
MONTH IN REVIEW: NOVEMBER 1999

Reports, Testimony, Correspondence, and Other Publications

Highlights

Large Bank Mergers: Fair Lending Review Could Be Enhanced With Better Coordination. Page 6.

Social Security: Evaluating Reform Proposals. Page 12.

Financial Management: Increased Attention Needed to Prevent Billions in Improper Payments. Page 7.

Budget Surplus: Experiences of Other Nations and Implications for the United States. Page 2.

DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks. Page 19.



If you have questions about the Month in Review, please call Susan Becker, Acting Director of Public Affairs, at (202)512-4800. For information on specific reports, please contact appropriate GAO staff. GAO publishes the names of key contacts and their telephone numbers in each report.

Contents

Month in Review: November 1999

Agriculture and Food	2
Budget and Spending	2
Business, Industry, and Consumers	3
Education	4
Energy	5
Environmental Protection	5
Financial Institutions	6
Financial Management	7
Government Operations	8
Health	9
Housing	12
Income Security	12
Information Management	14
International Affairs	16
Justice and Law Enforcement	17
National Defense	19
Natural Resources	25
Science, Space, and Technology	26
Social Services	26
Transportation	28
Veterans Affairs	29
Special Publications	29
Reports on Agency Rules	32

Month in Review: November 1999

Agriculture and Food

Food Safety: Agencies Should Further Test Plans for Responding to Deliberate Contamination

GAO/RCED-00-3, Oct. 27 (10 pages).

Are federal food safety regulatory agencies prepared to respond to acts or threats of deliberate food contamination, including those by terrorists? The agencies primarily responsible are the Food Safety and Inspection Service and the Food and Drug Administration. Deliberate contamination of food with a biological agent has rarely occurred in the United States. However, GAO identified two acts since 1984, which produced short-term illnesses among more than 750 people, but no deaths. In addition, from 1995 through 1999, the federal agencies reported three threats—two were hoaxes and the other is still under investigation. This report describes the plans and procedures that federal agencies have in place to cope with threats and acts of deliberate food contamination with a biological agent.

U.S. Department of Agriculture: Marketing Assistance Loan Program Should Better Reflect Market Conditions

GAO/RCED-00-9, Nov. 23 (22 pages).

The marketing assistance loan program provides farmers who grow certain crops with financial assistance at harvest time, when prices are usually lower than at other times of the year. As of September 1999, \$3.4 billion of the \$3.7 billion in cash payments went to producers of the following four crops: corn, soybeans, wheat, and upland cotton. The top 10 states where producers received the assistance were Illinois, Indiana, Iowa, Kansas, Minnesota, Nebraska, North Dakota, Ohio, South Dakota, and Texas. This report discusses (1) which producers received cash payments through the program, (2) why some producers did not participate in the program, and (3) the concerns that have been raised about the program's effects on cash payments and potential forfeitures.

Budget and Spending

Budget Surpluses: Experiences of Other Nations and the Implications for the United States

GAO/AIMD-00-23, Nov. 2 (207 pages).

In fiscal year 1998, the United States had a budget surplus for the first time in nearly 30 years. Although balancing the federal budget has been the clear and generally accepted fiscal goal for many years, there is no consensus yet on the appropriate fiscal policy during a period of budget surpluses. Should the surpluses be maintained? How should they be used? This report examines the experiences of six countries that have recently experienced budget surpluses—Australia, Canada, New Zealand, Norway, Sweden, and the United Kingdom. GAO discusses (1) how they achieved budget surpluses and what their fiscal policies were during periods of surplus, (2) how they addressed long-term budgetary pressures, and (3) how they adapted their budget process during a period of surplus. GAO also identifies the lessons that these nations learned that might be useful for the United States. GAO concludes that sustaining a surplus over time to address the United States' own long-term needs will require a framework that provides transparency through the articulation and defense of fiscal policy goals; provides accountability for making progress toward those goals; and balances the need to meet selected pent-up demands with the need to address long-term budget pressures.

Business, Industry, and Consumers

Consumer Product Safety Commission: Additional Steps Needed to Assess Fire Hazards of Upholstered Furniture

GAO/HEHS-00-3, Nov. 17 (28 pages).

To establish a flammability standard for chairs, sofas, and other upholstered furniture, the Consumer Product Safety Commission quantifies the fire hazards using (1) national estimates of the total number of fires in four general categories and the extent of losses that do not reflect specific types of fires, such as those from upholstered furniture, and (2) detailed information about specific types of fires within a portion of all U.S. fires. At present, the Commission cannot ensure that its methodology provides a complete picture of the national fire losses that the potential standard would address because, among other things, (1) it has not developed a statement of precision for the estimated losses from upholstered furniture fires and therefore cannot disclose the range of the standard's possible benefits and (2) its methodology for calculating fire losses has the effect of including losses that the standard is not likely to address, such as losses from fires that are intentionally set. GAO recommends that as the Commission continues to consider the need for a mandatory flammability standard for upholstered furniture, it do more

analyses to identify the level of imprecision in its methodology's fundamental assumptions and apply any necessary revisions to its cost-benefit analysis.

Education

Migrant Children: Education and HHS Need to Improve the Exchange of Participant Information

GAO/HEHS-00-4, Oct. 15 (51 pages).

The Department of Education's Migrant Education Program (MEP) and the Department of Health and Human Services' (HHS) Migrant Head Start Program (MHS) provide a range of health, educational, nutritional, and social services to migrant children. MEP's primary goal is to give the children of migrant crop workers a chance to meet the same state educational standards as other children. Its services vary across states, districts, and schools. MHS funds infant and preschool centers that serve the preschool-age children of migrant crop workers. MHS's narrower population definition results in service gaps for some preschool children and for children of different ages in the same family. A broader definition would mean that MEP and MHS could work together to provide more orderly transitions for children moving from MHS into school and greater service coverage for all the children in a family. Analysis of the adequacy and the targeting of MHS's resources and federal leadership to develop a system for each program to support the exchange of essential student information and coordination of services are needed. Neither Education nor HHS has measured how well the two programs are achieving their goals. GAO believes that it would be economically feasible to include a sample of migrant children in ongoing national data collection efforts. GAO recommends that the types of activities included in MHS's definition of agricultural work be expanded to harmonize with those included in MEP's definition. GAO also recommends that both Education and HHS develop nationwide systems to transmit children's tracking information and that they include studies that measure MEP's and MHS's outcomes in their research and evaluation plans.

Education and Care:

Early Childhood Programs and Services for Low-Income Families

GAO/HEHS-00-11, Nov. 15 (29 pages).

