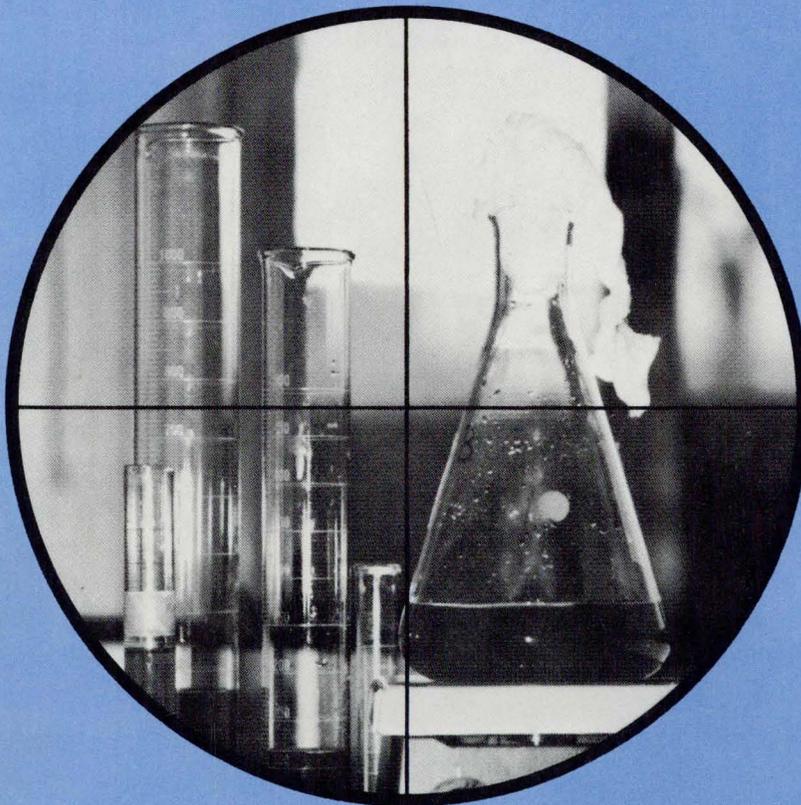


The GAO



WINTER 1979

REVIEW



War on Science



GENERAL
ACCOUNTING
OFFICE

The **GAO**



Winter 1979

REVIEW

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From Our Briefcase

GAO and the Written Word

By now, everybody is aware of how conscious GAO has become about its own publications. Audit reports, the annual report, and—yes—the *GAO Review* are scrutinized to assure that the language is straightforward and that the format is neat. But what about the perception of GAO that the public receives from the publications of others?

We were pleased to learn that the two-volume study of the history and organization of our institution by the National Academy of Public Administration is at publication stage. According to author Frederick C. Mosher, Westview Press of Boulder, Colorado, the publisher of the books, expects to be ready to distribute them in early spring. In addition, we increasingly find that other books are devoting serious attention to the study of GAO.

Recently received by us is a biography of Eric L. Kohler (*Eric Louis Kohler: Accounting's Man of Principles*, Reston Publishing Company, 1979), edited by William Cooper and Yuji Ijiri, that features a substantial amount of GAO history. Besides documenting Kohler's long-time association with GAO, the book includes three separate chapters on the topics of: GAO's Corporation Audits Division and its impact; the turnaround at GAO under post-World War II Comptroller General Lindsay Warren; and the development of audit standards at GAO. Authors of these essays include former high-ranking GAO staff members Karney Brasfield and Walt Frese as well as long-time GAO consultants Robert Mautz and Joseph Pois.

Interested readers will have to wait until a future issue of this magazine to read a full-length review of the book. But one point is clear: the public receives information about, and develops its opinion of, the GAO from a wide variety of sources. We only wish that each reference were as positive and as refreshing as the volume on Kohler.

Recognition of Audit in Government

It always comes as a pleasant surprise when someone in the executive branch of our Government recognizes the importance of auditing in governmental improvement, since the personnel of the

executive branch too often adopt a "we-they" attitude toward the audit community. But, when the person taking the time to boost Government auditing is the President of the United States, we are hopeful that the sentiment will be carried throughout the organizations of government.

In October, the President signed the Inspector General Act of 1978 into law, enacting the legislation known as H.R. 8588 into Public Law 95-452. The ceremony at the White House to mark the signing was attended by leaders from the executive and the legislative branches of Government and was sparked by some enthusiastic comments about auditing.

The President, in his formal statement, noted that the administration will maintain a long-term "commitment to improve economy, efficiency, effectiveness, and integrity in the administration of Federal programs." He stated that he would continue to make a "concerted effort to root out fraud, abuse, and waste in agency programs."

In remarks delivered at the ceremony, President Carter paid tribute to the leaders of Congress who authored and pushed the legislation through a unanimous vote in both Houses. Following the original sponsor of the bill in Congress, Representative Fountain of North Carolina, Mr. Carter indicated to the audience that "the standard for inspection and auditing (by the 12 Inspectors General) will be worked out by the General Accounting Office, working closely with the Office of Management and Budget."

Only time will indicate if the expectations of the President will be achieved by the responsible parties in the executive branch. As we pledge our cooperation, we can only echo the sentiment which concludes each White House press conference: "Thank you, Mr. President."

Twenty Hidden Bureaucratic Meanings

It's not often that an envelope arrives to our attention that causes the entire office to laugh aloud. But it did happen recently, when one headquarter alum—*who was recently assigned to a position where he must deal extensively with military personnel*—sent us his key for unraveling the jargon used by certain

members of the armed forces bureaucracy. In our belief that large organizations tend to share similar traits, we publish the list intact:

Concur generally—I haven't read the document and don't want to be bound to anything I might say.

In conference—I don't know where he is.
Passed to higher authority—Pigeonholed in a much more sumptuous office.

Appropriate action—Do you know what to do with it? We don't.

Giving him the picture—A long, confusing, and inaccurate statement to a newcomer.

Under active consideration—We have never heard of it. However, we'll try to find it in the files.

Has received careful consideration—A period of inactivity covering a timelag.

Have you any comments—Give me some idea what it's all about.

The project is in the air—I am completely ignorant of the subject.

You will remember—You have forgotten, or never knew, nor do I.

Transmitted to you—You hold the bag awhile. I'm tired of it.

It is recommended—We don't think it will work, but you go ahead and stick your neck out and try it.

For compliance—Sure it's silly, but you gotta do it anyhow.

For necessary action—We don't know what they want, so you do it.

For immediate action—We have stalled it long enough, now you do something about it.

For signature—I thought it up, but you sign it and take the rap.

Expedite—To add commotion to confusion.

Higher headquarters—A semi-organized mass of partially controlled confusion.

Inspector—A "mad dreamer" with a nasty mind.

It is estimated—This is my guess. Now you guess.

Continuing Training of Auditors

Of course, everybody favors continuing education and professional development activities for government auditors. But until recently, we were unsure of exactly how deeply the sentiment was held and in how many different ways it was shown.

The need to improve audit capability in developing nations was made clear to us in a recent letter by Comptroller General Staats to the supreme audit institutions of 109 developing nations. It seems that the Comptroller General, along with his fellow governing board members of the International Organization of Supreme Audit Institutions (INTOSAI) and with several foundations and international bodies, has advocated increased opportunities for government auditors to learn the most current state of the art for some time. Until now, however, very little has been done in this area. Based on the Comptroller General's invitation, we can expect five or six auditors from other countries to begin a fellowship program here at GAO in 1979.

We happened to overhear a similar discussion taking place in the Comptroller General's conference room during the end of November, and decided to find out what was going on. At the quarterly meeting of the National Intergovernmental Audit Forum, representatives from Federal, State, and local audit groups were voicing similar concerns to those of Mr. Staats. It turns out that there are not sufficient training opportunities for government auditors in the United States. During the course of the meeting, the Forum's attendees discussed: the current status of the Interagency Auditor Training Center; their position statement on professional development of auditors; and the master's degree program of the New School for Social Research.

During one of the breaks, we talked with Graham Hodges, who is off-campus coordinator for the New School's program in management auditing and who briefed the Forum attendees. It turns out that he is providing training coordinators in all government audit agencies with information about the weekend master's degree program in New York and in Washington, and that the university he represents observed the identical training lag in the profession as the Forum members.

Assisting Congressional Staff

Needless to say, a wide variety of publications come across our desk each quarter; many of them—in assorted sizes and styles—are aimed at influencing Congress by appealing to the congressional staff. Throughout the 95th Congress, we began to expect and

look forward to the arrival of *Staff*, a journal published by the House Select Committee on Congressional Operations as a medium of communications on Capitol Hill.

