contributions Program is permitted to be used in daily activities of the applicant.

Our review of the Communications Program included an examination of 123 project applications, Federal share about $4.8 million. Our examination of records and discussions with responsible State and local officials relating to 59 applications, Federal share about $3.6 million, showed that the items were needed primarily by applicants to carry out effectively their normal day-to-day responsibilities. We believe that some of the remaining 64 applications were for equipment which also was needed for the normal operations of the applicants.

Following is a discussion of some representative cases from the applications reviewed.
1. A State highway department obtained OCDM approval for a State-wide radio communications system consisting of 166 base stations and 2,094 mobile units, Federal share $923,890, one of the largest systems ever approved under the program. This system was acquired to more efficiently carry out the normal day-to-day responsibilities of the department for operating a State-wide highway system, including maintaining, repairing, and clearing highways and assisting in traffic control.

The department's program was started in 1951 on a trial basis in 1 county by installation of 1 base station and 18 mobile units. As the second phase of its program, in early 1955 the department expanded the system to include 11 more counties. The final phase of the program was to be the gradual extension of the network to the more than 70 other counties. However, in December 1955, the planned system was submitted to OCDM as being for civil defense and over and above normal requirements. The equipment approved by OCDM included that planned for the 11 counties in the second phase of the program as well as that planned for the final phase. State officials informed us that the entire system would have been installed by the State eventually had OCDM not provided the matching funds.

2. A State public safety department obtained approval of a communications system, Federal share $175,499, to be used in law enforcement activities. This system was needed because of the obsolescence of the old system coupled with a Federal Communications Commission (FCC) ruling requiring the equipment change. Except for a small portion previously purchased with matching funds, most
of the equipment was about 16 years old and would have required re-
placement at an early date to meet the department's needs. Our re-
view showed that only a portion of the equipment under this appli-
cation was acquired for civil defense purposes. On the basis of
information we provided, OCDM made a review and reduced the ap-
proved project application from $175,499 to $74,402, a reduction
of $101,097.

3. A city police department obtained approval for communications
equipment, Federal share $15,992, to expand its system for
normal police needs. The department's motorized fleet in the last
10 years was increased by 71 vehicles, and OCDM contributed to ra-
dio equipment for a total of 66 vehicles. City officials informed
us that this equipment would have been purchased for normal needs
regardless of Federal funds.

4. A State forestry and highway division obtained approval
for equipment, Federal share $478,440, to be used for the replace-
ment, expansion, and coordination of the communications systems of
the division's departments. These systems were needed for the de-
partments' normal forest conservation and highway operation func-
tions. The departments had recognized their own need for the
equipment for many years prior to applying for Federal funds.

5. A county road patrol obtained approval for communications
equipment, Federal share $7,542, to meet its regular requirements.
The equipment for which OCDM approval was obtained was a replace-
ment of leased equipment which the patrol had used in normal opera-
tions for years. The leased equipment could no longer be used be-
cause the FCC required narrow band equipment and the age of the
equipment prevented modifications to satisfactorily comply with the FCC requirement.

6. A State road department obtained approval for equipment for the establishment of a State-wide communications system, Federal share $350,467, needed to adequately perform its normal maintenance and operating functions. Our review showed that OCDM approved the project applications knowing the system was required for normal needs.

7. A county police department obtained approvals for the cost of leasing a radio system, Federal share $97,742, which was required for the normal operations of the police department. The county's representation in the project application that a police radio system was not required for normal operations was not factual. The county had owned an old police radio system which was replaced by the new system leased in early 1955. This information was not included in the justification of the civil defense need for the equipment. None of the equipment for which OCDM approval was given was over and above the normal requirements of the police department.

8. A State game commission obtained approval for equipment for a State-wide radio communications system, Federal share $315,602, which was primarily acquired for the commission's normal activities. The commission had recognized its need for a radio communications system as early as 1949. In January 1955, the commission, implementing its recognition of need, had agreed to purchase or lease suitable radio equipment for its field force. However, in 1956 a project application for the system was submitted
to OCDM as being for civil defense. The system, as finally ap­proved by OCDM, was intended for use in the day-to-day operations of the State game commission. Our review showed that only a small portion of the system is for civil defense purposes.

9. A city police department obtained approval for a new microwave communications system, Federal share $320,000, which replaced an old, inadequate system. The new system was needed primarily to effectively carry out the normal operations of the department. The police communications system to be replaced was at least 10 years old at the time OCDM approval was requested. The old system did not have sufficient message-handling capacity for normal police business and was inadequate to cover the new growth areas of the city. In addition, the police department had to change to a new frequency because of an FCC ruling, and the old equipment could not be economically converted to comply with the ruling.

10. A city fire department obtained equipment, Federal share $84,940, to replace and expand the old and inadequate fire radio system to service the jurisdiction of the fire department. The applicant recognized, as early as 1957, almost a year and one half prior to the preparation of the project application, that most of the equipment requested was needed to replace the existing system. The department, prior to the request for OCDM approval, had requested budget approval for replacement and expansion of the old system for normal needs. The budget justifications prepared by the department clearly showed that, because of the age and inade­quacy of the old system, the new system was needed for day-to-day operations.
OCDM was aware of the need for standards or criteria for use in evaluating whether items for which approval was requested under the various programs were over and above normal requirements of the applicant, but such needed standards or criteria were not developed for communications equipment.

In January 1957, a memorandum, relating to questionable approvals of communications equipment applications, was sent by OCDM Headquarters to its regional offices. This memo stated, in part, that:

"A spot check of recently approved communications project applications indicates a disturbing disregard for certain policies established to safeguard the Contributions Program."

"*** it is clear that replacement of obsolete or worn out equipment is frequently approved even though there were no Federal funds involved in its original purchase. Some applicants have actually stated that their request was for the replacement of such equipment. Approval of such applications is absolutely contrary to Public Law 920." (Underscoring supplied.)

In July 1959, when over $38 million had been obligated under the Communications Program without standards or criteria for determining whether equipment was over and above normal requirements, OCDM officials met with representatives of police and municipal communication groups to discuss the possibility and desirability of establishing a base upon which to evaluate the term "over and above" as applied to radio equipment. While the groups felt that such a base would be desirable, the difficulty in arriving at a reasonable base for each applicant was considered to be a serious problem.
In our opinion, a major part of the communications equipment acquired under this program on the basis of civil defense need would have been procured, in any event, by the public safety departments of State and local governments with their own funds for their normal needs. OCDM's reliance on applicants' certifications was the principal reason why normal requirements were satisfied with civil defense monies. On the basis of our review, we believe that applicants usually did not acquire communications equipment unless it had a day-to-day usefulness. Equipment procured under the program as administered by OCDM was obtained to satisfy normal needs, regardless of certifications.