The federal government, primarily through the Department of Health and Human Services and the Department of Education, spent about \$11 billion in 1999 on a range of programs for early childhood care and education for low-income children. The states spent nearly \$4 billion. Thirty-two states funded preschool programs, 15 supplemented Head Start funds, and 19 had child care programs that provided funding to communities. Educationally oriented services were the most common in centers and homes. Low-income families nevertheless found it hard to obtain infant and toddler care, care for children with special needs (such as those with physical disabilities), and care during evenings and weekends. Three major barriers included cost, availability, and accessibility to providers. Some states and localities using collaborative initiatives report varying degrees of success at increasing the availability of care, depending on different eligibility requirements, concerns about losing program authority, and lack of information or funding for collaboration. Infant and toddler care, care during nonstandard hours, and care for children with special needs have the greatest need for support.

Energy

Correspondence

Tennessee Valley Authority: Response to Questions From September 22, 1999, Hearing. GAO/AIMD-00-47R, Nov. 19.

Environmental Protection

Superfund: Information on the Program's Funding and Status

GAO/RCED-00-25, Oct. 29 (30 pages).

After nearly 20 years and outlays of more than \$14 billion, the Superfund program has yet to complete cleanups for 42 percent of the nation's most severely contaminated hazardous waste sites. The Superfund trust fund has been financed primarily by a tax on crude oil and some chemicals, together with an environmental tax on corporations. This report discusses (1) the status of the program's funding and expenditures, including information on the Superfund trust fund so far and the money appropriated from it to federal agencies other than the Environmental Protection Agency for Superfund activities; (2) the costs to responsible parties for all site cleanups and these parties' related transaction costs

from 1980 through 1998, categorized before and after December 1995, when the authority for Superfund taxes expired; and (3) the cleanup status of the 640 nonfederal sites on the National Priorities List as of April 1999 and the estimated total and annual costs to finish cleaning them up.

Correspondence

Environmental Protection: EPA's Use of Funds for Brownfields.
GAO/RCED-00-32R, Oct. 27.

Financial Institutions

Large Bank Mergers: Fair Lending Review Could Be Enhanced

GAO/GGD-00-16, Nov. 3 (51 pages).

The fair lending laws prohibit discrimination on the basis of an applicant's race, color, religion, gender, national origin, or other characteristics. In recent years, mergers between several of the nation's largest banks have prompted consumer and community groups to raise fair lending concerns. This report (1) describes the fair-lending issues raised by consumer and community groups during the application process for six larger bank holding company mergers and (2) assesses the Federal Reserve Board's consideration of those issues. GAO provides information on actions that regulators have taken in response to earlier GAO recommendations on fair lending. GAO also provides information on emerging fair-lending issues related to credit scoring, automated loan underwriting, and mortgage brokers. In each of the six mergers GAO reviewed, consumer and community groups raised the issue of perceived high loan denial and low lending rates to minorities by the mergers. The Fed considered these fair-lending issues in the six merger cases by collecting, reviewing, and analyzing information from various sources, including the bank holding companies involved in the mergers and other federal and state agencies. The Fed did not routinely contact the Federal Trade Commission or the Department of Housing and Urban Development about the six mergers despite their fair lending enforcement responsibilities.

Long-Term Capital Management: Regulators Need to Focus Greater Attention on Systemic Risk

GAO/GGD-00-3, Oct. 29 (55 pages).

In 1998, Long-Term Capital Management (LTCM)—one of the largest U.S. hedge funds—lost more than 90 percent of its capital. The Federal Reserve concluded that rapid liquidation of LTCM's trading positions and related positions of other market participants might pose a significant threat to already unsettled global financial markets. As a result, the Fed arranged a private sector recapitalization to prevent LTCM's collapse. The circumstances surrounding LTCM's near collapse and recapitalization raised questions that go beyond the activities of LTCM and hedge funds to how federal financial regulators fulfill their supervisory responsibilities and whether all regulators have the necessary tools to identify and address potential threats to the financial system. This report discusses (1) how LTCM's positions became large and leveraged enough to be deemed a potential systemic threat, (2) what federal regulators know about LTCM and when they found out about its problems, (3) what the extent of coordination among regulators was, and (4) whether regulatory authority limits regulators' ability to identify and mitigate potential systemic risk.

Financial Management

Financial Management: Increased Attention Needed to Prevent Billions in Improper Payments

GAO/AIMD-00-10, Oct. 29 (69 pages).

The federal government spends billions of dollars each year on grants, transfer payments, and the procurement of goods and services. In their fiscal year 1998 financial statements, nine federal agencies reported improper payments totaling \$19.1 billion. GAO found that agencies are not performing comprehensive quality control reviews for certain programs to determine the propriety of program spending. As a result, the full extent of the problem—and possible solutions to it—is unknown. GAO believes that inadequate internal control and program design issues are the primary causes of improper payments for many federal programs. Economic and demographic projections suggest that federal outlays in certain programs will rise significantly. With billions of dollars at risk, agencies will need to continually and closely safeguard those resources entrusted to them and make it a priority to reduce fraud, waste, and abuse. A first step for some agencies will be to develop ways to identify, estimate, and report the nature and the extent of improper payments annually. Without this basic knowledge, agencies cannot be fully informed about the magnitude, trends, and types of payment errors being made within their programs.

Correspondence

Inspectors General: Information on Resources and Selected Accomplishments of Five Inspectors General. GAO/AIMD-00-31R, Nov. 19.

Financial Management: National Institutes of Health Research Invention Licenses and Royalties. GAO/AIMD-00-44R, Nov. 22.

Government Operations

DC Courts: Improvements Needed in Accounting for Escrow and Other Funds

GAO/AIMD/OGC-00-6, Oct. 29 (23 pages).

The District of Columbia Courts did not properly account for the funds in half of its 18 bank accounts during fiscal year 1998, as seen in problems in determining its cash balances and reconciling its accounting records to supporting documentation. Although the Courts improved its reconciliation procedures during fiscal year 1999 and was able to reconcile fiscal year-end balances for 15 accounts, it continued to have difficulty in properly accounting for the funds in three of its accounts—Child Support, Civil Escrow, and Juror Fees. In addition, the Courts lacked adequate controls and procedures during fiscal year 1998 to ensure that fines and fees collected were adequately recorded. Although the Courts was authorized to deposit fines, fees, and penalties into a fund to provide financial assistance to crime victims, in fiscal years 1998 and 1999 the Courts also deposited other fines, fees, and penalties into that fund that should have been deposited in the U.S. Treasury.

U.S Postal Service: Changes Made to Improve Acceptance Controls for Business Mail

GAO/GGD-00-31, Nov. 9 (19 pages).

The Postal Service discounts postage rates to customers who barcode and presort their business mail before submitting it in bulk quantities to the Service for processing. GAO reported in 1996 that the Service lacked adequate controls to ensure that customers had properly prepared their business mail and were, in fact, eligible to receive the discounted postal rates. (See GAO/GGD-96-126.) This follow-up report found that the Service made changes to its controls over the acceptance of business mail. These changes are generally along the lines that GAO recommended in 1996, and its controls overall appear to have improved. However, the Service lacks information on how well its controls are working Servicewide and cannot

guarantee that it is collecting all the revenue due from its business mail operations.