In the last 3 of its 17 issues, *Staff* began a new feature which appealed to us very much. Under the somewhat deceptive heading of "Official Business," the journal published the title and a brief description of the most recent and most relevant of the reports issued by the four congressional support agencies. While we were always interested in what the Office of Technology Assessment, Congressional Budget Office, and Congressional Research Service had to offer each time, we have to admit that our eyes immediately looked over the GAO reports which were included.

It did diminish our curiosity slightly to learn that GAO's own staff nominated the listed GAO reports to the editors of *Staff*. Still, how did anyone choose 16 reports for inclusion in 3 issues, when GAO produced 250 reports during the same period of time? Since the only two criteria are work "of higher than ordinary quality and of broader than usual interest," we decided to examine the lists closely to determine a trend analysis.

The reports seemed to represent most GAO divisions and covered a variety of topics. They do not indicate a preference for any particular issue area or congressional committee, especially since the nominations stem from the information office, the policy office, and the office of congressional relations. The 6 reports in the final issue of the 95th Congress (issue 17) were:

"What Causes Food Prices to Rise? What Can Be Done About It?"

"Federal Agencies Can, and Should, Do More to Combat Fraud in Government Programs"

"Getting a Better Understanding of the Metric System—Implications If Adopted By the United States"

"Development of a National Make-or-Buy Strategy—Progress and Problems"

"Conrail Faces Continuing Problems"

"The Nuclear Regulatory Commission Needs to Aggressively Monitor and Independently Evaluate Nuclear Powerplant Construction"

We Never Thought You Would Ask Us . . .

How many different identifying numbers are included on reports? In addition to the report number on the cover (XXD-79-XX), there are B-numbers on

the transmittal letter and there are assignment codes on the last page of the report. Everyone "needs" different numbers for different reasons, all of which seem to be valid. Placing them all on one page would be too cumbersome. The most recent proposal for inclusion was issue area codes.

What do they call "auditors" at agencies which have recently been the subject of a headline-grabbing GAO report? Auditors are the people called in, after the battle has been waged, to shoot the wounded.

Where do the 28 members of the Comptroller General's Consultant Panel come from? Literally, they come from all over the map. Although one-quarter currently reside in the metropolitan New York City area, it is impossible to categorize them occupationally; they include: college presidents, business leaders, former Members of Congress, and public accountants. The panel meets twice annually.

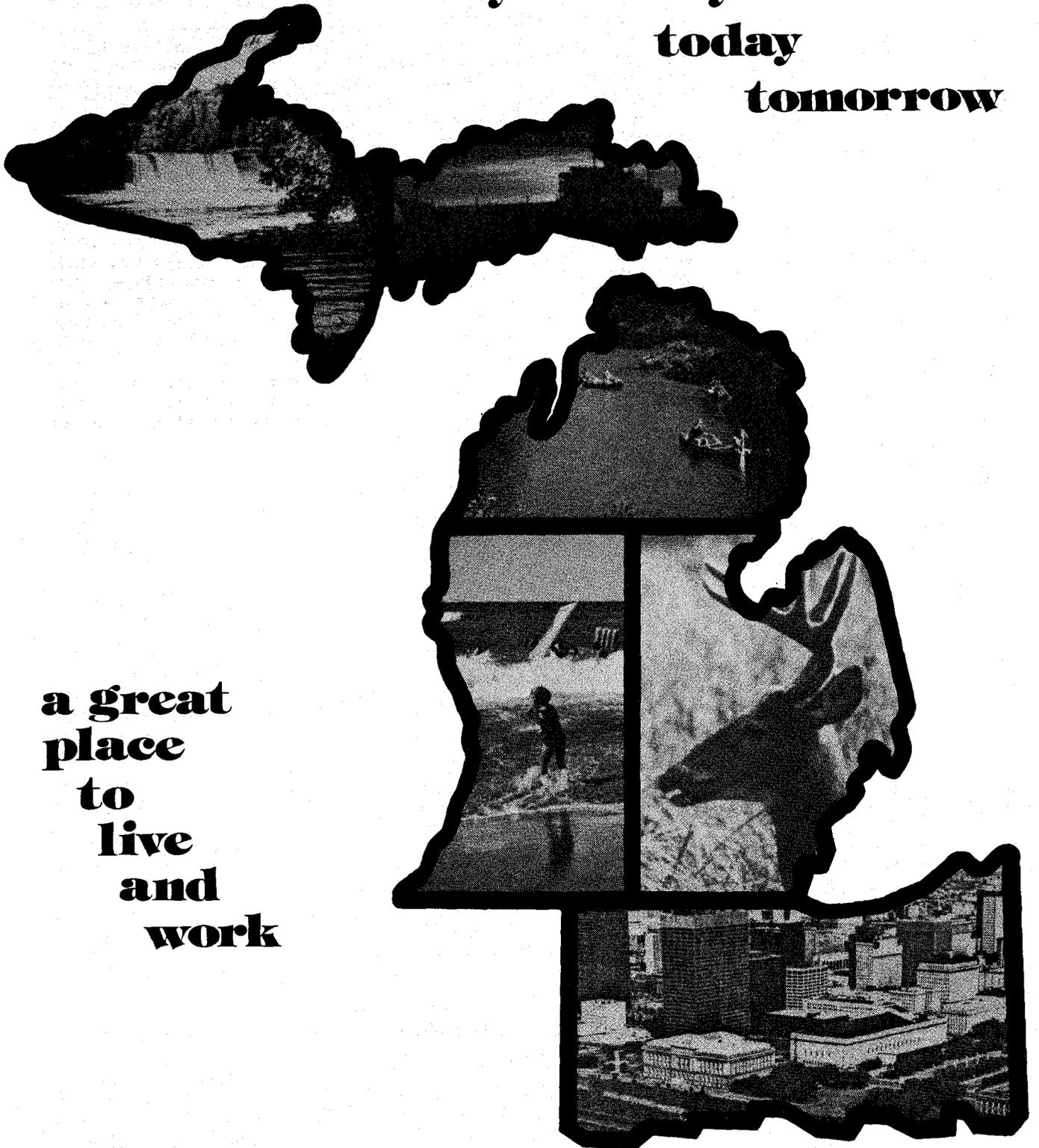
If you have questions which you would like answered in this space, please send them to Room 7124, GAO Building.

The Detroit Region

yesterday

today

tomorrow



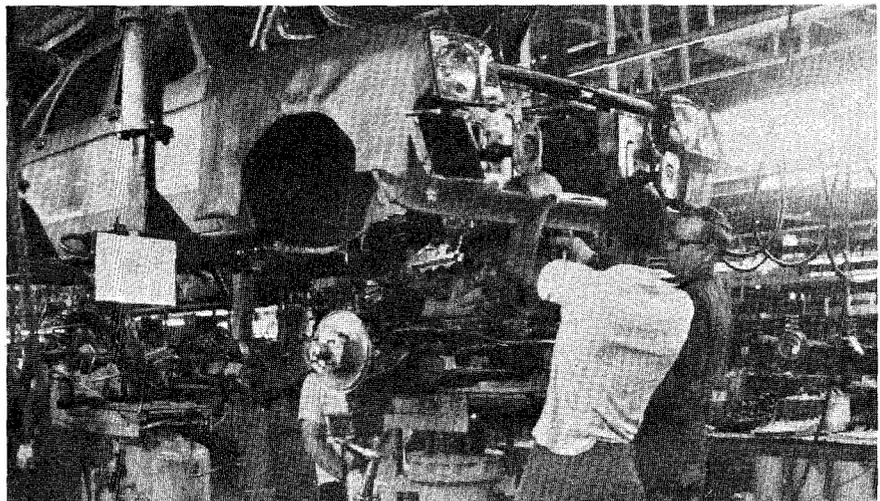
**a great
place
to
live
and
work**

This is the second in a series of articles on GAO's regional offices.

Getting Acquainted

From the hustle-bustle of the big cities to the serenity of a lonely island park . . . from the high-speed tempo of the production line to the enjoyable culture and cuisine of its many ethnic workers . . . from Broadway bound shows to the local stage to the disco scene . . . from skating and skiing to sailing and swimming . . .

Welcome to the Detroit Region— an area with dynamic and diverse geography, climate, culture, recreation and people. Ask most natives what they like about our region and they speak of the abundant variety of things to do and enjoy that makes living here pleasurable—something to suit everyone's tastes.





The Detroit regional office (DRO) and the Cleveland sub-office, which serve Michigan and the northern portion of Ohio, are ideally located close to the abundant beauty and resource of the Great Lakes. Michigan's importance—especially as an industrial, mining, farming and tourist State—is in a large part due to its favorable location on the Great Lakes and its 11,000 inland lakes. While Lake Erie borders Cleveland and northern Ohio, four of the five Great Lakes—Erie, Huron, Michigan and Superior—lap at Michigan's shores. The State's 3,288-mile shoreline is longer than that of any State other than Alaska.