Recommendation

We recommend that the Secretary of Defense (1) discontinue approvals of communications equipment for use by police, fire, public works, highway, conservation, and other public safety departments of State and local governments, unless it is clearly shown that such equipment is for civil defense purposes and over and above normal needs and (2) make reasonable technical evaluations, including field reviews, of outstanding approved project applications covering equipment to be used by public safety departments to determine whether the applications should be canceled.
Civil Defense Training Center Program

From the inception of the program in 1955, through fiscal year 1960, OCDM approved at least 19 training centers, Federal share about $1.5 million. Our review included six civil defense training centers, Federal share $717,614.

We found that four of the six training centers were needed by the applicants for the normal training of State or local employees in the execution of day-to-day responsibilities. One facility, represented as a civil defense training center, was planned and built by the applicant primarily as a community social center. Another facility was built and used for normal community operations.

Only a small portion of the activity at all the centers appeared to be for civil defense training. At some centers, the civil defense training was practically nonexistent. Much of the limited amount of civil defense training performed was held in classrooms at the centers. Because such training could easily be given in classrooms at local schools, the construction of training centers with Federal civil defense funds appears unwarranted.

The results of our review of each of the six training centers are discussed below.

1. A training center, Federal share $250,000, was needed, planned, and built by a State university for the training of regular and auxiliary firemen in their normal day-to-day responsibilities for fire fighting. In addition, the center includes a fire station capable of housing equipment necessary for adequate protection of university property.
In submitting the project application for the center, the applicant certified that the center was over and above its normal needs and stated that the center would allow the training of an estimated 8,000 persons a year in various civil defense courses.

Our review showed that from 1943 firemen groups in the State had been attempting to have fire training facilities built to provide adequate fire training. For its fiscal year 1954-55, the university attempted to obtain funds from the State legislature for construction of a fire station and fire training center. In submitting the appropriation request to the legislature, the university stated, in part, that:

"The requested facilities will meet the urgent physical needs of a training program which continues to expand at the request of fire fighting personnel in communities throughout the state. It will also house fire fighting equipment to provide much needed protection for University property." (Underscoring supplied.)

In 1957, on the basis of the applicant's certification of civil defense need, OCDM approved the training center, including a fire station, for which the university had shown an urgent need for training State and local fire personnel for day-to-day responsibilities. Although the application indicated that up to 8,000 students a year were to be trained in civil defense subjects, at the time of our review, almost a year after the center opened, only a few hundred students had been trained.

2. A training center, Federal share $29,060, was needed, planned, and constructed by a county to provide adequate facilities for training firemen in the northern area of a State for their normal day-to-day responsibilities for fire fighting. In the
justification for the center submitted with the project applica-
tion, the applicant stated that the facilities would be used to
train civil defense auxiliary firemen in excess of normal needs.
OCDM approved this application, which was principally for a fire
training tower, with full knowledge that such a facility was nor-
mally needed by municipal fire departments to train firemen in reg-
ular duties. Our review showed that the normal need for fire
training facilities of the type requested by the applicant had
been recognized and planned for prior to requesting OCDM approval.

3. A training center, Federal share $83,561, included a fire
station needed by a city for normal fire protection coverage of
the area. In the justification to OCDM of the civil defense need
for this center, the applicant stated that the center, as re-
quested, was necessary for the training of civil defense workers
and was over and above the city's normal requirements. Prelimi-
nary and final plans for this center showed that part of the cen-
ter was a fire station with a dormitory for the firemen. However,
OCDM did not raise any objections until January 1960, over
2-1/2 years after approval of the project application, and over a
year after OCDM officials had visited the center in December 1958.

Our review showed that the fire station and attendant facili-
ties at the center were a community need and had been constructed
to replace a temporary fire station for a newly annexed area of
the city. The training center was dedicated in December 1958, and
through January 11, 1960, only a few civil defense courses had
been given. The applicant had not constructed the necessary out-
doors training facilities that were included in the project
application. It appears that without the outdoor training facilities the training center is unnecessary since classroom courses could be held in a local school. Further, the city is using part of the center as a control center although the building does not have fall-out protection to insure continued use after an attack.

4. A fire training center, Federal share $125,763, was needed, planned, and built by a city as a replacement for a regular fire training school which had to be razed to make way for a new turnpike. Except for some additions, this center was needed for regular training of firemen in their everyday duties. In justification of the civil defense need for this center, the applicant stated that the center was being constructed to provide training for all civil defense services. Thirty-eight civil defense courses were proposed to train an estimated 9,125 persons a year.

Prior to submitting the project application to OCDM, the city had allocated $200,000 for the construction of a new training center and was planning to build the center for its normal requirements. Certain features were added to the training center as the result of negotiations between OCDM and the applicant which apparently would not have been added except for civil defense. We estimate that the Federal share of costs which were incurred for items for civil defense and over and above normal requirements is about $30,000, compared with the $125,763 approved by OCDM. During calendar year 1959, only 23 percent of the total training conducted at the school was for civil defense.

5. A training center, Federal share $160,000, was built by a city and used for normal community operations. In the
The applicant stated that the primary purpose of the training center was to provide a place and equipment for conducting civil defense training and test exercises.

The center was constructed to provide three facilities: a rifle and revolver range, a training building, and a rescue demonstration building. The rifle and revolver range consisted of a modern range building and a firing shelter, complete with concrete tunnels and pits to accommodate target replacement and observations without interrupting firing. It was a replacement and modernization of an old range which was located nearby. It was operated by the parks department and was open to the public on an admission fee basis. From October 1, 1959, to March 26, 1960, the parks department collected about $8,700 in revenue from public use of the range. There was no evidence of civil defense training conducted at the range.

The training building was under the custody of the parks department and was used for meetings and social gatherings. Nominal fees had been collected for several social meetings held there. Through early 1960, there had been very few civil defense training activities in the building.

The rescue demonstration building was used as a combat range building for the police. The building was under control of the police department and contained the police combat rangemaster's office and other police facilities. This building was not used for civil defense activities and appears to have been planned to meet
police rather than civil defense needs. A civil defense rescue truck was stored in another part of the building. Construction of storage facilities was prohibited by OCDM regulations.

At the time of our review, although more than 2 years had elapsed since OCDM approval of the application, special facilities essential for civil defense training purposes, including special disaster and rescue facilities, had not been constructed. On the other hand, the facilities which were being used for regular community purposes by the parks and police departments were promptly constructed.

6. A training center, Federal share $69,230, was planned and constructed by a county as a community social center. (OCDM approved the basement portion of this building as an emergency operating center, as discussed on page 47 of this report.) In the justification to OCDM of the civil defense need, the applicant stated the center was needed because there was no place available in the entire area to hold civil defense meetings and train personnel in the different civil defense services. The applicant proposed 17 courses in civil defense for 716 people a year. OCDM recognized, prior to its approval, that the proposed plan appeared to be for an auditorium and community building, yet the application was approved.