Correspondence

Decennial Census: Information on the Accuracy of Address Coverage.
GAO/GGD-00-29R, Nov. 19.

Health

NIH Clinical Trials: Various Factors Affect Patient Participation

GAO/HEHS-99-182, Sept. 30 (34 pages).

Nearly all the 26 private health insurers, the large indemnity plan, and the several health maintenance organizations that GAO interviewed approve case-by-case exceptions to the general exclusion of coverage for patients' participation in experimental clinical trials for the sake of finding effective treatments. Insurers generally agree in approved cases to pay for standard, nonexperimental care costs associated with a trial, but payments vary from insurer to insurer. Uncertainty about approval and payment levels results in patients and physicians being discouraged from seeking prior approval for trial enrollment, although insurers may pay for medical care that they are unaware is being provided in a research context. Cancer research centers reported no serious difficulties in enrolling adequate numbers of patients for trials sponsored by the National Cancer Institute but described enrollment as challenging because of administrative burdens, payment issues, and paperwork requirements. Other difficulties are community physicians' being unaware of trials and patients' being ineligible or uncertain about the benefits and risks of experimental treatments. Available data do not document the concern expressed anecdotally by the National Institutes of Health that trial enrollment is declining.

Physician Performance: Report Cards Under Development but Challenges Remain

GAO/HEHS-99-178, Sept. 30 (34 pages).

Only a fraction of the wide variety of services individual physicians and physician groups typically perform can be clearly linked to measurable outcomes that reflect quality of care. Current approaches to performance measurement generally focus on physician groups rather than on specific

doctors and measure not outcomes but processes, such as whether the services that are provided accord with agreed-upon norms. Several private and public organizations in California, New York, and Pennsylvania have developed report cards that provide information closer to the level of the individual physician than health plan report cards do, although they do not always help consumers make informed choices about physicians. The accuracy and completeness of the report card data and the adequacy of the risk adjustment methodologies also limit consumers' and physicians' confidence in them. Several national accreditation organizations as well as the Department of Health and Human Services are working to develop common performance measures and to establish standards for administrative claims and encounter data.

**Medical Malpractice:
Effects of Varying Laws in the District of Columbia, Maryland,
and Virginia**

GAO/HEHS-00-5, Oct. 15 (28 pages).

Many states changed their tort law in the past 25 years in order to reduce malpractice insurance premiums, but the evidence of the effect of the changes is too limited to allow reliable cost savings estimates. Maryland and Virginia both adopted tort reform—albeit using different approaches—but the District of Columbia has not. How the differences have affected malpractice costs is unclear. Limited data show that the median payment for a malpractice claim for physicians in 1996-98 was \$200,000 in the District, \$150,000 in Baltimore, and \$112,500 in Richmond. Also, premiums for obstetrics and gynecology were higher in Baltimore than in the District but lower for internal medicine and general surgery, which were lowest in Richmond. Relative to Baltimore or Richmond, high malpractice claim payments or insurance premiums did not reduce the number of physicians in the District, which increased per 100,000 people by about 24 percent between 1985 and 1997.

**Nursing Home Care:
Enhanced HCFA Oversight of State Programs Would Better
Ensure Quality**

GAO/HEHS-00-6, Nov. 4 (45 pages).

The Health Care Financing Administration (HCFA) oversees how well each state agency ensures quality care in nursing homes, but the mechanisms

HCFA uses are of limited scope and effectiveness. Because the mechanisms are not applied consistently in HCFA's 10 regional offices, HCFA lacks sufficient, consistent, and reliable data with which to evaluate the effectiveness of state agencies' performance or the success of its recent initiatives to improve nursing home care. HCFA cannot be certain whether some states are failing to identify serious deficiencies that harm nursing home residents. HCFA also lacks an adequate array of effective sanctions to encourage state agencies to correct serious or widespread problems. GAO recommends that HCFA improve (1) the scope and the rigor of its oversight process through the state surveys and (2) the consistency in how it holds state survey agencies accountable by standardizing procedures for selecting state surveys and conducting federal monitoring surveys. GAO summarized this report in testimony before Congress; see:

Nursing Homes: HCFA Should Strengthen Its Oversight of State Agencies to Better Ensure Quality Care, by William J. Scanlon, Director of Health, Financing, and Public Health Issues, before the Senate Special Committee on Aging. GAO/T-HEHS-00-27, Nov. 4 (10 pages).

Testimony

Medicaid: Federal and State Leadership Needed to Control Fraud and Abuse, by Leslie G. Aronovitz, Associate Director for Health, Financing, and Public Health Issues, before the House Committee on Commerce, Subcommittee on Oversight and Investigations. GAO/T-HEHS-00-30, Nov. 9 (20 pages).

Medicaid fraud schemes cross state lines and enforcement jurisdictions, engaging the different or competing priorities of federal, state, and local agencies in efforts to investigate, prosecute, and enforce program compliance. Essential components of an effective strategy with program integrity include coordinating the efforts of the multiple players, investing in preventive strategies, and dedicating adequate resources to fraud control units. The Health Care Financing Administration, the federal agency that runs Medicaid, established a fraud and abuse national initiative in 1997 to bring together groups at the state level to provide training, share information, and address common concerns. Despite HCFA's efforts to facilitate the states' activities, questions remain about its role as a steward of Medicaid funds.

Correspondence

Health Care: Fraud Schemes Committed by Career Criminals and Organized Crime Groups and Impact on Consumers and Legitimate Health Care Providers. GAO/OSI-00-1R, Oct. 5.

Housing

Correspondence

Department of Housing and Urban Development: Loan Origination and Foreclosed Property Management Processes. GAO/AIMD-00-41R, Nov. 19.

Income Security

**Social Security:
Evaluating Reform Proposals**

GAO/AIMD/HEHS-00-29, Nov. 4 (67 pages).

This report analyzes the potential budgetary and economic effects of five Social Security reform proposals. Under the proposed Social Security Guarantee Act, current retirement income would not be reduced and could be higher; individual mutual fund accounts financed by refundable tax credits would be mandatory; and benefit payouts would remain the same as under current law or would be based on the annuitized account balance, which would be gradually returned to Old Age and Survivors Insurance and Disability (OASDI) trust funds and left to the heirs of workers who die before receiving benefits. Under the proposed 21st Century Retirement Security Act, benefits would be generally lower than under current law but a minimum benefit would be higher and formula changes would increase the benefit structure's progressivity; mandatory individual investment accounts would be modeled after the Federal Thrift Savings Plan; additional revenue would be available from changes in the cost-of-living adjustment and Social Security benefit taxation currently financing Medicare; and retiring workers could buy annuities or take a monthly pay-out with the balance after death left as a lump sum or rolled over. Under S. 1383, benefits, mandatory individual accounts, additional revenues, and account distributions on retirement and after death would have features similar to the previous proposal. Also, children would have "KidSave" accounts from birth to age five and retiring workers would take a benefit reduction to reflect government contributions to the individual accounts. Under Congressman Kasich's plan, initial benefits would be lower because they would be indexed to prices rather than to

wages; benefits from voluntary individual investment accounts would be reduced at retirement to offset government contributions; and the transition period would be financed by a loan from the general fund to the OASDI trust funds. The President's Social Security Transfer Proposal would keep benefits at current levels and general revenues would provide addition financing. Under his USA Proposal, workers would receive a flat general tax credit and a government match on individual voluntary investment accounts financed from general revenues by means of income tax credits.