Sporting opportunities abound all year long. With its many inland lakes, forests, rivers and streams, the region's recreational opportunities are unlimited—offering everything from simple backwoods solitude to fully developed parks. Many of the State's parks have frontage on a lake or river for boating, swimming, picnicking and camping. The "water wonderland" also provides excellent hunting and fishing. During the winter, some of the best skiing east of Aspen lures thousands, including many out-of-staters, to the slopes every weekend of the winter months. Some resorts are close enough to provide Detroiters an evening of schussing after work. Also, snowmobiling in Michigan's exhilarating cold has become a favorite pastime for many. DRO staff are naturally drawn to the region's varied combinations of landscape and recreational opportunity.



Our Region . . . Yesterday

Detroit and Cleveland, two of the major metropolitan centers in the Nation, grew from isolated frontier villages in the early days of our country.

Detroit was settled by the French nearly three-quarters of a century before the American colonies broke the bonds that linked them to England. In 1701, the French soldier, Antoine Cadillac, established Fort Ponchartrain on the Detroit River as a fur trading post and military center for the Great Lakes area. The city, which eventually became the seat of government for the Northwest Territory, was named d'etroit—city of "the straits"—for the 27-mile Detroit River which connects Lakes Erie and St. Clair.

Although its greatest growth was to be reserved for the twentieth century, Detroit grew steadily during the nineteenth century, doubling in population almost every decade. During that century, Detroit launched the first steam vessel on the Great Lakes and expanded its industry, shipbuilding, and commerce. In 1837 Michigan entered the Union as the 26th State, the largest east of the Mississippi.

At the turn of the twentieth century, Detroit was still a quiet, tree-shaded community brewing beer and producing comfortable carriages and comforting stoves. This serenity was broken, however, by Henry Ford's creation: "a vehicle propelled by power generated from within itself," the wheezing, sputtering, cranky Model T. With the birth and tremendous growth of the automotive industry, the once river-hugging confines of the town spread to absorb surrounding communities. As Detroit's mushrooming industries assured the city's future as an industrial giant, more and more families from eastern States and Europe were attracted, and the city's character was formed.

Cleveland, the "city on the lake," was first settled in 1796 by General Moses Cleaveland, and remained a frontier village for more than 30 years. With the opening of the Erie Canal to the Ohio River in 1832, Cleveland grew into the manufacturing and business center of northern Ohio. In Civil War times, Cleveland's industrial activities expanded to meet the increased need for machinery and equipment of all types.

By the 1850s, Cleveland was the principal receiving port for iron ore and limestone from the Upper Great Lakes and attracted many immigrants from

Europe—most of them skilled craftsmen. By the turn of the century, Cleveland was the Nation's number one producer of durable goods. This expansion has continued to modern times.

Separated by 168 miles and two bodies of water, each of the two cities grew unhampered by the other, yet faced many of the same issues of the times. They "roared" along with the rest of the country in the 1920s, felt the crushing hammer of the depression in the 1930s, and arose from economic chaos to provide the war arms and tanks needed by America in the 1940s.

Beginning of DRO

It was during the early years of WW II that GAO established—in Detroit—the first field audit location. To meet the country's growing need for war materials, many of Detroit's auto plants were converted to produce tanks, bombers, and other military supplies, and Detroit became known as the "Arsenal of Democracy." Because required audits of military disbursements could not be handled by GAO Washington auditors already backlogged with a large volume of unaudited documents, GAO, in 1942, sent an audit team to Detroit to experiment with onsite audits of the many defense contractors. The Detroit project proved so successful that the Comptroller General established several hundred similar locations under six field audit zones to handle this work.

Also during WW II, GAO's Navy audit branch was established in Cleveland in 1944. This group, which numbered about 700 at its peak, was responsible for auditing military and civilian pay and travel as well as contracts and vouchers.

Although both Detroit and Cleveland began their audit work during the war as part of the Great Lakes Region, Comptroller General Lindsay Warren, in 1952, established Detroit and Cleveland as 2 of 22 regional audit offices located throughout the country. The Detroit Region was headed by Mr. Kurt Krause, who continued as regional manager, until 1957 when Mr. Charles Moore took over the position, which he held until his retirement in 1975. The Cleveland Region was headed by Mr. Roy Beeman until 1960, when it merged with, and became a sub-office of, DRO. In 1962 GAO's Navy audit branch also became part of DRO.

From the early years, DRO took a leadership role in field audit work, which was reflected in its defense contract audits. Pricing scandals identified

by DRO staff in contract reviews led to anti-kickback legislation. Throughout the 1950s and early 1960s, the majority of DRO's audit effort was devoted to pricing reviews, make-or-buy programs, and commercial use of Government-owned facilities by defense contractors.

Facing New Challenges

Detroit and Cleveland, being major urban centers, were among the first U.S. cities to grapple with the challenges of emerging social issues during the 1960s. The shift to domestic spending, part of President Lyndon Johnson's war on poverty, brought other new challenges to GAO as well. DRO was one of the first regions to tackle the effectiveness reviews of the numerous Federal social programs. At one time, the nationwide review of poverty programs requested by Senator Prouty involved over half of DRO's staff.

Guided by Charlie Moore's vision, high standards, and leadership during the transition years from contract audits to comprehensive program reviews, DRO expanded its horizons as well as its size. Some of DRO's pioneering audit efforts included comprehensive reviews of major housing, education, employment, and health programs.

Our Region . . . Today

Detroit and Cleveland, ideally located industrial centers—one on a river and the other on a lake—are two of the world's busiest inland ports. Today, as major manufacturing centers of the world, each is highly diversified in maintaining its industrial and technological leadership. They are rich in educational, research, and cultural activities. The labor forces, wealthy in ethnicity, have attracted a wide choice of recreation and entertainment to create a unique atmosphere for the region.

Widely known as the "Motor City," Detroit—with a metropolitan population of 4.5 million—is an international symbol of America's productive might. The spirit of Detroit—the automobile and the assembly line—has spread across the country and around the world, profoundly changing the living and working habits of millions.

However, Detroit, with its vast selection of skilled tradesmen and professional people is more than just the world's automotive and automation



A variety of vessels, from oceanliners to private crafts, dock in Detroit's well-protected harbor. Shown here is the "Stewart J. Cort," one of several 1,000-foot ore ships operating on the Great Lakes.

center. It is also a leader in producing pharmaceuticals, business machines, kitchen ranges, hardware, paints, machine tools, and many other items.

Greater Cleveland's economy has long been famous for its diversified manufacturing industries. Much more than just a steel city, Cleveland—with a metropolitan population of 2.1 million—is the leading manufacturer of paint and tool and die equipment and parts. It is also the second largest producer of apparel.

Cleveland's manufacturing plants are complemented by virtually every type of business. A great concentration of corporate headquarters, exceeded only by New York and Chicago, is located in Cleveland. The city is also the third largest business/trade publishing center in the Nation.

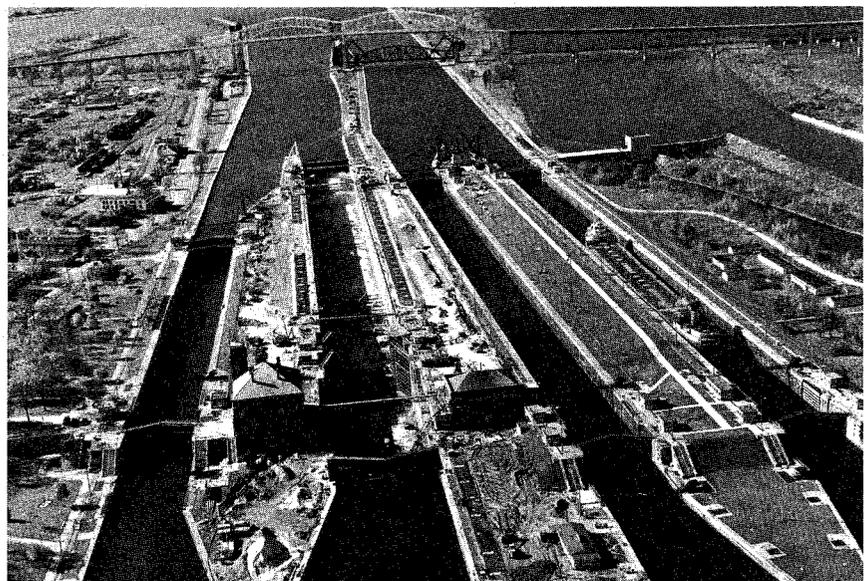
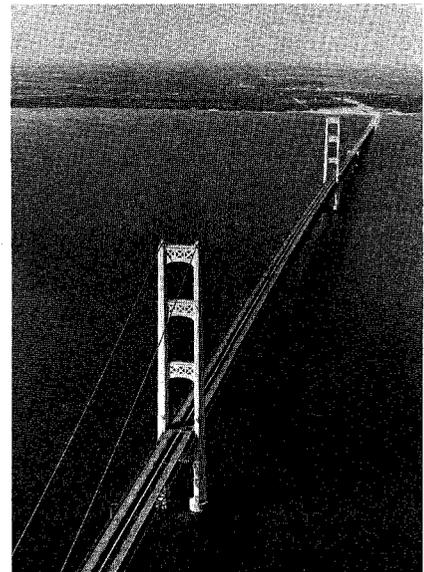
In addition to industry, both Detroit and Cleveland offer variety in cultural, recreational, and leisure-time activities.