Our review showed that the building approved by OCDM was planned and built as a Veterans Memorial Hall. When the plans for the building were submitted for comment to OCDM Operational Headquarters by an OCDM Regional Office, operational headquarters informed the regional office that:
"The proposed floor plan layout appears to us to be for an auditorium and community building ***." However, after the applicant had changed the names of some of the rooms on the floor plan, OCDM approved the application. For example, the room which appeared to OCDM to be the auditorium became the mass-feeding area.

The training center was being used daily by the county veterans service officer, and almost daily by local civic, fraternal, or private organizations for meetings, luncheons, dinners, dances, and other general community purposes. We were advised by a local official that dinners frequently held in the auditorium provided training in mass-feeding for civil defense emergencies. Only two civil defense training courses were held from the time of dedication of the center in May 1959 until the time of our review in March 1960. Forty-eight people were trained in the two courses instead of the estimated 716 persons each year. The county had no specific plans for future civil defense training.

It should be noted that the county had a population of about 6,000 people at the time of approval of the application and is far removed from any large population area. We believe that, if OCDM had properly considered the size and location of the community and the obvious character of the proposed building, this application would have been rejected.

There has been limited civil defense training at these centers. However, OCDM invested Federal civil defense monies in the centers and must obtain a sound, workable civil defense program in each center if Federal funds are to be effectively used.
**Recommendation**

We recommend that the Secretary of Defense suspend approvals of training centers until adequate criteria can be developed to provide regional offices with a basis for determining what parts of the centers are for civil defense and over and above normal requirements and, using the criteria developed, evaluate the outstanding approved applications, amending them so as to withdraw approval of those parts which are for normal requirements.

Also, we refer to our recommendation to initiate comprehensive program reviews (see p. 60) according to which we believe that the Secretary should establish a system of review for informing top management as to whether training centers have effective, continuing civil defense training programs in operation. A requirement for periodic reporting by applicants on training activities should be included as part of this system with a view toward strengthened program administration.
Centralized Traffic Control Program

The Centralized Traffic Control Program was designed to provide Federal funds to assist applicants in modifying existing traffic systems to provide for coordinated traffic signalization for use in a civil defense emergency. We reviewed three project applications, Federal share $427,456, approved by OCDM under this program since its inception in 1957. Most of the equipment approved by OCDM was needed by the applicants to replace or to expand obsolete or outdated traffic control systems in order to handle normal traffic control problems.

1. The traffic control equipment, Federal share $54,639, which OCDM approved in June 1959 on the basis of civil defense need was, at that time, almost completely installed by a city as part of a modernization of its traffic control system started in 1955. We were informed by the former traffic engineer of the city that the system did not have any specific civil defense capability and was clearly related to the normal operating responsibilities of the applicant. On the basis of information we provided, OCDM canceled this project application.

2. Our review of another city's application showed that it included mainly items, Federal share $132,349, constituting a replacement and expansion of the city's old traffic system which was inadequate to control its traffic congestion. We were unable to find any evidence to indicate that OCDM attempted to make a determination whether any part of the system was for the applicant's normal requirements even though pedestrian "Walk--Don't Walk" signals and radar detectors were included in the project application.
We believe that only a portion of the total estimated cost of $264,699 has a civil defense application. On the basis of information we provided, OCDM made a review and reduced the approved project application by $30,112.

3. Our review of a third application showed that a city's traffic department recognized, as early as 1954, that chaotic traffic conditions existed which would necessitate modernization of the traffic control system. In this instance, major items were being replaced to provide the city with a flexible traffic control system for normal needs, and OCDM's review of the project application submitted by the city identified $480,934 of a total cost of $676,511 as having a civil defense application. We believe that less than half of the cost of $480,934, identified by OCDM, would be approvable for matching funds.

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Our review indicates a serious doubt as to the usefulness to civil defense of the entire Centralized Traffic Control Program.

OCDM's basis for approving applications for traffic control systems was that coordinated traffic signal patterns would be of assistance in evacuating populations from cities in the event of a civil defense emergency. This belief appeared to be based primarily on a staged evacuation of the City of Portland, Oregon, in 1955, in which a coordinated signal system was used. We did not find any evidence that a proper technical evaluation of the significance of the Portland exercise was made by OCDM prior to launching a full-scale contribution program.
Prior to formally establishing the Centralized Traffic Control Program in July 1957, OCDM requested comments on the feasibility of the program from recognized experts in the traffic control field. These experts informed OCDM that they were not convinced of any value inherent in traffic signal control as an aid to evacuation in a civil defense emergency. An official of the Northwestern Traffic Institute stated that:

"** we are agreed that under these emergency conditions traffic signals would be completely ineffective and that control would have to be established and maintained by regular and auxiliary police to prevent complete tie-ups. It may even be necessary to turn the signal system off under these circumstances."

"** We are completely convinced that any outlay of money for signalization as a means of control for evacuating traffic would be completely wasteful and unrealistic." (Underscoring supplied.)

Before beginning the program, OCDM was also aware of the position of the Bureau of Public Roads that traffic signal systems would not expedite evacuation. The Bureau informed OCDM several times between 1955 and the time of our review of the impracticability of centralized traffic control in an emergency evacuation.

Current concepts of weapons delivery indicate that evacuation may not be feasible because of the short warning period before attack. Also, synchronization of lights, even if evacuation were attempted, would serve little purpose under the chaotic conditions produced by an unexpected attack. In the opinion of traffic experts, the usefulness of traffic signalization to assist in evacuation appears so doubtful that expenditures of Federal funds for equipment of this kind should be questioned.
Recommendations

We recommend that the Secretary of Defense make a technical evaluation of these three project applications approved under the Centralized Traffic Control Program and allow Federal contributions for only that equipment which is for civil defense and over and above the normal requirements of the applicants.

We also recommend that the Secretary evaluate the need for the program for centralized traffic control in general and consider discontinuing the program if its usefulness is not demonstrated.
The Helicopter Program was started by OCDM in 1955 to assist the States and their political subdivisions in obtaining helicopters to perform specialized civil defense emergency functions. From the start of the program to the time of our review, OCDM had approved 11 project applications covering 12 helicopters, Federal share about $250,000.

Our review of the acquisition and use of 7 of the 12 helicopters approved by OCDM showed that all 7 were being used in normal governmental activities of the applicants. Two helicopters were being used extensively for revenue-producing spraying operations. The remaining five were being used for regular police, fire, or traffic control activities.

A discussion of the results of our review of three of these helicopters follows.