**Supplemental Security Income:
Incentive Payments Have Reduced Benefit Overpayments
to Prisoners**

GAO/HEHS-00-2, Nov. 22 (23 pages).

As a result of welfare reform, the Social Security Administration (SSA) now has a new way to identify ineligible prisoners receiving Supplemental Security Income (SSI) payments. Today, SSA receives information from 210 additional prisons, preventing about \$3.6 million in erroneous payments to inmates and identifying about \$3.3 million in potentially recoverable overpayments already made. Also, SSA now receives some data on prisoners more frequently and in a format more usable than before, preventing at least \$2.7 million in erroneous payments. SSA has also prevented \$1.6 million in erroneous overpayments and identified \$1.4 million in potentially recoverable overpayments for the Old Age and Survivors Insurance and Disability Insurance programs. It has developed new electronic monitoring and control systems for inmate data and makes these data available to other federal and state agencies for their assistance programs, such as the Food Stamp program, which may help them improve the accuracy of their payments. Arguments that the program's \$10 million cost is high are balanced against benefits that are likely to enhance the operation of SSI and other federal programs for years to come.

Testimony

Social Security: The President's Proposal, by David M. Walker, Comptroller General of the United States, before the House Committee on Ways and Means. GAO/T-HEHS/AIMD-00-43, Nov. 9 (20 pages).

The President's Social Security transfer proposal, embodied in S. 1831 and H.R. 3165, would not in any way reform the basic Social Security program, although the administration is committed to long-term reform. The

proposal seeks to increase the likelihood that projected unified surpluses would be preserved for Social Security and debt reduction. It would provide additional program funding by transferring general funds to the Old Age and Survivors Insurance and Disability Insurance trust funds. This shift in program financing would reduce publicly held debt but would not modify the program's underlying commitments for the future. The proposed transfer, by extending trust fund solvency, could create complacency about the program's financing, making it more difficult to engage in substantive program reform.

Correspondence

Private Disability Insurance: Employer-Sponsored Plans. GAO/HEHS-00-18R, Nov. 5.

Information Management

Defense Computers: U.S. Transportation Command's Management of Y2K Operational Testing

GAO/AIMD-00-21, Nov. 15 (59 pages).

Complete and thorough Year 2000 end-to-end testing is essential to ensuring that new or modified systems used to collectively support a core business function or mission operation will not jeopardize an organization's ability to deliver products and services on or after January 1, 2000. This is especially true for the Defense Department, which relies on a complex array of interconnected computer systems—including weapons, command and control, satellite, inventory management, transportation management, health care, financial, personnel, and payments systems—to carry out its operations. This report (1) assesses the U.S. Transportation Command's management of its end-to-end test of its ability to plan and execute joint major theater war deployment operations and (2) determines what the results of this test show with respect to operational risks and readiness.

Defense Computers: U.S. Space Command's Management of Its Year 2000 Operational Testing

GAO/AIMD-00-30, Nov. 15 (68 pages).

As part of GAO's review of the military's management of various Year 2000 end-to-end testing efforts, this report (1) assesses the U.S. Space Command's management of its end-to-end testing of space control systems that are essential to major theater war and (2) discusses the test results with respect to operational risks and readiness.

Testimony

Year 2000 Computing Challenge: Noteworthy Improvements in Readiness but Vulnerabilities Remain, by Joel C. Willemssen, Director of Civil Agencies Information Systems Issues, before the Subcommittee on Technology, House Committee on Science, and the Subcommittee on Government Management, Information, and Technology, House Committee on Government Reform. GAO/T-AIMD-00-37, Nov. 4 (50 pages).

Critical public services provided by the government and private industry could be disrupted by the Year 2000 computing problem: from delayed financial transactions to grounded flights to power outages. GAO found that although much progress has been made to minimize these risks, more work remains at the national, federal, state, and local levels to avoid major service disruptions. Specifically, remediation must be completed, end-to-end testing done, and business continuity and contingency plans and Day One strategies developed and validated. Similar actions remain that must still be completed by the nation's key sectors, such as energy, transportation, and health care. Whether the United States successfully confronts the Year 2000 challenge will largely depend on the efforts of federal, state, and local governments as well as the private sector to work together to complete these actions.

Correspondence

Reported Medicaid Year 2000 Readiness. GAO/AIMD-00-22R, Oct. 5.

Information Security: SSA's [Social Security Administration] Computer Intrusion Detection Capabilities. GAO/AIMD-00-16R, Oct. 27.

Information Security: Weaknesses at 22 Agencies. GAO/AIMD-00-32R, Nov. 10.

Information Security: Responses to Posthearing Questions. GAO/AIMD-00-46R, Nov. 30.

International Affairs

Export Controls: International Space Station Technology Transfers

GAO/NSIAD-00-14, Nov. 3 (28 pages).

The international space station, with 16 nations involved, is one of the largest scientific collaborations attempted. Under international agreements, NASA, as the U.S. representative, is obligated to deliver, disclose, or transfer technology, data, and commodities needed to implement the program. Members of Congress have raised concerns about the extent of safeguards to protect technology and information exported in support of the space station. This report provides information on (1) the licenses granted to NASA to export space station-related technology and commodities and plans to export encryption technology and (2) the results of internal and external assessments of NASA's export control program and NASA's actions to implement audit recommendations. Encryption technology maintains the secrecy of information and is needed to provide secure transmission of command and control instructions between ground and space components of the space station.

Export Controls: Statutory Reporting Requirements for Computers Not Fully Addressed

GAO/NSIAD-00-45, Nov. 5 (31 pages).

The U.S. government controls the export of high-performance computers to some countries because of foreign policy and national security concerns. The Commerce Department considers a high-performance computer to be one that exceeds a defined performance threshold, thus requiring an export license. In a July 1999 report, the executive branch described its plans to change the controls on the exports of high-performance computers by increasing the level of computing performance for which export licenses would be required. Congress required the executive branch to issue a report justifying the proposed change to export controls on computers. This report determines (1) whether the executive branch's July 1999 report to Congress satisfied the requirements of the law; (2) whether the report was factually supported; and (3) how many high-performance computers at the current control levels have been approved for export to sensitive countries, such as Russia and China, and how many have been approved for export since 1997 to military or other sensitive end-users.