Detroit's fine cultural personality includes the Detroit Symphony Orchestra, which plays a full season of concerts; the Masonic Temple and the Music Hall Center, which offer a variety of stage presentations; and a professional repertory theater. Detroit also has a Cultural Center which houses a children's museum, a historical museum, the International Institute, the Detroit Institute of Arts, and the Detroit Science Center.

Metropolitan Detroit has more registered ethnic groups—some 120—than any other city. Nowhere is this ethnic culture more evident than at the Detroit River-Front Ethnic Festivals. Crowds of 150,000 are not uncommon on summer

days and nights to sample ethnic foods, listen to native music, enjoy and join in folk-dancing, and generally absorb the feeling of peoplehood and togetherness generated by these occasions.

"Mighty Mac," the world's largest suspension bridge, spans 5 miles of water to join Michigan's upper and lower peninsulas. Mackinack Bridge is recognized as one of the Seven Manmade Wonders of the World. (Photo courtesy of Michigan Travel Commission.)



The world famous Soo Locks in upper Michigan form a passage for deep draft ships permitting waterborne commerce between Lake Superior and the other Great Lakes.

The Detroit Region

Two of the most prominent ethnic neighborhoods in Detroit are Hamtramck and Greektown. Although entirely surrounded by Detroit geographically, Hamtramck remains an independent industrial city. Known as "Little Poland," the city's economic and social life retains much of the old world atmosphere. Greektown, in downtown Detroit, is one of the city's great tourist attractions. In this fascinating complex of specialty shops and restaurants are gifts and gourmet cheeses imported from Greece as well as exotic pastries such as baklava.

Belle Isle, one of many recreational parks around town, is an island playground in the Detroit River. The 1,000-acre park, originally known to the Indians as "White Swan," is beautified with drives and rose gardens. Just outside the city is the 127-acre Detroit Zoological Park. Extensive use of moats and fences allows the animals to roam freely on grassy plains, climb on craggy cliffs and, in general, enjoy all the creature comforts.

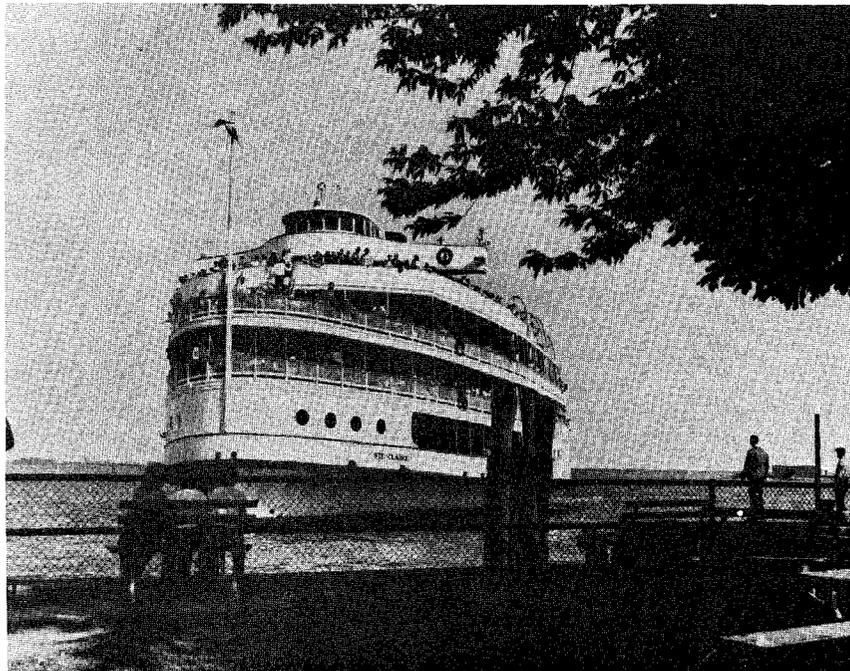
In nearby Dearborn is the world famous Greenfield Village and Henry Ford Museum, the Nation's greatest indoor-outdoor museum complex. Each year close to a million and a half people from all over the world visit this unparalleled repository of American history. More than just Americana preserved, it is a place where craftsmen work at daily tasks, just as they did a century or more ago. Here visitors can ride century-old steam trains and paddlewheel steamboats or take a carriage or Model T ride down the quiet village lanes.

All of these attractions and more help to make Detroit the busy manufacturing, cultural, historic, unique city that it is.

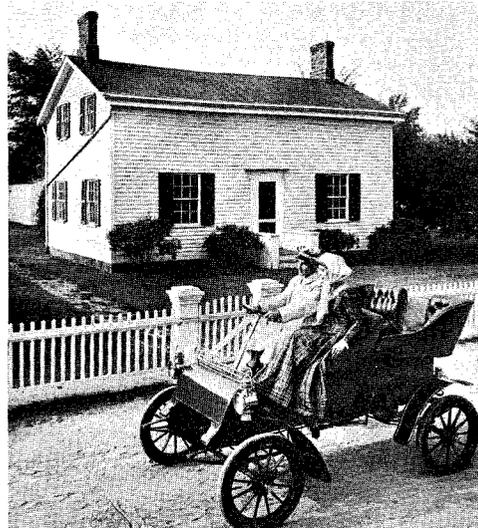
Greater Cleveland is surrounded by a unique emerald necklace, 18,000 acres of park land. Eighty-four miles of park drives provide easy access to many public use areas. Facilities include picnic areas; cook houses; play fields; golf courses; foot and bridle trails; swimming, boating, fishing areas; sled and skating areas; and a refrigerated toboggan slide.

For boaters, Lake Erie is a joy. More than 20 yacht and boat clubs line the shores and lagoons of the lake and many world and national championship races are held here.

Some of Cleveland's indoor attractions include a concentration of cultural facilities greater than any city of comparable size in the country. The Cleveland Museum of Art boasts one of the



Turn-of-the-century steamers will take you on a pleasant 90-minute excursion to Bob-Lo, a unique amusement park island on the Detroit River. (Photo courtesy of the city of Detroit.)



The first production model Ford, built in 1903, is shown here as it drives past the Ford Homestead in Greenfield Village. This building, the birthplace of Henry Ford, was moved to the Village from its original site. (Photo courtesy of Greenfield Village & Henry Ford Museum.)

world's finest art collections. East of the Art Museum is Severance Hall, the winter home of the world renowned Cleveland Orchestra—commended by many critics as the finest major orchestra in the United States.

Theatre is another major interest here. The Cleveland Play House, the Nation's second oldest resident professional theatre, sometimes has three different productions running concurrently in its three theatres. Over 30 amateur and professional stage and dinner

theatres operate in the area, and the Metropolitan Opera visits Cleveland annually.

Besides its contribution to the arts, greater Cleveland is also well known for its commitment to improving the life of the community. In 1916 Cleveland became the first community to establish the Community Fund or United Torch campaign. The per capita gift to the city's annual United Torch drive is the highest of any major city, almost four times that of New York and twice that of



Located just outside Detroit, the Silverdome is the home of the Lions, Pistons, and Express—Detroit's division-winning soccer team. The stadium boasts the world's largest air-supported roof.

Chicago or Boston. But nowhere is Cleveland's commitment to social obligation more evident than in its fine health care and research facilities. Cleveland Clinic, for example, is a pioneer in open heart surgery and is known around the world for its cardiovascular research, diagnosis, and treatment. Over half of its patients come from outside Ohio, with 50 percent of those from overseas.

Both cities flourish when it comes to professional sports. Major league baseball, football, and basketball are offered in each city as well as thoroughbred and harness racing. In addition, Detroit has professional hockey and soccer teams.

DRO Today

Today DRO is a team of versatile people working in a flexible structure. Our staff of 116 professionals bring diverse backgrounds and disciplines to our team and are exposed to a variety of jobs and responsibilities throughout their careers. Our present work takes us to various sites throughout the 72,000 square miles of Michigan and upper

Ohio and has also led staff to Canada, Europe, Asia, and South America.