1. Two helicopters were acquired by a State forestry commission. A review of the flight log books and discussions with the pilots disclosed that the helicopters had been used extensively for spraying operations to eradicate undesirable plants and for pest control. We were informed by a forestry commission official that at the time of our review the commission had earned about $97,000 for these spraying services performed for private landowners and the United States Forest Service. On the basis of information available to us, we estimate that about $23,000 of this amount represents a return of cost and, if spraying operations were to continue, the State would not only recover its $40,510 investment in the craft but would realize a profit from the operations.
In December 1956, a project application was approved by OCDM for the acquisition of the first of the two helicopters obtained by the State forestry commission. Equipment approved by OCDM with the helicopters included night flying equipment, a two-way radio, and an agricultural spray kit. A review of the flight log books and discussions with the pilots showed that this craft was used shortly after acquisition in revenue-producing spraying operations despite the applicant's certification to OCDM that it would be used only for civil defense purposes and in combating natural disasters. The two-way radio and night flying equipment were removed from the craft. We were informed by one of the pilots that the radio was removed because it was ineffective and that the night flying equipment was removed so that more spraying chemicals could be carried. In our opinion, this has seriously limited the usefulness of this craft for civil defense purposes since air-ground contact could not be established. Further, the helicopter crashed while on a spraying mission in August 1957 and was out of service for 10 months, from August 1957 until June 1958.

In January 1958, OCDM approved a second helicopter requested by the forestry commission. Review of the flight logs and discussions with the pilots showed that this helicopter was put into spraying operations shortly after receipt although the applicant certified it would be used only for civil defense purposes. We believe that these helicopters were acquired by the forestry commission to serve its own purposes rather than for civil defense.

2. A city police department purchased a helicopter in February 1956 for use in regular traffic control. This helicopter was
in service for that purpose in January 1957 when OCDM approval was obtained on the basis of civil defense need. The information presented to OCDM as justification for the civil defense need showed clearly that the helicopter had been previously acquired and was being used daily for normal freeway traffic control. Our review showed that the craft was being used daily for traffic control and other law enforcement activities just as the applicant had indicated to OCDM when approval was requested.

Helicopters are expensive and are costly to operate. States and other political bodies were unwilling to acquire helicopters for the limited civil defense uses allowed by OCDM regulations. Rather, it appears that they have first established their own needs and then acquired helicopters under this program to perform normal public service activities.

We recognize that helicopters, even if acquired for normal public activities, have a valid emergency use. We believe, however, that OCDM should not have participated in the total cost of such craft. In our opinion, it would have been reasonable for OCDM, after an analysis of operating statistics for craft already procured under this program, to establish administratively the extent, up to 50 percent of cost, to which OCDM would participate. This, we believe, would have resulted in conformance with the intent of the enabling legislation and still have provided an incentive to acquire helicopters for use in civil defense.
Recommendation

We recommend that the Secretary of Defense suspend approvals of project applications under the Helicopter Program until an administrative determination can be made as to a fair share of the total cost to be borne by the Federal Government.

Also, we refer to our recommendation to initiate comprehensive program reviews (see p. 60) according to which we believe that the Secretary should require reporting by applicants on the use of helicopters and conduct field reviews to obtain information as to how helicopters are being used and whether they are being maintained in a state of readiness for a civil defense emergency.
Hospital Generator Program

OCDM approved one half the total cost of many generators which were completely or partially for the applicants' normal emergency requirements rather than for civil defense, mainly because the regional offices were not provided with criteria to determine what portions of generating power requested were for civil defense and over and above the hospitals' normal requirements. Further, OCDM approved project applications, Federal share $188,407, where the Public Health Service (PHS) of the Department of Health, Education, and Welfare participated or agreed to participate although such dual Federal participation was not legal.

Hospital generators have been eligible under the program since 1954 for providing essential electrical operation of hospitals following an extensive enemy attack. Through June 30, 1959, OCDM approved hospital generators, the Federal share of which was at least $1.8 million.

We reviewed 133 hospital generator project applications at the OCDM Operational Headquarters, Federal share about $1.5 million, and found no evidence that the regional offices made an attempt to determine if generators requested were over and above the normal needs of the hospital. Field reviews of 12 of the 133 project applications, Federal share $372,382, demonstrated that the hospitals involved had a normal need for some generating equipment.

The normal need of hospitals for an emergency power source has long been recognized by competent hospital authorities. The Council of Hospital Planning and Plant Operation of the American
Hospital Association in its recommendations to the Association on December 9, 1950, stated that:

"Installation and maintenance of a standby generator of size sufficient to supply all estimated current demands for required areas and operated by a prime mover is required as the source of emergency electrical energy."

In October 1951, officials of the PHS published a statement on Main and Emergency Electrical Power Distribution Systems for Hospitals in which they stated, in part, that:

"In addition to the main, or normal source of power, an emergency source of power for limited use, particularly for lighting of certain areas, is considered a 'must' for hospitals.

* * * *

"As a minimum for any hospital, a source of emergency power should be located on the hospital site."

We have noted that the licensing regulations of some States require that hospitals have an emergency power capability. Presumably, before hospitals in these States could be licensed to operate, an emergency power capability would have to be provided. Also, the Federal Government normally installs generators in its hospitals.

PHS regulations provide that, to be eligible for Federal funds for hospital construction under the Hospital Survey and Construction Act of 1946 (42 U.S.C. 291), a hospital must have specifications for emergency lighting with power supplied from other than the main source of power; e.g., emergency generator, storage batteries, or a generating plant independent of the main source. More than 100 of the 133 hospitals approved for OCDM assistance also received assistance from PHS, indicating that many of the
generators were acquired to comply with the PHS regulation and were therefore not completely above normal requirements of the hospitals.

At the time of our review, OCDM Operational Headquarters records showed that final payments totaling $596,476 had been made for 81 of the 133 project applications reviewed. Thirty-two of the 81 project applications, Federal share $269,831, covered generators which had been purchased up to 2 years prior to the date that the applicants submitted the project applications. The fact that the applicants first bought the generators and then submitted project applications indicates that the generators were purchased to fill a normal need.

Further, the PHS, under the provisions of the Hospital Survey and Construction Act of 1946 (42 U.S.C. 291), pays up to 66-2/3 percent of the cost of hospitals, including cost of generators. We noted over 100 hospitals that had received assistance from OCDM and also from PHS. Although OCDM recognized that dual assistance by OCDM and PHS for hospital generators could occur, our review showed that OCDM did not have procedures in effect which would prevent such an occurrence.

As a test, we made a review at one hospital and found that the hospital had received approval for about $8,200 from PHS, as part of a larger grant, and received $9,000 from OCDM, a total Federal assistance of about $17,200, for a generator costing $24,100. Appropriations for the Federal Contributions Program provide that the costs of items are to be equally matched with State funds. Therefore, payments to hospitals that obtain part of their share
of the cost of the civil defense equipment from PHS are not legal to the extent that the State does not equally match Federal funds with its own funds.