Correspondence

Foreign Assistance: Status of Rule of Law Program Coordination.
GAO/NSIAD-00-8R, Oct. 13.

Justice and Law
Enforcement

**Crime Technology:
Department of Defense Assistance to State and Local Law
Enforcement Agencies**

GAO/GGD-00-14, Oct. 12 (27 pages).

This report provides information on crime technology assistance provided by the Defense Department (DOD) to state and local law enforcement agencies during fiscal years 1996 through 1998. GAO categories the assistance into the following three areas: (1) grants of other types of direct federal funding; (2) access to support services and systems, such as counterdrug or other intelligence centers; and (3) in-kind transfers of equipment or other assets. GAO also identifies several DOD research and development efforts that may have indirectly benefited state and local law enforcement agencies.

**Seized Drugs and Weapons:
DEA Needs to Improve Certain Physical Safeguards and Strengthen
Accountability**

GAO/AIMD-00-17, Nov. 30 (44 pages).

As part of its asset forfeiture operations, the Justice Department often seizes and stores evidence—including drugs and weapons—that is later used by federal prosecutors. In fiscal year 1998, the Justice Department's Drug Enforcement Agency (DEA) reported that its agents seized more than 275,000 kilograms of illegal drugs. Each of the four DEA laboratories and division offices GAO visited had physical safeguards in place that, if used effectively, could help control access to and use of drug and weapon evidence. However, GAO found instances of inadequate packaging of drug and weapon evidence and overcrowded drug vaults that could increase the risk of theft, misuse, and loss. Moreover, GAO found that some requirements, such as chemists' returning drug evidence to a vault within five working days after analysis and laboratories destroying drugs within 90 days of receiving authorization, were not always met. GAO also found weaknesses in DEA's accountability over drug and weapon evidence, including (1) incomplete and missing documentation, such as chain of custody documentation; (2) inaccurate recordkeeping of drug and weapon

evidence; and (3) improper accounting for drug weights, including unverified and unexplained weight differences in drug exhibits. DEA's internal inspection teams also reported instances of missing documentation and improper recordkeeping in their reports covering inspections done from 1996 through 1998. In commenting on this report, DEA officials said that the problems GAO cited do not appear to be systemic in nature and affected areas in which redundant controls are in place to ensure the integrity of evidence at all times. GAO disagrees with DEA and identifies several even more severe issues plaguing all, or almost all, of the locations GAO visited and for which redundant controls did not exist to compensate for the deficiencies.

Testimony

Money Laundering: Observations on Private Banking and Related Oversight of Selected Offshore Jurisdictions, by Thomas J. McCool, Director of Financial Institutions and Markets Issues, before the Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs. GAO/T-GGD-00-32, Nov. 9 (15 pages).

This testimony provides an overview of money laundering in relation to private banking and highlights some regulatory issues involving the vulnerability of selected offshore jurisdictions to money laundering. GAO focuses on the following four areas: regulators' oversight of private banking in general, regulators' oversight of private banking in selected offshore jurisdictions, barriers that have hampered regulators' oversight of offshore banking, and future challenges that confront regulators' efforts to combat money laundering in offshore jurisdictions.

Private Banking: Raul Salinas, Citibank, and Alleged Money Laundering, by Robert H. Hast, Acting Assistant Comptroller General for Investigations, before the Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs. GAO/T-OSI-00-3, Nov. 9 (10 pages).

This testimony summarizes GAO's 1998 investigation of alleged illegalities involving Raul Salinas, brother of the former President of Mexico, and Citibank. (See GAO/OSI-99-1, Oct. 1998.) Mr. Salinas has allegedly been involved in laundering money out of Mexico, through Citibank, to accounts in Citibank affiliates in Switzerland and the United Kingdom.

National Defense

DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks

GAO/NSIAD-00-12, Oct. 27 (62 pages).

Security investigations for Defense Department (DOD) personnel are incomplete and are not done in a timely manner. As a result, they pose a risk to national security by making DOD vulnerable to espionage. For example, 16 percent of the 530 security investigations GAO reviewed identified issues that the Defense Security Service did not pursue. These issues included individuals' prior criminal history, alcohol and drug use, and financial problems. Also, half of the 530 investigations took 204 or more days to complete even though the military wants them completed in 90 days. This slowness causes defense contractors to incur costs because their personnel cannot start work on military contracts without a security clearance. Also, about 600,000 individuals holding clearances are overdue for reinvestigations. DOD is taking steps to address these problems, but it will take considerable time and money to identify and implement the actions and additional steps needed.

Child Care: How Do Military and Civilian Center Costs Compare?

GAO/HEHS-00-7, Oct. 14 (52 pages).

In the military's child development program, fees paid by parents fund the salaries of caregivers. Federal dollars pay for supplies, equipment, staff training, and some staff salaries. The Air Force is the only service whose centers all meet the accreditation standards of the National Association for the Education of Young Children. The hourly cost of child care is about 20 percent higher in Air Force centers than in civilian centers of comparable quality because Air Force labor costs are higher and because a higher proportion of the children are younger than three years old. Adjusting estimated costs to account for differences in age, the cost per child-hour is about seven percent higher in Air Force centers than in civilian centers. The Air Force pays its centers' caregivers an average of \$11.20 per hour in salaries and benefits, \$1.04 more than civilian centers pay. GAO concludes that, with adjustments for age distribution, the costs of high-quality child care in Air Force and civilian centers are not substantially different.

**Chemical and Biological Defense:
Chemical Stockpile Emergency Preparedness Program for Oregon
and Washington**

GAO/NSIAD-00-13, Oct. 26 (29 pages).

The Chemical Stockpile Emergency Preparedness Program was created to protect the public in the event of an accident during the destruction of the chemical weapons stockpile. Since GAO last reported on their preparedness in 1997, the Oregon and Washington communities surrounding the Umatilla Chemical Depot have made progress in preparing for a possible emergency at the chemical weapons stockpile. Additional preparedness equipment and other critical items are now fully or partially in place. For example, Oregon now has a working siren to alert people outdoors if an accident occurs. However, some critical items were still not in place in either state, including tone alert radios and shelter-in-place kits. Planning is extremely critical for effective program management and Oregon's program planning needs improvement. The program in Oregon lacks an overall plan that (1) defines missions, roles, outcomes, and performance measures and (2) includes input from all the key stakeholders, such as local, county, and state emergency response personnel.

**Combating Terrorism:
Chemical and Biological Medical Supplies Are Poorly Managed**

GAO/HEHS/AAMD-00-36, Oct. 29 (26 pages).