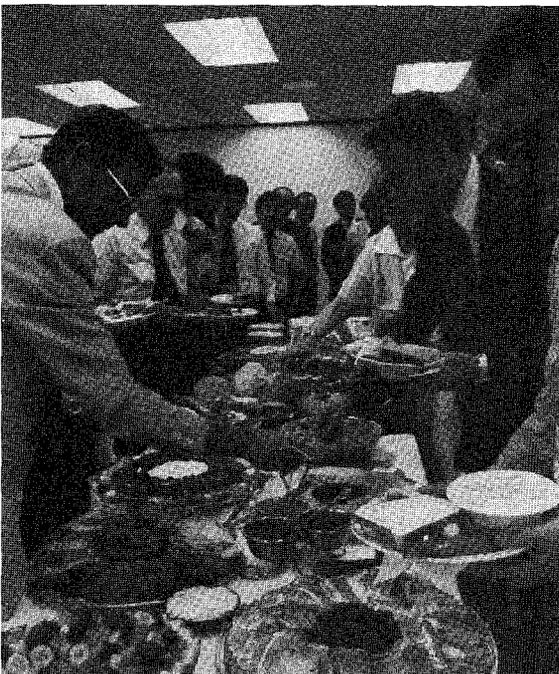
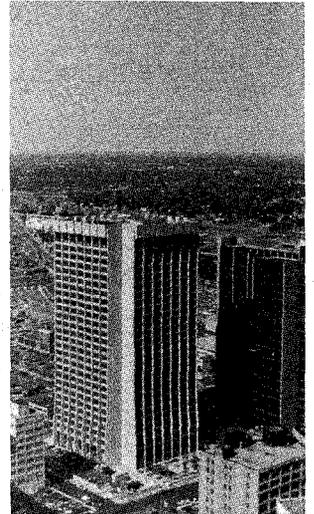
Under the leadership of our current regional manager, Walt Herrmann, and his assistants Randy Conley, John Dowell, and Milo Wietstock, DRO has expanded its role as a leader in doing innovative jobs. For example, we have recently (1) developed extensive data bases to enable analyses and evaluation of complex problems and (2) analyzed foreign policies and programs to find ways to improve U.S. policies and programs.

Also, in our review of Federal research and development (R&D) laboratories, we developed the first data base on 192 Federal laboratories accounting for 85 percent of the Federal R&D dollars spent. Under the supervision of Bob Gray and Gil Kruper, we are using this data base together with extensive literature research to develop guidelines for the management of R&D laboratories and a model which can be used for future audits of laboratory management.

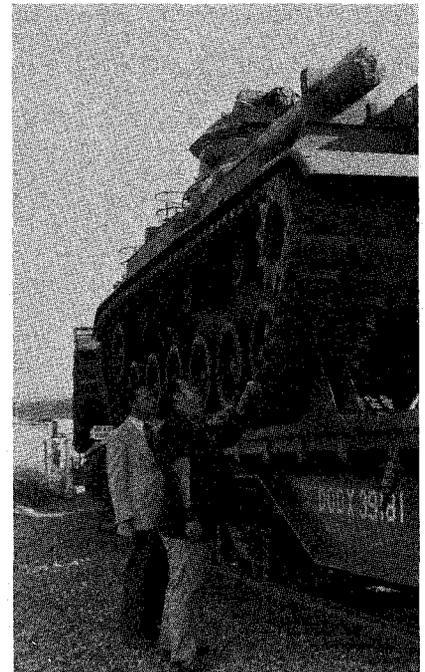
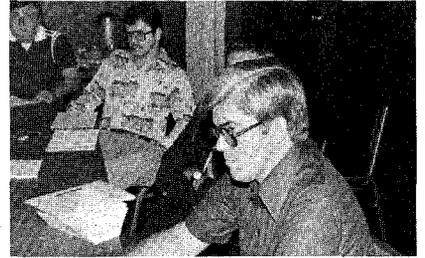
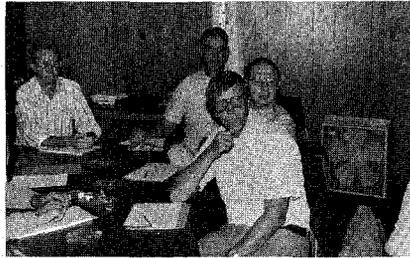
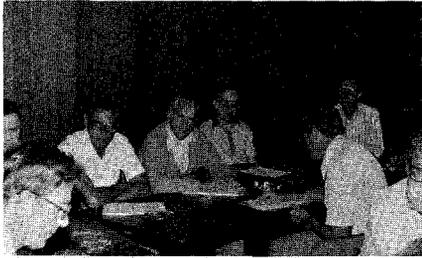
In a review to determine why housing costs were so high and how Govern-

ment regulations affect cost, DRO developed the first national data base containing information on local building codes and land use. Our report, developed by project manager Bob Piscopink with the help of Don Weisheit, was used by the National Institute of Building Sciences in its orientation meetings with builders. To date, the Institute has distributed over 200 copies of our report.

Our People...



and Our Activities



The Detroit Region

Our reviews of the well-being of elderly people in Cleveland, Ohio, are GAO's first attempts to (1) determine what services make a difference in the lives of people 65 years old and older and (2) develop multiprogram evaluation techniques. To accomplish these reviews, Bill Laurie and Tom Walsh directed and coordinated the efforts of a cadre of people—30 interviews from Case Western University and numerous people from 120 service agencies in Cleveland. Using a questionnaire, the interviewers obtained information on the economic, mental, physical, and social well-being of over 1,600 older people at two points in time. Agency personnel quantified the amount of services provided to these people in 1 year.

So far, two key pieces of legislation have resulted and two congressional reports have been issued. Equally significant, GAO has created a unique longitudinal data base containing a living profile of a generation of people that could be useful to researchers, planners, and historians. Because of its uniqueness, HEW has asked that it be made available to them. Accordingly, we plan to place the data base in HEW's archives for their use.

We have used the international comparison approach in several jobs as a means of supporting improvements in U.S. programs and policies. Our approach has been to (1) conduct extensive reviews within the United States, (2) take advantage of our proximity to Canada for quickly obtaining information from a foreign country, and (3) use this information as a basis for developing our approach to obtain information from other countries.

An example of this approach is the Customs Cargo Inspection audit, led by Don Schmidt and Bob Tracy. As the connecting point for 35 percent of all U.S./Canadian traffic, Detroit is a natural site for customs reviews. It ranks behind only the port of New York in numbers of foreign customs entries and revenues. With the help of other regions, DRO staff gathered information nationwide, and on their own conducted an extensive review in Canada, and with assistance from the International Division, a review in Australia. The report contained several recommendations for improving the U.S. inspection process.

Another example is DRO's analysis of the U.S. mining and metal processing industry and the trend of U.S. manufacturers to rely more on foreign processed minerals. Under the leadership of Bob



The Ambassador Bridge—the scenic route to Canada, Detroit's international neighbor to the south—connects the city to Windsor, Ontario.

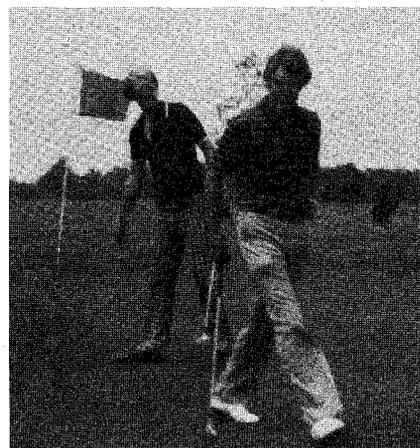
Rogers and Don Ingersoll, this review will develop information for the Congress on the magnitude and implications of the shift to foreign processed metals, as well as how various U.S. policies and foreign government actions have accelerated this trend. Also, it will identify ways to assure that the effect U.S. policies and programs have on the industry are thoroughly considered before being implemented.

This assignment—one of the most ambitious in scope to date—is leading the way for GAO in making international analyses. It involves an analysis of the impacts of complex policies such as energy, environment, land use, worker safety, taxes, and foreign trade on the mining and metal processing industry. It has involved discussions with top corporate and Government officials, work by all three GAO foreign branches, and travel by DRO staff to Canada and several Latin American, Far Eastern, and European countries.