In January 1960, we advised OCDM of the dual Federal assistance at the hospital reviewed and pointed out the large number of hospitals where both OCDM and PHS had provided assistance. We also advised OCDM of the lack of criteria for regional office determinations of the extent of civil defense needs for the generators requested. As a result of our advice, OCDM initiated reviews of 131 project applications for hospital generators to determine the extent of dual participation and to take necessary corrective action; also, OCDM revised its procedures to prevent the recurrence of dual Federal assistance.

As of July 1960, the OCDM Audit Division in its reviews noted 20 project applications, Federal share $188,407, where dual Federal participation occurred or would occur if the generators remained a part of PHS assistance. The results of OCDM's reviews are summarized below:

<table>
<thead>
<tr>
<th>Number of project applications</th>
<th>Federal share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual participation occurred and bills of collection sent</td>
<td>7</td>
</tr>
<tr>
<td>Dual participation occurred and auditors recommended cancellation of OCDM assistance prior to payment</td>
<td>2</td>
</tr>
<tr>
<td>Dual participation will be avoided by anticipated withdrawal of PHS assistance</td>
<td>8</td>
</tr>
<tr>
<td>Dual participation was avoided because PHS assistance was canceled upon learning of OCDM assistance</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
</tr>
</tbody>
</table>
In reports on the review of these 131 applications, the OCDM Audit Division also stated, in part, that:

"It is difficult to establish or find evidence that the emergency generators were purchased for Civil Defense purposes. Almost 100% of the cases audited disclosed that the generators were for daily emergency needs to meet local codes, licensing requirements, and *** (PHS) requirements in addition to the civil defense needs."

and

"It is evident that many of the emergency generators were not purchased for Civil Defense purposes, and would have been purchased without Civil Defense funds."

and

"Retroactive participation was the most common cause of problems."

We believe that the results of the OCDM Audit Division reviews confirm our findings and clearly show the need for adequate criteria for OCDM Regional Offices to determine whether generators requested are over and above normal emergency requirements.

**Recommendation**

We recommend that the Secretary of Defense (1) suspend approvals and payments for hospital generator applications until detailed criteria can be developed to provide regional offices with a reasonable basis for determining whether the generators are over and above normal requirements and (2) use the criteria developed to evaluate approved project applications and cancel any approvals which are not in conformity with these criteria.
Emergency Welfare Program

The Emergency Welfare Program was designed to assist applicants in establishing stores of welfare equipment for use in reception area facilities in caring for those in need and for emergency workers during civil defense emergencies. The types of items which OCDM approved under the program include feeding, sleeping, heating, and administrative equipment. Feeding equipment appears to include all items necessary to operate a cafeteria or kitchen. For fiscal years 1953 through 1960, about $634,000 was obligated under this program. We reviewed five project applications for cafeteria equipment which represented a Federal share of $124,894, or about 20 percent of the total obligated under the program. This equipment was being used or would be used for the daily feeding of school students and patients of a home for the aged.

In the justification to OCDM of the civil defense need for this equipment for mass feeding in a civil defense emergency, the applicants certified that the equipment was over and above their normal requirements. However, because the applications covered what appeared to include all equipment necessary to feed students or patients, we believe that OCDM should have questioned the applications.

We also noted that OCDM had approved project applications for cafeteria equipment for other schools and for some fire stations. While we did not make on-site reviews of these applications, they appear to cover equipment for the regular feeding of students or firemen.
OCDM, although recognizing that some applications under this program appeared to be for normal needs, did not establish standards or criteria for use by its regional offices in making independent determinations as to what was over and above normal requirements.

**Recommendation**

We recommend that the Secretary of Defense (1) suspend approval of applications for cafeteria equipment under the Emergency Welfare Program until well-defined criteria can be developed to provide regional offices with a reasonable basis for review and (2) use the criteria developed to evaluate all approved applications for cafeteria equipment and cancel any approvals which are not in conformity with these criteria.
Police Services Program

The Police Services Program was designed to assist States and their political subdivisions in acquiring equipment required by auxiliary police and to expand police facilities to meet civil defense requirements. For fiscal years 1955 through 1960, OCDM approved about $346,000 under this program. From our review of four applications, Federal share $20,532, we have concluded that most of the equipment under these applications, approved by OCDM on the basis of civil defense need, was acquired and is being used for the normal needs of the applicants.

In the justification to OCDM of the civil defense need for the revolvers, badges, handcuffs, and other police equipment approved under these applications, the applicants certified that the items were required to equip auxiliary or reserve police and would be used only for authorized training.

1. A city police department obtained 830 revolvers under a project application. Our review disclosed that the city police planned to buy the revolvers prior to the submission of the project application. We were informed by city officials that, beginning in 1957, revolvers were issued by the city to its new policemen and that the city had issued 659 of the revolvers to its regular policemen, one to the local civil defense director, and still had 170 on hand. On the basis of information we provided, OCDM received a refund of $16,733, the entire Federal share of the project application.

2. A county obtained 36 revolvers, badges, handcuffs, and related police equipment for the expansion of the county's auxiliary
police program. We were informed by county law enforcement officials that the auxiliary police force, for which the equipment was certified to be needed, did not exist and that the equipment had replaced worn-out equipment of the county road patrol or had been issued to new members of the patrol. On the basis of information we provided, OCDM made a review and obtained a refund of $878.

3. A borough obtained 66 police coats and 66 pairs of boots. We were informed by the Chief, Auxiliary Police, that coats and boots had been issued to the 38 auxiliary police but that the remaining items were being used by the regular police.

4. Another borough received 42 revolvers and 21 holsters. We were informed by the Chief of Police that 15 revolvers and about 17 holsters had been assigned to auxiliary police and the remaining revolvers and holsters had been assigned to the regular and the State police, the sheriff, and other law enforcement officers.

These cases illustrate the need for a continuing inspection to ascertain that the equipment is being used for civil defense purposes.

Recommendation

We recommend that the Secretary of Defense suspend the approval of firearms and related equipment under the Police Services Program until a determination is made as to whether effective controls over the approval and use of the property can be established.
Emergency Operating Center Program

Emergency operating centers, also known as control centers, are intended to provide safe facilities in which officials of State and local governments can perform emergency responsibilities. They are required to have protection against blast or radiation, depending upon their proximity to aiming areas. We reviewed five centers for which the Federal share was $19,666.¹ We found that one center was not operationally ready because emergency equipment had not been installed. Another center, Federal share $112,507, was planned and constructed by the applicant primarily for the normal needs of the community.

We noted that, in July 1959, OCDM changed its previous policy that emergency operating centers should be built outside aiming areas and thereafter permitted such centers to be placed in the center of cities and in other areas most likely to be destroyed in the event of an enemy attack. We believe that this policy requires further consideration before Federal contributions are committed to the construction of such facilities. Also, we noted that OCDM did not require centers to be manned 24 hours a day and did not require them to maintain a supply of food.