The ability of the United States to effectively respond to terrorist attacks involving chemical or biological weapons is compromised by poor management controls and the lack of items on a list of required inventory. For example, GAO's review of stockpiles maintained by the Department of Veterans Affairs found discrepancies of more than 12 percent with this list. Although most of these discrepancies were overages, GAO also found shortages. The underlying cause of these problems is that federal agencies have lagged in implementing basic internal controls to help ensure that all medical supplies and pharmaceuticals are current, accounted for, and ready for use. The stakes will be even higher in the future as the Centers for Disease Control and Prevention (CDC) establishes the National Pharmaceutical Stockpile Program, which will set aside large quantities of antidotes and other medical supplies to be used in the event of domestic chemical and biological attacks. Although CDC is still in the early stages of developing this program, its current plan lacks comprehensive internal

controls that would prevent the types of problems that GAO found at other agencies.

**Defense Health Care:
Tri-Service Strategy Needed to Justify Medical Resources for
Readiness and Peacetime Care**

GAO/HEHS-00-10, Nov. 3 (48 pages).

The Department of Defense (DOD) needs to apply a tri-service strategy nationwide to account for the resources its military treatment facilities in the national capital area need for both readiness and peacetime care. By also considering resources available in the local civilian community, DOD would then have a systematic basis to justify budget requests. In the 1990s, DOD and the services' surgeons general implemented DOD's managed care program, reduced the number of medical personnel, consolidated graduate medical education programs, established partnerships with the Department of Veterans Affairs, and undertook several other improvement initiatives. Recent efforts include a project to develop a tri-service strategy to account for current and projected beneficiary populations, focus on the military health system's basic wartime and peacetime care missions, and optimally seek to realign military treatment facilities' staffing and resource allocations. GAO suggests that DOD top management continue to scrutinize this project and periodically report to Congress on progress being made.

**Defense Logistics:
Army Should Assess Cost and Benefits of the Workload
Performance System Expansion**

GAO/NSIAD-00-16, Nov. 12 (29 pages).

Accurate and consistent estimates of future workloads are essential to determine personnel requirements. Congress has required the Army to certify that its new system for estimating personnel requirements is fully operational before undertaking a reduction-in-force at any of the Army's five maintenance depots. The Army must provide Congress with a master plan for implementing the new system, including future applications and total funding for implementation. GAO assesses (1) the Army's progress in developing and implementing its workload performance system and (2) the extent to which the Army's April 1999 report addresses an overall master plan for implementing the system, including its future applications and funding needs.

**Defense Inventory:
Improvements Needed to Prevent Excess Purchases by the
Air Force**

GAO/NSIAD-00-5, Nov. 10 (20 pages).

This report focuses on the inventory that the Air Force had on contract—that is, ordered, but not yet delivered—that was excess to current operating requirements. To determine whether the Air Force was canceling purchases that exceeded current operating requirements, GAO reviewed 160 items with inventory valued at \$162.4 million on contracts that exceeded current operating requirements as of September 30, 1997. GAO found that the Air Force did not always cancel purchases that exceeded current operating requirements. The Air Force canceled contracts for \$5.5 million of the \$162.4 million excess inventory that GAO reviewed, but it could have canceled more. Contracts for the unneeded items are not being canceled primarily because the Air Force's process for canceling contracts takes a long time. GAO recommends that the Air Force strengthen management oversight procedures and internal controls over the process for canceling purchases.

**Defense Inventory:
Improved Management Framework Needed to Guide Air Force Best
Practice Initiatives**

GAO/NSIAD-00-2, Nov. 18 (25 pages).

Each of the military services must send Congress a schedule for implementing best commercial inventory practices for the acquisition and distribution of secondary inventory items. Best commercial practices are defined as practices that enable the Defense Department to reduce inventory levels while making the supply system more responsive to users' needs. GAO found that the Air Force's schedule, which was submitted to Congress in July 1999, is general responsive to the law's provisions. However, the schedule provides a management framework that lacks an overall strategy and specific elements needed to assess implementation progress, measure success, and identify needed changes.

**Foreign Military Sales:
Efforts to Improve Administration Hampered by
Insufficient Information**

GAO/NSIAD-00-37, Nov. 22 (39 pages).

Foreign military sales are an important part of the U.S. security assistance program and also represent a key Defense Department (DOD) acquisition strategy to help lower the unit costs of weapons systems. The Arms Export Control Act provides several ways to price defense goods and services transferred under the Foreign Military Sales Program, including actual value, replacement value, and full cost, and requires that DOD recover the full estimated cost of administering such sales. In response to budget pressure from declining sales and customer complaints about program inefficiencies, the Defense Security Cooperation Agency, which runs the program, and the military services have begun several efforts to improve the management and implementation of the Foreign Military Sales Program. This report evaluates (1) whether the program has fully recovered its administrative costs, (2) the Defense Security Cooperation Agency's basis for making administrative account adjustments, and (3) the effectiveness of various foreign military sales reinvention efforts in terms of cost recovery.

**Future Years Defense Program:
Funding Increase and Planned Savings in Fiscal Year 2000 Program
Are at Risk**

GAO/NSIAD-00-11, Nov. 22 (55 pages).

The Pentagon's Future Years Defense Program (FYDP) is the official document that summarizes the force levels and funding associated with specific programs that the military would like Congress to approve. The fiscal year 2000 FYDP requested an additional \$50.8 billion to the previously requested \$1,053 billion total funding for fiscal years 2000 through 2003. This report identifies the major changes and adjustments in the 2000 FYDP as compared to the 1999 FYDP and discusses the risks that the 2000 FYDP faces that may prevent it from being implemented as planned.

**Defense Logistics:
New 120-mm Tank Training Round Procurement Will Result
in Savings**

GAO/NSIAD-00-34, Nov. 22 (10 pages).

The Army could save about \$52 million over five years if it exercises all contract options for the procurement of 120-mm tank training ammunition. The Army expects to save the money by negotiating a decrease in price per round from the 1995 to 1999 multiyear contracts. However, a decision by one of the contractors to use a propellant producer other than the Radford Army Ammunition Plant—the Army's only government-owned, contractor-run propellant production facility—cut Radford's propellant business by 50 percent for the tank training round program. To absorb the higher overhead costs resulting from the loss of business, the contractor at Radford negotiated price increases for propellant with the Army for two new contracts totaling at least \$14 million. Also, the contractor cut its workforce at Radford by 185 people. At the same time, the loss of propellant work does not affect Radford's ability to meet its wartime replenishment mission.

**Contract Management:
A Comparison of DOD and Commercial Airline Purchasing Practices**

GAO/NSIAD-00-22, Nov. 29 (14 pages).

The Defense Department (DOD) is increasing its use of commercially available products and services. In response to congressional concerns about the pricing of spare parts for military aircraft, GAO compared the purchasing and pricing practices of commercial passenger and freight airlines with those of DOD. Airlines use various practices to obtain spare parts at reasonable prices. These practices include analyzing prices, procuring competitively, using catalog prices, negotiating long-term agreements, buying new surplus or reconditioned parts, and asking for justifications of price increases. When faced with a sole-source supplier that demands a price that they believe is unreasonable, some airlines will consider re-engineering the part and establishing a second source. DOD policies call for using similar practices when buying commercial spare parts. Contracting officers often rely on competition to ensure reasonable prices. DOD often receives discounts on catalog prices from suppliers, and it has also begun to negotiate longer-term agreements that set prices. In sole-source situations, contracting personnel do some price analyses, but

GAO's recent review of the analyses found that they could be very limited in scope. Less commonly, DOD will buy surplus parts or consider re-engineering a part.