Social Side

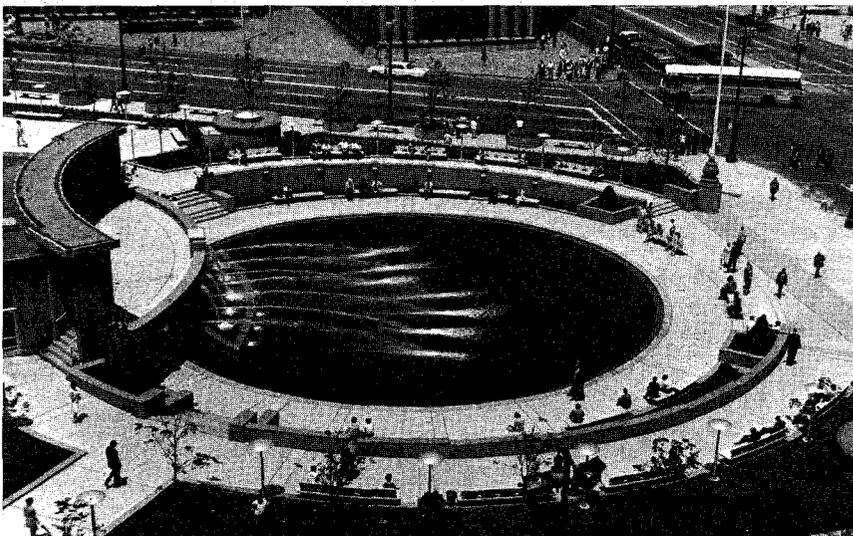
DRO's social activities are as varied as its work. DRO golf and tennis stars compete against the top athletes of Cincinnati regional office at the annual Findlay outing, while other DRO athletes display their talents on our basketball and softball teams. The newest annual event, the "Sunfish Festival," is a weekend of sun and fun on the Canadian side of Lake St. Clair. Although few fish are caught, the days are filled with softball, basketball, golf, tennis, swimming, and a lot of good eating. Other annual events include a hayride/square dance, picnic, golf scrambles, Christmas party, and sports outings.



DRO's "Gorillas," as they are affectionately referred to in Detroit's Federal Softball League.



The Renaissance Center—symbol of Detroit's rebirth—enhances the character of the city's skyline.



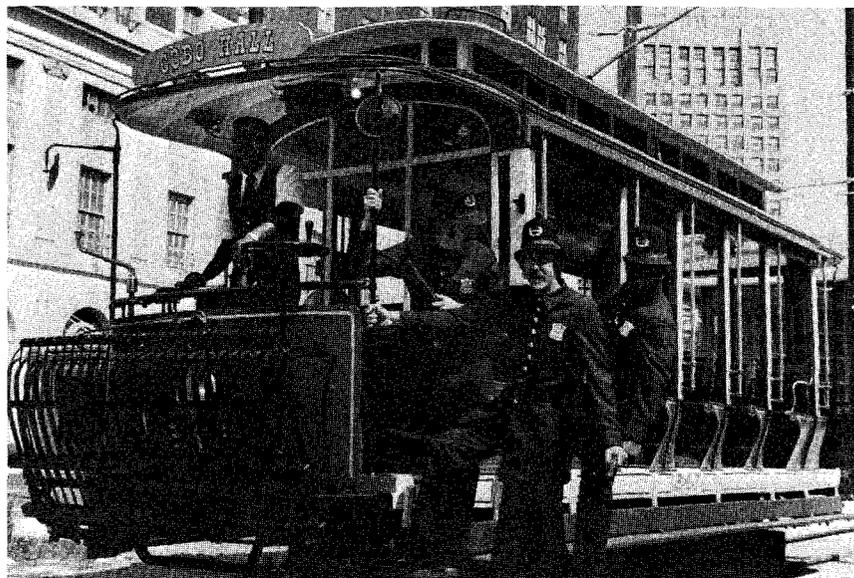
Once the site of City Hall, this spot, located in the heart of Detroit, is especially popular around noon on warm, sunny days when many office workers will appear with their brown-bag lunches. (Photo courtesy of the city of Detroit.)

Our Region ... Tomorrow

The downtown Detroit riverfront development, while extensive, is only the first step of a master plan for the Detroit River frontage. Further development will create a chain of linked waterfront parks to make this land more accessible to the people of the city than ever before. Construction of a new riverfront stadium is also underway. Beyond the river, Detroit is actively involved in developing a new rapid rail transportation system and expanding the trolley service, giving downtown Detroiters the best of nineteenth and twenty-first century transportation. And, there are plans for new shopping, cultural, recreational, and industrial centers.

A renaissance is also beginning to change the scene in Cleveland. A \$3- to \$4-billion midtown construction program is well underway. Completed projects include public and private office buildings, hotel and convention facilities, apartment complexes, parks, theaters, and expanded university facilities.

Cleveland also has plans to beautify the frontage on the Cuyahoga River and Lake Erie. Historic Settler's Landing is being redeveloped. The port authority has plans to expand docking facilities to accommodate the 1000-foot Great Lakes ore ships and is studying a proposal to build an international jet port on the lake. Amidst all this change, Cleveland's traditional landmarks such as St. John's Cathedral, the monuments, arcades, and museums remain undisturbed.



For 20 cents you can ride a genuine antique trolley along Washington Boulevard. Drivers outfitted in turn-of-the-century uniforms operate this "link with the past" 7 days a week.

DRO Tomorrow

DRO's future, like that of its cities, reflects the transition from the old to the new. DRO has always prided itself on its leadership, innovation, and willingness to work; and Walt Herrmann plans for this to continue.

In the future, he sees us expanding on our developmental work by creating and analyzing unique bases, and continuing our leadership role in making international comparisons. In so doing we will be able to utilize our background and expertise to help us continue to produce new approaches and ideas and to demonstrate our ability to deliver top products. Also, we will continue to take the lead in work related to the unique characteristics of the region. Using these features and the expertise of our staff, we can expand our contribution in issues related to energy and the environment; crime and the justice system; taxes and customs; housing, employment, and education; health and the elderly; use of automated data processing in the medical field; and defense.

Walt believes there is a definite link between tomorrow's successes and the adequacy of today's staff training and development. New ideas and innovative approaches do not come easy. We need a staff of varied disciplines and backgrounds who can work together, creatively. Our recruiting and training efforts have focused on fulfilling this need. We have enlarged our staff capabilities by recruiting various disciplines for our entry-level hires and for our cooperative

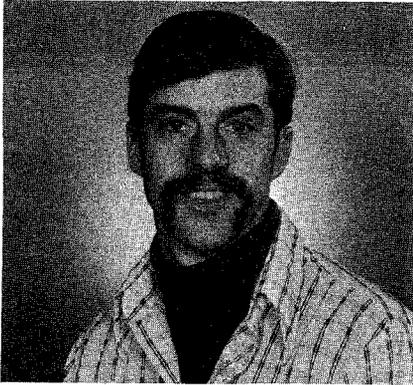
work-study program. The degree of success we have had is best illustrated by the variety of backgrounds of our group of co-ops, which includes students majoring in journalism, sociology, criminal justice, and psychology.

Walt believes that training must do more than just teach staff to be auditors. We need to create an atmosphere where the staff is free to express their ideas and work as a team. Our training starts with the entry-level trainee, but, most importantly, continues on with our seasoned auditors. For the past few years our training for first-year staff has stressed creativity and individual thinking by having the trainees work in small teams to develop audit areas. A recently initiated training effort for DRO staff at all levels, the Social Style Awareness course, has helped participants understand the strengths and shortcomings of their style and those of their teammates. This course has already been very successful in promoting teamwork and encouraging freer discussions among the staff.

DRO will continue these and similar activities to make our tomorrow even better than today.

Ford Motor Company claims it has better ideas. DRO thinks it has better ideas too.

A team of DRO staff members jointly authored this article. Sharon O'Neil and Jennifer Jimenez were primary contributors. Led by Bob Gray and inspired by Walt Herrmann, Sharon and Jennifer were assisted by several others: Bob Coughenour, Pat Iler, Bill Laurie, and Marge Sommers. Ed Price and Valorie Robinson photographed DRO staff activities, and Jean Freeman, DRO's editor, applied the finishing touches.



Scott L. Montgomery

Mr. Montgomery has recently joined GAO's science policy group of PAD. He has a B.A. in creative writing from Knox College, an M.S. in geology from Cornell University, and has recently worked as a research assistant to Dorothy Nelkin in the Program on Science, Technology, and Society at Cornell.

The War on Science

Science is at War. No official declaration has been made, but the battles are now well known. They are fought with facts and values on political plains; both sides struggle for power and perceived freedoms. Scientists, challenged by a striking diversity of vocal interest groups on a range of issues, find themselves fighting to preserve long-held liberties which they see as essential for the momentum of their enterprise. The nearly complete autonomy of science, from both government and public accountability, has ended. Regulation and lay review over research, particularly in the biomedical area, have gained unquestioned potency in recent years. Interest groups are claiming that traditional beliefs in the elitism of expertise are misguided, relying on totalitarian acceptances. The great variety of these groups, which span the breadth between the John Birch Society and the Union of Concerned Scientists, testifies to the seriousness of the challenge and indicates that opposition is surfacing from deeper, widely felt anxieties.