Two examples of questionable approvals

A county constructed a control center in the basement of a building. The aboveground portion of the building, although approved by OCDM as a training center, was planned, constructed, and

¹Federal contributions of $69,230 for a county facility apply to both the control center and the training center (see p. 27).
used as a community social center and is discussed on page 27 of this report. Our review showed that the applicant agreed to construct the basement portion of the building as a control center in order to obtain OCDM participation for the aboveground portion of the building which was to be the community social center. Our review showed also that required emergency equipment had not been installed although construction had been completed in May 1959 so that the center was not operationally ready for use in a civil defense emergency.

Another control center, Federal share $112,507, was needed, planned, constructed, and used by a city primarily as a city communications building. Only a small portion of the cost of this building can be attributed to civil defense.

In its initial submission to OCDM in 1954 for a control center, the applicant stated that the new communications building would cost approximately $100,000 but that the control center portion of the building, 1,692 square feet of the total 5,564 square feet, would cost about $31,968. The applicant requested approval for the $31,968, Federal share $15,984, as being over and above normal requirements. OCDM, although it did not approve this control center because of location and lack of blast protection, was clearly on notice that the building was primarily for normal requirements. By 1958, the city had completed construction of the building without OCDM participation. In June 1958, OCDM, having then relaxed its location criteria, waived its blast protection requirements and approved a project application for the cost of virtually the entire completed structure and the estimated cost of
providing fall-out protection. OCDM later approved a second application to cover additional cost of providing fall-out protection to the completed structure.

The control center of the city, as finally approved by OCDM, was primarily a city communications center for normal needs which, although located in a probable bomb impact area, had no blast protection. In our opinion, the ability of this center to survive an attack is highly questionable.

In June 1959, the city obtained OCDM approval for a feasibility study for an emergency operating center. One of the reasons cited by the applicant for the new center was its use if the present center becomes inoperable. However, the proposed center was to be located about 2 miles away from the existing center, still well within a probable impact area.

**Change in policy on operating center locations**

Until July 1959, OCDM normally required that emergency operating centers be built at least 3 miles outside aiming areas. In July 1959, OCDM reconsidered its position and changed its requirements to allow emergency operating centers to be built, on a calculated-risk basis, as near as possible to or actually in State office buildings, city halls, and county courthouses. OCDM cited the following reasons to us for the change:

1. The anticipated decrease in probable warning time raised doubt that the responsible officials could reach a distant center before attack.

2. Since aiming areas encompassed entire cities, local governments would otherwise be required to construct centers outside their boundaries, which in some cases is not now possible under State laws.
3. States and their political subdivisions lacked the funds to construct centers for stand-by purposes only.

Location of emergency operating centers in the middle of great industrial complexes and target cities appears to be a questionable risk, and several considerations seem to point to the desirability of reevaluating the revised policy. In particular, the actions of the Federal Government in providing its own emergency control centers at isolated sites manned 24 hours a day are in contrast to OCDM's policy providing for State and local governments to locate their emergency control centers in aiming areas but not requiring them to be manned 24 hours a day. Further, OCDM has not required that a supply of food be maintained in these centers, thereby seriously limiting their usefulness.

Recommendations

We recommend that the Secretary of Defense review the location criteria for emergency operating centers before additional Federal funds are committed under this program. We further recommend that the Secretary consider requiring centers to be manned 24 hours a day and to maintain an adequate supply of food.
INADEQUATE REVIEWS OF PROJECT APPLICATIONS
AND CLAIMS PRIOR TO PAYMENT

From 1952 until 1959, OCDM approved project applications, which were to be financed with Federal funds, without a procedure for ascertaining the dates on which procurements had been made. This information was essential because a Comptroller General's decision of January 17, 1952 (31 Comp. Gen. 308), stated that OCDM could not legally make payments for obligations incurred or expenditures made by the States prior to the effective date of the Federal appropriation to be charged.

We noted that OCDM reviewed claims before payments were made to applicants, but we found that in many cases these reviews were not adequate and that OCDM paid many claims although (1) the information submitted by the applicants clearly showed that the obligations had been incurred prior to the effective date of the appropriation charged or (2) insufficient information had been submitted to make a determination of legality.

Our test of claims paid during a 1-year period showed 64 payments made by OCDM, Federal share about $91,000, for items that had been procured prior to the effective date of the appropriation charged. We also noted 171 payments for which the applicants had not submitted the purchase dates of items claimed, Federal share $168,000; therefore, the legality of these payments was not determinable. We believe that the total amount of improper payments during the period 1952 to 1959 was substantial. We advised OCDM of the results of our examination and suggested that agency regulations be strengthened.
OCMD informed us that it was strengthening its review procedures to avoid improper retroactive financial contributions and that, effective July 1, 1960, in accordance with our suggestion, project applications for items already procured by applicants, except in certain areas, would no longer be approved. We believe that these actions should help avoid the types of problems we noted.

Public Law 87-390, approved October 4, 1961 (75 Stat. 820), ratified and affirmed retroactive financial contributions which had been approved and made to the States prior to June 30, 1960, if otherwise approveable.
INADEQUATE SUPPORT FOR CLAIMS PAID BY APPLICANTS

When claims for reimbursement under approved project applica-
tions were presented by applicants to OCDM for payment, OCDM did
not require that vendors' paid invoices, copies of contracts, pur-
chase orders, or evidence of competitive bidding be submitted as
support for the amounts claimed. OCDM required only that the ap-
plicant present his claim on OCDM Form 380, Billing for Federal
Contributions to States, and OCDM Form 381, Itemization of Billing
for Federal Contributions. The applicant certified that the bill
was correct and that, in certain cases, OCDM requirements for com-
petitive bidding had been met.

Our review showed that applicants claimed incorrect amounts,
did not obtain competitive bidding when required, and submitted in-
correct or no purchase dates, which resulted in payment of unal-
lowable claims. In our review of 222 project applications, we noted
the following discrepancies.

<table>
<thead>
<tr>
<th>Number of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to obtain required competitive bidding</td>
</tr>
<tr>
<td>Incorrect amounts claimed</td>
</tr>
<tr>
<td>Incorrect or no purchase dates resulting in payment of unallowable claims</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

In an audit of 131 project applications, made at our sugges-
tion, the OCDM Audit Division found as follows:
| Lack of, or faulty, competitive bidding | 7 |
| Questionable pricing of Federal share | 14 |
| Nonlegal payments due to retroactive purchase | 12 |
| Billings submitted to OCDM not for the items approved by OCDM | 2 |

Total | 35 |

We believe that submission of paid invoices, purchase orders or contracts, and evidence of competitive bidding is necessary for determining the eligibility of claims and for avoiding improper payments.

**Recommendation**

We recommend that the Secretary of Defense require applicants to submit, in the future, adequate documentation in support of their claims, such as paid vendors' invoices, purchase orders, contracts, and evidence of competitive bidding.
Because OCDM did not establish controls, Federal funds have been advanced to applicants for the Federal share of applications approved when funds were not required or have remained in the possession of applicants for long periods before the advances were used or refunded. Unnecessary or premature advances result in added cost to the Government because of interest paid by the Treasury on borrowed funds.