Correspondence

Summary of GAO's Findings on the Safety and Efficacy of the Anthrax Vaccine. GAO/NSIAD-00-54R, Nov. 4.

Natural Resources

National Fish Hatcheries: Classification of the Distribution of Fish and Fish Eggs Needs Refinement

GAO/RCED-00-10, Oct. 15 (31 pages).

Fish hatcheries operated by the U.S. Fish and Wildlife Service have been around for more than 120 years. The hatcheries have helped to ensure the recovery of species of fish that have been listed as threatened or endangered, restored native fish stocks, replaced fisheries lost as a result of water projects, and supplied fish to Indian tribes and Service lands. This report provides information on (1) the funding level for the National Fish Hatchery System since fiscal year 1992, (2) the current production level at federal hatcheries, and (3) health and disease problems at the hatcheries that raise concerns about releasing the fish into the wild.

Wildlife Management: Negotiations on a Long-Term Plan for Managing Yellowstone Bison Still Ongoing

GAO/RCED-00-7, Nov. 30 (47 pages).

The National Park Service; the Montana Department of Fish, Wildlife and Parks; and the Forest Service have formed an interagency team to examine alternatives for managing the bison herds in Yellowstone National Park. The goal is to develop a management plan that would ensure the viability of the park's wild and free-ranging bison herd while at the same time protecting Montana's domestic cattle from contracting brucellosis—a disease that can cause cattle to abort during pregnancy. Because some Yellowstone bison are infected with brucellosis, ranchers and public officials in Montana fear that the bison will transmit the disease to domestic cattle. This report provides information on the various alternatives for the long-term management of the Yellowstone bison.

Correspondence

National Park Service: Recreational Fee Demonstration Program Spending Priorities. GAO/RCED-00-37R, Nov. 18.

Science, Space, and
Technology

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Laboratory Research: Sales and Use Tax Costs to Build DOE's Spallation Neutron Source Project. GAO/RCED-00-33R, Nov. 19.

Social Services

**Foster Care:
Effectiveness of Independent Living Services Unknown**

GAO/HEHS-00-13, Nov. 5 (33 pages).

The Independent Living Program, which is funded by federal, state, and local tax dollars, is designed to help young people move from foster care to independent living. The program encourages them to complete high school or pass the General Educational Development test and attend postsecondary schools. The program also helps them find and keep employment and provides classes in daily living skills, such as money management, hygiene, housekeeping, and nutrition, and provides tips on how to interact with adults, such as managing conflict. However, state and local administrators say that not all the assistance youths need is always available. Some programs are not linked with employers, cannot offer skills practice in real-life settings, or fall short on supervised practice living arrangements. Few national or local studies have assessed the effectiveness of independent living services. Only one national study has been completed, and only a few of the states studies have tried to measure the ability of youths to become self-sufficient. The Department of Health and Human Services (HHS), which oversees the program, has no method for reviewing the states' progress in helping youths make the transition from foster care, and the content and quality of the states' annual program reports HHS relies on vary and contain little information on program outcomes. HHS issued a contract in 1988 to analyze a decade's worth of annual program reports to find models for states to follow and measures to take for improving reporting and evaluation.

**Foster Care:
HHS Could Better Facilitate the Interjurisdictional
Adoption Process**

GAO/HEHS-00-12, Nov. 19 (39 pages).

About 8,000 children, or about 1.5 percent of foster children, are legally available for adoption at any given time and are waiting for an adoptive home but have no prospects because they are older, need to be placed with siblings, or have other special considerations. Because they are difficult to find permanent placements for, they may be candidates for placement across state and county jurisdictions. Although some steps in the adoption process are beyond public welfare agencies' legal authority to change, they have directed their efforts toward recruiting adoptive families, using traditional methods in new ways. For example, the state agencies enter into contracts with agencies in other states to conduct recruitment activities in geographic areas outside their jurisdiction, and use Internet Web sites to publicize children and recruit families. Nonprofit groups working to improve interjurisdictional adoption processes have targeted their efforts at the nationwide recruitment of adoptive homes for hard-to-place foster children who are waiting and at issues related to improving the use of home studies and the Interstate Compact on the Placement of Children (ICPC), a uniformly enacted statute that provides the legal framework for placing children in adoptive homes across state lines. The Department of Health and Human Services could help improve aspects of the adoption process that are beyond the agencies' legal authority, such as better coordinating its guidelines for state legislation on the termination of parental rights and assistance to the states on ICPC issues.

**Welfare Reform:
Implementing DOT's Access to Jobs Program in Its First Year**

GAO/RCED-00-14, Nov. 16 (16 pages).

Three-fourths of welfare recipients live in central cities or rural areas, while two-thirds of the new jobs are found in the suburbs. Many of these new jobs are in areas with little or no public transportation and are accessible primarily by car. The Access to Jobs and Reverse Commute Program authorizes the Department of Transportation to provide grants to local agencies, nonprofit groups, and transit authorities to help address this mismatch. Up to \$750 million has been set aside through 2003 to

implement the program. This report describes (1) the Department's implementation of the program, particularly its approach for selecting awards in fiscal year 1999; (2) the fiscal year 1999 grantees and their planned approaches for providing transportation services to low-income workers; and (3) the changes that the Department is making to the program in response to GAO's earlier recommendations, including the establishment of specific objectives, performance criteria, and measurable goals for evaluating the program's success.

Food Assistance:

Efforts to Control Fraud and Abuse in the Child and Adult Care Food Program Should be Strengthened

GAO/RCED-00-12, Nov. 29 (21 pages).

The U.S. Department of Agriculture's Food and Nutrition Service runs the Child and Adult Care Food Program using designated state agencies. The program provides more than \$1.5 billion in benefits each year to children and adults in day care. In response to continuing concerns about fraud and abuse in the program, this report examines (1) the extent to which the states have implemented controls to prevent and detect fraud and abuse and (2) the Service's effectiveness in directing the states' efforts to implement controls.

Transportation

Testimony

Commercial Maritime Industry: Updated Information on Federal Assessments, by John H. Anderson, Jr., Director of Transportation Issues, before the Subcommittee on Water Resources and Environment, House Committee on Transportation and Infrastructure. GAO/T-RCED-00-36, Nov. 3 (eight pages).