Controversy

The issues are many. Altercation over nuclear power, epitomized by the continuing opposition at Seabrook, New Hampshire, comes immediately to mind. But it is the biomedical sciences which have sustained the broadest spectrum of attack. The biomedical sciences are particularly vulnerable. They inspect the processes, and thus the very nature, of man himself, affecting all beliefs about his specialness, sacrosanctness. "Biology is a social weapon," claim some critics. They perceive recent studies of whether cause and effect relate a genetic aberration (XYY chromosomes) to overly aggressive (and presumably criminal) behavior or whether drugs should continue to be administered to "subdue" penal inmates or hyperactive children as a dangerous misuse of research. And there are risks: recombinant DNA research shares with nuclear facilities a very small possibility of accident, the consequences of which would be catastrophic. On another front, the medical profession, through its inflexible, reactionary venom against Laetrile, has put much of its prestige in limbo. Industrial scientists, meanwhile, are now notorious for their self-interested treat-

ment of data concerning DES, vinyl chloride, asbestos, saccharin, and most recently benzene, to list but a few. And then there are those who ride against technologies such as fluoridation or mandatory seatbelts and airbags, shouting the paean of personal choice.

Success of the challenge has been considerable, at times augmented by the growing numbers of dissenting scientists. The most conspicuous example here is the recent implementation and review of regulation over recombinant DNA research. In other areas, notably fetal research, investigation has been completely terminated, and scientists have been indicted for "murder" and "grave robbing."

Internationally, people are demanding greater accountability, greater public participation, and thus control, in technical decisionmaking. The attack on science is a curious one—it unites moderates with both the far right and far left in efforts to *preserve, to retard advance* in certain areas. It starts from the camp of a new, broad conservative impulse, one that wishes to keep things, at least to some degree, as they are, or to return to times of greater purity.

The Reasons

What are the reasons for all this? What is the source of the impulse to oppose? Dorothy Nelkin, from her many studies of the subject¹, has defined five major prevailing concerns:

- The fear of health and environmental risks.
- The fear of social misuse of research findings.
- The feeling that scientific research is morally pernicious, i.e. a threat to "cherished beliefs."
- The concern with the equity involved with the social and economic costs of research, i.e. "who bears the brunt?"
- The perception that science and technology trespass on personal freedoms and choice.

Nelkin further points out that the invisibility of technological effects and hazards further exacerbates these fears. Perhaps the most crucial result of her work has been the consistent indication that increased information to the

¹See for example, Nelkin, Dorothy. "Threats and Promises: Negotiating the Controls over Research," *Daedalus*, Spring 1978.

public, developing a better technical base of understanding, serves to galvanize even greater opposition. It thus appears certain that conflict advances not from a moat of ignorance, but from a citadel of strongly held values.

For many people, the social upheaval and storm during the past decade has precipitated a growing sense about the lack of, and emphatic need for, individual efficacy in all areas of personal life: economic, political, and social. The inaccessibility of technical information has bred mistrust. In this vein, the increased scale and level of scientific activity have made its power to change more conspicuous, and its risks more fearful. Furthermore, present opposition has built on the expanded notion of group protest which was rejuvenated during the late 1960s and early 1970s; people now know that they can effect pressure, and thus change, in this way. A more specific result of those recent days of demonstration has been the basic realization of limits—to resources, food, what the environment can stand, and what man will tolerate. People, wanting power over their own lives, see industrial, governmental, and now scientific activities as requiring boundaries.

The Reaction of Expertise

On the other side of the battleline, defensiveness prevails. A great many scientists feel that their research must be densely shielded against a tide of "ignorant, ill-informed, or mal-intentioned" assailants. They view their critics as pathogenic, their duty as lymphocytic. The analogy is apt; for through their methods of combat, which are often reactionary and emotional, they further enfeeble their own enterprise.

Moreover, scientists perceive the unbounded academic and research freedoms as necessary for the open-ended system of scientific advance, as part and parcel of the philosophical basis for their work. And they believe, have been reinforced to believe, in the optimism of this advance, that is, that beneficial applications are inevitable, misuses negligible.

There is disillusionment in the air. Many researchers, again particularly in the biomedical area, no longer feel that their work is seen by the public as yielding the utopia of fact, as moving from the crucial blend of imagination and induction to an impartial spearing of the

unknown. The notion of limits induces immediate polarization: the opposition seemingly has everything to gain by their attacks, the experts everything to lose. For one side, it means greater freedom and personal control over life—for the other, the experts, it means a sudden loss of the same.

Polarization is thus inevitable. At times, for those making the challenge, there appears to be a far stronger motive for conflict itself, for the righteous role of opposer. Experts are fogged by the continual avoidance of resolution. The overall effects on many have been exasperating. They are accused of hypocrisy in their reactions, of not exemplifying the critical, inductive method they so frequently hold high.

All this is not to say, however, that there is a full-scale societal movement against science. In fact, recent polls² have shown that 71 percent of those surveyed believe that science has changed life for the better, and 52 percent indicated that it has done more good than harm. In reality, it is a small minority which is waging the war, but it is an intensely vocal and active spectrum, one that exerts considerable pressure.

The Government Arena

Within the government, the debate is also fierce. The Atomic Energy Commission (now NRC), FDA, and National Institutes of Health have been focal points for heated discussion. Much argument on regulations over recombinant DNA research—in the form of H.R. 11192, *Recombinant DNA Act*—has sounded the floors of both the House and Senate. In this rapidly evolving field, some experts see the proposed regulations as arbitrary, fear-induced brakes to research which will become quickly obsolete with the pace of future advances. For them, the very wording of the act—" . . . any activity involving organisms or viruses containing recombinant DNA (whether a research or commercial activity) *be subject to control*" (emphasis added)—carries choke-collar connotations.

Since World War II, the necessitated umbilical ties of science to the Federal purse have left researchers especially vulnerable to changes in congressional priorities. The recent 10th annual Report of the National Science Board about basic research conducted and

supported by the Federal Government discusses recent barriers, and points out the growing battle between " . . . the scientist, who believes any scientific inquiry is justified, and skeptical citizens or Congressmen, who wonder how esoteric inquiries can warrant public fund support." Many researchers perceive Senator Proxmire's "Golden Fleece" awards, given to projects he deems trivial and wasteful, as well as the growing congressional support for "Sunset" legislation, as both directly bleeding the present and future strength of basic science. And, in fact, the past decade has witnessed a striking decline in general Federal support for basic research (in constant dollars).³ This decline in Federal support has weakened further many experts' faith in the protected image which science has so long enjoyed.

Presently, the GAO science policy group of the Program Analysis Division is evaluating the *Science Indicators* series, a National Science Board study on the status and general health of science and technology in the United States. A part of the group's approach will likely involve an examination of possible connections between the overall decline in Federal support and the public controversies.

Conflict Resolving Mechanisms

In a pluralist society, conflict and its resolution are necessary: where there is fire, there is soon water. The controversies mentioned have hatched a host of new dispute-settling proposals. In the interest of space, only a few generalizations and examples will be mentioned.

Proposed mechanisms have ranged from a "Science Court" model to a mediation procedure based on the labor-negotiation model.⁴ Despite their marked variety, almost all stand on the bedrock belief that technical, ethical, and political approaches can be separated. The Science Court idea best exemplifies this. In this forum, scientists would argue points of fact before "impartial scientific judges" who would determine either the "truth," or the closest proximity to it. Their decision would provide the soil for well-directed policy-making.

³Ibid.

⁴Dorothy Nelkin, ed. Introduction to *The Politics of Technical Decisions: A Case Studies Approach*. In preparation.

²*Science Indicators 1976: Report of the National Science Board 1977*, pages 167-183.

There are many assumptions involved with such a model, most notably the ancient and venerable one which respects science as extrasocietal and its experts as somehow politically neutered. However, under the growing recognition of the societal context of science, such an assumption appears dusty, anachronistic. Historians and sociologists of science such as Thomas Kuhn (*The Structure of Scientific Revolutions*) now emphasize that the essential, nuclear blocks of scientific knowledge depend to some extent upon the strong interactions of social forces; that fact and theory are not completely separable and that theory is influenced by "climatic" movements.

At the Crossroads

Scientists, it would then seem, are struggling through a new apprenticeship. The trade of political conflict, whose tools they have previously only handled, is now being forced fully upon them by a situation of intense controversy. Not all of the technical disciplines yet feel the full impact of what is happening. It seems inevitable, however, that they all will directly feel the growing heat of conflict. The essential clashes are between values; there is vigorous ideological motivation on both sides of the line. In battles such as those at Seabrook or Cambridge, a definite symbolic mist hangs in the air. For the opposition, the challenge itself is an expression of personal efficacy; for the scientists, it is a direct assault on their work.

There are many fronts to the conflict. Because the social consequences of certain research areas are so immediate, the once-sharp boundary between pure and applied science has become fuzzy.