OCDM began advancing funds to applicants in fiscal year 1952 because legal requirements of some applicants precluded them from procuring approved items without having the full cost of the item on hand at the time of procurement or expenditure. For fiscal years 1952 through 1959, OCDM advanced about $35.0 million to applicants and, of this amount, about $10.5 million was outstanding at June 30, 1959.

OCDM advanced funds only if the State certified that:

"An advance of funds is mandatory because (1) the State law requires funds on deposit, in addition to its own, available for obligation and expenditure to cover the estimated cost of equipment; or (2) the State is precluded from expending State funds in excess of State's share of the estimated cost of the equipment subject to reimbursement by the Federal Government, or (3) procurement is to be made by a political subdivision of the State, subject to either of the two above conditions."

Although the certification indicated that the applicant had a legal requirement which would necessitate an advance, it was OCDM's policy to accept the certification without determining if the advance was actually required. OCDM did not require applicants to cite the legal basis for the advance, nor did OCDM perform independent reviews to assure that the advance was required.
In our reviews of eight States that periodically received advances, we found that advances made to six States and their political subdivisions were not always required. While the circumstances surrounding advances to the six States and their political subdivisions were varied, we believe that much of the $16.3 million advanced to them through June 30, 1959, was not required.

From inception of the program, OCDM advanced funds in excess of $10 million to a State which in 1957 had advised OCDM that it could not certify that advances for project applications for its political subdivisions were required. The State wished to continue receiving advances for all project applications to expedite payments to its subdivisions, and accordingly OCDM continued to make advances until some time in fiscal year 1960. At that time, because of the large amount of advances lying idle in the State treasury, OCDM requested a refund of open balances. In March 1960, about $1.2 million, representing advances made during the previous 2 years, was returned to OCDM.

Numerous advances have been outstanding for several years, as indicated in the following summary as of June 30, 1959:

<table>
<thead>
<tr>
<th>Fiscal year charged</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951-52</td>
<td>$363</td>
</tr>
<tr>
<td>1953</td>
<td>4,419</td>
</tr>
<tr>
<td>1954</td>
<td>202,118</td>
</tr>
<tr>
<td>1955</td>
<td>51,986</td>
</tr>
<tr>
<td>1955-56</td>
<td>1,454,176</td>
</tr>
<tr>
<td>1956-57</td>
<td>1,783,251</td>
</tr>
<tr>
<td>1957-58</td>
<td>3,825,680</td>
</tr>
<tr>
<td>1958-59</td>
<td>3,160,872</td>
</tr>
</tbody>
</table>

Total advances outstanding $10,482,965

56
We believe that the length of time that advances were outstanding could have been reduced if OCDM had placed time limits on the procurement of items approved under project applications.

In a limited review, we noted many instances where the applicants retained advances for long periods before approved items were purchased or before the applicants refunded the advances to OCDM. We noted also several instances where refund checks were not promptly transmitted to OCDM by a State civil defense office.

OCDM was generally aware of this situation, and its Audit Division made reviews and pertinent recommendations in this area. Effective November 1, 1959, OCDM instituted improved procedures to reduce the periods for which advances were outstanding, but we found that the procedures were not fully effective.

Recommendation

We recommend that the Secretary of Defense require applicants to submit their bases for the legal requirements for advances and that he place reasonable time limits on all project applications to attain prompt liquidation or return of advances.
NEED FOR COMPREHENSIVE, CONTINUING REVIEWS
OF PROGRAM ACTIVITY AT THE STATE AND LOCAL LEVEL

OCDM did not perform comprehensive and continuing reviews at the State and local levels to determine that applicants were complying with pertinent laws and OCDM policies, procedures, and requirements, and, as a result, information was not available to management for the evaluation of program procedures and performance, for achieving effective administration of the program.

Over the 8 years of program operations from 1951 until 1959, OCDM did not perform reviews of program activity at the State or local level. The agency position on the need for such reviews was stated by the Administrator of FCDA (predecessor of OCDM) in 1956 in hearings before a Subcommittee of the Committee on Government Operations, House of Representatives. He stated, in part that:

"*** we made some spot checks of the utilization of this property in which we have matched funds, but on the whole we have not had a widespread program here. I don't believe one is justified because the States have put in 50 percent for the cost."

(Underlining supplied.)

Many of the items approved under the program are identical to those required by applicants for day-to-day operations. We believe that systematic program reviews would be desirable and useful in evaluating the needs of applicants and their use of equipment financed through the program. By not performing such reviews, the agency omitted an effective means of obtaining information as to whether facilities were being used for civil defense purposes as intended by the legislation.

We noted a number of instances where program reviews would have been particularly helpful to management.
1. A county hospital obtained medical supplies, Federal share $109,037, to establish a civil defense stockpile for use only at the time of emergencies. In a test of 72 items, representing about 55 percent of the dollar value of the stockpile, we found that shortages existed in all 72 items and the amount of inventory on hand appeared to represent the hospital's normal inventory. A further review indicated that the medical supplies had never been stockpiled as intended but apparently had been consumed in the normal operation of the hospital, as they were purchased. On the basis of information we provided, OCDM made a review and obtained a refund of $109,037.

2. A State forestry commission obtained two helicopters, Federal share $40,510, justified on the basis of a civil defense and natural disaster need, which were used extensively in unauthorized revenue-producing spraying operations. (Also see p. 34.)

3. A county obtained a duplicating machine, Federal share $1,177, on the condition that the machine would be used solely for civil defense purposes. We found the machine was needed and used in the normal operations of the county library.

4. A city obtained facilities, Federal share $160,000, for municipal use by representing the facilities as a training center. (Also see p. 25.)

5. A State civil defense agency purchased 10,000 evacuation route signs in June 1956, Federal share $19,900. Our review, in March 1960, disclosed that, because of insufficient State funds, 9,400 of the signs had not been installed.

In early 1960, at our suggestion, OCDM initiated the first comprehensive review of a program segment under the Federal Contributions Program. This review, which covered the Hospital Generator Program, showed many serious deficiencies and provided management with needed information for revising procedures for better operation of the program. Reports of the OCDM Audit Division on results of this review showed the following conditions.

1. Almost all generators were for daily emergency needs to meet local codes, licensing requirements, and Public Health Service requirements in addition to the civil defense needs.
2. Dual Federal assistance was involved.