This testimony discusses federal assessments, user fees, taxes, and other charges levied on the commercial maritime industry. The information presented is drawn from an earlier GAO report. (See GAO/RCED-99-260, Sept. 1999.) One of the assessments is the Harbor Maintenance Tax, whose revenues fund virtually all maintenance dredging of U.S. ports. GAO provides information on (1) the federal agencies that levied assessments in fiscal year 1998 compared with fiscal year 1991, the number of

assessments levied, and the amounts that they collected; (2) who pays the assessments and in which funds they were deposited in fiscal years 1991 through 1998; and (3) new federal assessments that have been recently proposed. GAO also discusses the status of the Harbor Maintenance Trust Fund and its projected annual balances.

Correspondence

Transportation Safety: Information Concerning Why a 1980 Aircraft Report Was Not Provided Earlier to the National Transportation Safety Board.
GAO/OSI-00-2R, Nov. 3.

Results Act: Information on Performance Goals and Measures Contained in the Department of Transportation's Fiscal Year 2000 Performance Plan.
GAO/RCED-00-13R, Nov. 15.

Veterans Affairs

VA Health Care: Food Service Operations and Costs at Inpatient Facilities

GAO/HEHS-00-17, Nov. 19 (18 pages).

The Department of Veterans Affairs (VA) spent about \$429 million to provide food services at 172 of its 175 inpatient health care locations in fiscal year 1998. Although some of this money went for nutrition needs assessments, counseling, and other patient-related activities, most—\$337 million—was spent on preparing and distributing meals. Production and delivery costs averaged \$24.50 per patient; daily costs at individual locations ranged from \$8 to \$51. The differences reflect the different requirements of, for example, hospitals and nursing homes. In the same year, 27 VA locations raised \$739,000 by using excess food capacity to provide food services for 44 non-VA organizations, including nonprofit groups and federal, state, and local government agencies.

Special Publications

Government Auditing Standards: Amendment No. 2—Auditor Communication

GAO/A-GAGAS-2, July 1999 (72 pages).

This second amendment to the Government Auditing Standards adds a field work standard and amends a reporting standard for financial statement audits to improve auditor communication on the auditor's work

on compliance laws and regulations and internal control over financial reporting. This new amendment requires specific communication with the auditee, the individuals contracting for or requesting the audit services, and the audit committee regarding the scope of compliance and internal control work to be done under Government Auditing Standards. The new amendment also requires the auditor to emphasize, in the auditor's report on the financial statement, the importance of the reports on compliance with laws and regulations and internal control over financial reporting when these reports are issued separately from the report on the financial statements.

**Direct Loan System Requirements:
Checklist for Reviewing Systems Under the Federal Financial
Management Improvement Act of 1996**

GAO/AIMD-00-21.2.6, Oct. 1999 (65 pages).

The Federal Financial Management Improvement Act of 1996 required that agencies implement and maintain financial management systems that substantially comply with federal financial management systems requirements. These requirements are spelled out by the Joint Financial Management Improvement Program (JFMIP) and the Office of Management and Budget. GAO's checklist, which reflects JFMIP's revised requirements for direct loan systems, is designed to assist (1) agencies in implementing and monitoring their direct loan systems and (2) management and auditors in reviewing their direct loan systems to determine if they are complying with the act.

Standards for Internal Control in the Federal Government

GAO/AIMD-00-21.3.1, Nov. 1999 (21 pages).

The Federal Managers' Financial Integrity Act of 1982 requires GAO to issue standards for internal control in government. Rapid advances in information technology have underscored the need for updated guidance on internal controls over modern computer systems. At the same time, the management of human capital is increasingly recognized as an important part of internal control. Moreover, the private sector has updated its guidance on internal controls. This update, which supersedes GAO's earlier "Standards for Internal Controls in the Federal Government," recognizes these three developments. The standards are effective beginning with fiscal year 2000.

**Survey Methodology:
An Innovative Technique for Estimating Sensitive Survey Items**

GAO/GGD-00-30, Nov. 1999 (87 pages).

This staff study discusses an innovative technique that GAO has devised for collecting data on sensitive policy-relevant topics. The “three card method” is designed to collect sensitive information in large-scale surveys. It is intended to allow estimation of the needed statistics while maximizing response privacy and reducing “question threat.” If successful, this technique might eventually fill in key data gaps and improve statistics that would be helpful in making public policy decisions. GAO’s main goal is to spur interest in—and, where appropriate, encourage more development and testing of—this promising, albeit not yet fully validated, technique.

**Information Security Risk Assessment—Practices of Leading Organizations:
A Supplement to GAO’s May 1998 Executive Guide on Information Security Management**

GAO/AIMD-00-33, Nov. 1999 (48 pages).

Managing the risks stemming from the government’s growing reliance on information technology is a continuing challenge. This guide is intended to help federal managers implement an ongoing information security risk assessment. GAO provides examples, or case studies, of practical risk assessment procedures that have been successfully adopted by four organizations—a multinational oil company, a financial services firm, a regulatory organization, and a computer hardware and software company—known for implementing good risk assessment practices. More importantly, GAO identifies, on the basis of these case studies, factors that are important to the success of any risk assessment program, regardless of the specific methodology used. The information in this guide supplements an earlier GAO document (GAO/AIMD-98-68, May 1999) that outlined five major elements of risk management and 16 related information security practices that GAO identified during a study of organizations with superior information security programs.

Reports on Agency Rules

GAO's Office of the General Counsel regularly issues legal decisions and opinions, reports on major rules issued by federal agencies prior to their implementation, and decisions resolving bid protests. These documents are posted daily and can be downloaded from GAO's home page on the World Wide Web (<http://www.gao.gov>).

The following is a list of reports on agency rules issued by the Office of the General Counsel. In addition to being available on the World Wide Web, these documents can be obtained by using the order form in the back of this publication. Bid protest decisions are not included in this list.

Environmental Protection Agency: Persistent Bioaccumulative Toxic (PBT) Chemicals; Lowering of Reporting Thresholds for Certain PBT Chemicals; Addition of Certain PBT Chemicals; Community Right-to-Know Toxic Chemical Reporting. GAO/OGC-00-8, Nov. 9.

Federal Communications Commission: Wireless Radio Services; Compatibility With Enhanced 911 Emergency Calling Systems. GAO/OGC-00-7, Nov. 9.

Department of Health and Human Services, Health Care Financing Administration: Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule for Calendar Year 2000. GAO/OGC-00-9, Nov. 15.

Emergency Steel Guarantee Loan Board and Emergency Oil and Gas Guaranteed Loan Board: Emergency Steel Guarantee Loan Program and Emergency Oil and Gas Guaranteed Loan Program, GAO/OGC-00-10, Nov. 19.

Securities and Exchange Commission: Cross-Border Tender and Exchange Offers, Business Combinations and Rights Offerings. GAO/OGC-00-11, Nov. 19.

Securities and Exchange Commission: Regulation of Takeovers and Security Holder Communications. GAO/OGC-00-12, Nov. 19.

United States International Trade Commission; Comments on the Use of ITC Funds to Pay Musicians Performing at a Cultural Awareness Program. B-278805, July 21

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