3. There was lack of, or faulty, competitive bidding for generators.

4. Questionable pricing methods were used in computing the Federal share.

5. Some items were purchased prior to the availability of Federal funds, making the transactions not legal.

6. Costs reported to OCDM could not be substantiated.

7. Discounts were not passed on to OCDM.

8. OCDM paid for items never delivered.

9. Items were obtained by a privately owned, profit-making organization.

10. Billings submitted to OCDM were not for the items approved by OCDM.

Recommendation

We recommend that the Secretary of Defense initiate a program for continuing, comprehensive reviews of program areas under the Federal Contributions Program to obtain better compliance with pertinent laws and agency policies, procedures, and requirements. The desirability of these reviews was specifically brought out by our examination of the Training Center and Helicopter Programs. (See pp. 29 and 37.)
POSTATTACK EFFECTIVENESS OF APPROVED PROJECTS
REDUCED THROUGH LACK OF REQUIREMENTS FOR
EMERGENCY POWER AND SUPPLIES

Under certain programs OCDM did not require applicants to pro-
vide emergency power and other necessary supplies without which
there is no assurance that approved equipment and structures sur-
viving an enemy attack can be used effectively in a civil defense
emergency.

The National Plan for Civil Defense and Defense Mobilization
provides that:

"Cities, counties and States will be prepared to exist
on consumer items and essential equipment immediately
available to their respective jurisdictions for a mini-
mum of four weeks following attack."

The National Plan also mentions that radiation could contaminate
most of the country in varying degrees with a resultant denial of
access to many areas for several days. A 1959 study of assumed
postattack power availability indicates that more than 66 percent
of the nation's electric power capability will be lost for at
least 14 days following an attack.

A discussion of the program areas reviewed follows.

Communications Program

Through fiscal year 1959, about $38 million was obligated un-
der the Communications Program. Although the availability of
power in a civil defense emergency could be a major problem, OCDM
did not require applicants to have emergency generators for commu-
nications equipment until September 1959. At the time the genera-
tor requirement became effective, the OCDM Regional Offices were
advised that the requirement could be waived as follows:
"If, in the opinion of the region, the application was in process at the state and local level prior to their notification of the generator requirement, the region should carefully determine whether or not strict compliance with the generator requirement in these instances would result in more harm than good, and make a determination accordingly."

Under the above authority, OCDM, as late as May 1960, approved several project applications and waived the generator requirement in spite of the recognized need for postattack power.

**Emergency Welfare Program**

Ranges, refrigerators, and dishwashing machines are approvable items under the Emergency Welfare Program and are to provide the necessities of life in case of an enemy attack.

Although electrically operated equipment would be useless in a postattack situation without power, OCDM did not make the provision of emergency power a prerequisite to the approval of project applications covering electrically powered emergency welfare equipment.

**Engineering Program**

Stand-by generators are an approvable item under the Engineering Program and are intended for postattack use when normal power may not be available for extended periods.

We noted that adequate fuel tanks were recommended but not required. Although OCDM was primarily concerned with the availability of power for extended periods, it approved stand-by generators without fuel and fuel storage requirements to assure continuous operations.
We believe that, unless applicants are required to provide emergency power, fuel, and other necessities under certain programs, many of the approved items will be of little value in an extended civil defense emergency.

Recommendations

We recommend that the Secretary of Defense, when considering approval of future project applications, require applicants to provide power, fuel, and other necessities, as may be warranted in individual circumstances, to assure greater postattack capability. In addition, we recommend that the Secretary encourage previous applicants to provide emergency power, fuel, and other necessities, as needed.
SCOPE OF REVIEW

Our review of OCDM's administration of the Federal Contributions Program included:

1. A review of the legislation authorizing the program and subsequent annual appropriation acts, to determine the purpose and congressional intent of the program.

2. A review of OCDM policies and procedures, to consider their conformity with the law and suitability for attaining the purposes of the program.

3. A review of the operation of the program at the OCDM Operational Headquarters in Battle Creek, Michigan, and at four selected OCDM Regional Offices, to consider conformity with established policies and procedures and efficiency of operations.

4. Visits to 14 State civil defense offices and to selected political subdivisions to review (a) the validity of representations made to OCDM to obtain financing under the program and (b) the civil defense need for equipment and facilities so financed.

5. Physical inspection of selected equipment and facilities in the possession of applicants, to determine whether the property was being used for the purposes authorized under the program and in accordance with OCDM requirements.
Mr. Fred H. Studt
Assistant Director
Civil Accounting and Auditing Division
U. S. General Accounting Office
Washington 25, D. C.

Dear Mr. Studt,

This is with reference to the draft report which you furnished us under date of May 19, 1961 in connection with your July 1960 review of the Federal Contributions Program administered by this Agency under authority of the Federal Civil Defense Act of 1950 as amended.

Within the limited opportunity I have had to review the material there are comments I will address to the program as a whole and the concept which I believe should support the activities as well as the exercise of judgment necessary to carry out the wishes of the Congress.

The basic philosophy of the Program vests certain responsibilities in the several States and their political subdivisions. Not the least of these is the acceptance of need as adduced from the State certification as well as the underlying certification of the local applicant.

Additionally, the certifications presented by the States on behalf of themselves and their local jurisdictions carry with them subsequent responsibilities in order to insure compliance with the existing statutes, regulations and administrative issuances. These compliance activities by the States have not been universally satisfactory and I shall work toward strengthening this important responsibility. Staff support at the State and local level is being expanded through Federal participation in the Personnel and Administrative Expenses program. I expect, and will insist, that a more vigorous approach to this compliance activity shall be initiated by the States.
Surveillance by the Federal government will also be expanded and accelerated; in instances where corrective actions imposed upon the States are not forthcoming, I shall use the administrative authority vested in me to take such steps which, in my judgment, are required for the protection of the Federal government.

While the Program must of necessity be administered by the States, the requirement for adequate standards and criteria to guide the States and their local jurisdictions is of course a responsibility of the Federal government.

It should be noted historically, standards and criteria have been issued and adjusted from time to time to meet the changes in emergency concepts; however, these standards require a more sophisticated approach and I propose to explore them in further detail and take such action as I deem necessary to strengthen all elements of this Program.

In the areas embracing administrative controls and funding operations I have already taken certain actions. These include close review of procurement documents to insure that obligations are properly incurred within the period of fund availability. Additionally, the control of Federal funds advanced to the States has been tightened through administrative action and it should be noted that whereas on June 30, 1959, there were Federal funds outstanding for the Fiscal Years 1951/1959 in the amount of $10,482,965, there remains only $3,230,253 as of May 31, 1961; during the month of April 1961 there was liquidated $231,000.

As you already know, corrective action has been taken on many of the specific projects which were the subject of your review; in some instances our examination revealed that the States were in substantial compliance. My staff is continuing to examine the problem areas with the view toward a satisfactory resolution in each case.

I would like to take this opportunity to express my appreciation of the fine cooperation we have received from the members of your staff assigned to this review. The detailed analyses which have been presented to us from time to time will, I am confident, strengthen the administration of the Program and benefit all levels of government in the important preparation of a nonmilitary defense capability.

Sincerely,

Frank B. Ellis
Director