But whatever the ultimate consequences, science no longer seems the ivory tower enterprise from which truth and progress automatically flow. It has been forced into a new social context of activity, one that requires adaptation both of perspective and posture.



This article is based on an interview between Jim Wilcox, a counseling psychologist in the GAO Office of Career Development and Counseling, and Jan Kosko, an editor in the Special Publications section of the Office of Publishing Services.

Jan Kosko

Helping Us Find Our Way

A poster in the GAO Office of Career Development and Counseling depicts a street lamp brightly illuminating the foggy night. The caption on the scene reads:

If sometimes we don't get lost;
there's a chance we may never
find our way.

The street lamp, of course, symbolizes the objective of the counseling office, which is to guide us, to help those of us who are having social, psychological, or alcohol or drug abuse problems find our way through individualized and confidential counseling assistance.

GAO recognizes that today's fast-moving and complex society causes practically all of us to experience one or more of those problems with varying degree and frequency. Therefore, the Office of Career Development and Counseling, located in room 6844, was created to provide:

- Confidential counseling and referral services to all GAO employees.
- Assistance to managers to help them recognize problem situations and their responsibilities in dealing with them.
- Consultation services to managers regarding the supervision of employees with problems affecting job performance.
- Continuing educational programs for all employees directed toward developing an awareness of various social, psychological, and alcohol and drug abuse problems.

Because GAO recognizes that social, psychological, and alcohol and drug abuse problems may affect an employee's work performance and believes that such problems can frequently be resolved with appropriate assistance, counseling psychologists like Jim Wilcox are on hand to counsel and advise GAO employees. Wilcox encourages employees who know or suspect they have a problem to take advantage of the services provided by the counseling office. Wilcox says that employees are often aware that they have problems they would like to resolve, but are frequently unable to pinpoint the underlying causes and are reluctant or uncertain about where to seek help. They may be hesitant to approach their family or friends because of the stigma they feel is attached to their particular

problem. Wilcox urges such employees to take advantage of the strictly confidential counseling service on their own initiative before their situation becomes less manageable and more detrimental to their lives. He stresses the fact that no employee who seeks counseling assistance will have job security or promotional opportunities jeopardized.

Wilcox, a warm and soft-spoken man, genuinely cares for and is concerned about those who come to him with problems. That genuine feeling of care and concern came through again and again during the interview as Wilcox stressed his willingness to help any GAO employee understand or cope with a problem. "Everybody has a right to utilize us. It can be through an anonymous phone call from a region, an audit site, your office, or your home. Or, you can call and we can set up an appointment during lunch, or before or after your regular work hours. Whenever you're free."

Wilcox says the counselors provide various forms of assistance to GAO employees, including, "everything from helping people decide what sort of career they want in GAO . . . to helping them resolve family problems, such as marital problems or problems with their children . . . to helping people determine whether or not to retire . . . to helping them deal with conflict resolution-type problems in the office . . . to helping people deal with alcohol and drug abuse problems, which are, of course, of key concern to us . . . to helping them get the assistance they need . . ."

During counseling, the employee receives support and guidance to help him better understand himself and his environment and thereby work out ways to adjust to and cope with new situations or problems.

The counselor's role, however, is dependent upon the type and severity of the symptoms experienced by the employee. If the counselor determines that the employee needs medical treatment or long-term counseling, partial or complete referral to an outside facility is recommended. If such is the case, the counselor makes every effort to help the employee find the most suitable services.

Wilcox is not aloof toward those he counsels, but tends to become "intensely interested in a person even though I see them maybe only 1 hour out of their life."

Although the relationship between the counselor and employee is frequently brief, Wilcox often wishes that those he counsels would call him after the counseling session to let him know how they are doing. In fact, he frequently follows up a session with a call to the employee. He explains, "Sometimes people come in and they get some information and then they go back and get cold feet. So, it's often helpful to talk again and encourage them to go get some help."

Because it is difficult for employees in the regional offices or distant audit sites to personally visit the counseling office, telephoning (275-5848) the counseling staff for advice is encouraged. The counselor can also arrange any necessary followup counseling in the employee's local area.

Wilcox stressed the vital role a supervisor has in assisting employees prevent or deal with social, psychological, and alcohol or drug abuse problems. There are several reasons for this:

- The supervisor is generally the first person to notice an employee's deteriorating work patterns or behavior.
- The supervisor may be the person to whom a troubled employee first turns to for help.
- The supervisor is in a position to encourage an employee with problems to seek counseling assistance.

If a supervisor does notice that an employee's behavior is adversely affecting his job performance, he has a responsibility to confront the employee, discuss the problem with him, focusing on poor work performance, and, in the event the poor performance is suspected of being the result of a personal problem, direct him to the counseling service.

However, supervisors should bear in mind that counseling assistance is not disciplinary action, but rather is a means of providing employees with the help they may need to deal with a particular problem that may be contributing to difficulties on the job.

Supervisors should also bear in mind that, in many cases, troubled employees may not be aware of, or able to deal with, the problems themselves. In such cases, the supervisor should consult with the counseling staff for advice on working with the employee.

Wilcox says that the most frustrating part of his job is working with a supervisor who will not confront a seriously troubled employee. "What makes it so frustrating is that you often know that the person with the problem is dying, sometimes literally dying, for help and they are waiting for somebody to tell them what to do. They're afraid of getting help, they don't know where to turn. They're afraid about themselves, 'What could be the problem?' And, they deny and repress a lot of this so they don't recognize the problem anymore. So, if somebody else doesn't intervene, there is not much chance of them getting help. That's why we say that practically every time, being confrontive is the best thing a supervisor can do to help."

Wilcox adds, "If a supervisor has a person working for them who seems to have a problem that they could use counseling help with, for example, if the person's job performance is really being affected adversely or the ability of the person is going down, they should always call us first and discuss the situation. We can give our opinion about whether the person should be referred to us and how to do it.

"However, often the supervisor is just downright embarrassed to confront somebody, which is understandable. We don't like to be negative. It's often embarrassing and we don't know how people are going to react."

He also says that feeling sorry for the employee, which he terms "destructive compassion," may also deter the supervisor from confronting the employee and directing him to the assistance he needs. Wilcox says that reassuring or sympathetic words, such as, "Everything will be all right," will not make the employee's problem disappear, but rather, may reinforce the employee's denial and repression of the problem, which, in turn, may prevent him from seeking counseling assistance.

"The most rewarding part of the job? That's easy," says Wilcox with a broad smile, "it's when you see the person growing and using the difficult situation to go up another notch in their life, when you see their capabilities and self-concept improve after they've worked through a difficult problem."

Why did Jim Wilcox choose the field of psychological counseling as his profession? The answer, accompanied by another smile, is not totally unexpected: "To help people, to help them better understand themselves and how to deal with themselves."

Annual GAO Honor Awards Ceremony

On October 25, 1978, the U.S. General Accounting Office held its annual GAO Honor Awards Ceremony. The ceremony, which is the culmination of an intensive incentive awards program, recognizes GAO staff members who have excelled in some way while carrying out the important and complex mission of GAO.

The following GAO personnel received awards:

Equal Employment Opportunity Awards:

Julius S. Brown
David E. Ashley

Best Articles Published in GAO Review:

Timothy D. Desmond
Martin M. Ferber

Meritorious Service Award:

Melvin F. Bergart
Gary L. Billen
Karen E. Bracey
Hugh E. Brady
David E. Bryant, Jr.
Leslie J. Caldwell
Joseph F. Delfico
George L. Egan, Jr.
Jack S. Everton
Frederick Gallegos
William A. Gerkens
Edward F. Hefferon
Clarence L. Jenney
Roy J. Kirk
Terry A. Kremer
James R. Linz
Ramon A. Looney
Edna Lynn
Vinita C. Mathur
James K. Meissner
Thomas E. Melloy
Marie J. Moore
Thama L. Moreland
Christine M. Murphy
Ola A. Murphy
Benjamin F. Nelson
Mary P. Noble
John M. Ols, Jr.
George D. Peck
LaDonna A. Rodock
Robert E. Shelton
James L. Silvati
Danny L. Sprowls
Alice E. Tilghman
James E. Wells
Randall B. Williamson
Kane A. Wong
Glenda C. Wright

Distinguished Service Award:

F. Henry Barclay, Jr.
Baltas E. Birkle
Francis X. Fee
David A. Hanna
Richard W. Kelley
Harry C. Kensky
John E. Milgate
Michael Zimmerman

Comptroller General's Award:

Gregory J. Ahart
Task Force on Improving GAO Effectiveness

GAO Award for Public Service:

Charles F. Luce

In his opening remarks, Comptroller General Staats paid tribute to the many outstanding GAO employees as well as the individuals whose performance led to awards:

"Leading such a distinguished group of people at this time is at the same time a rewarding and saddening experience.

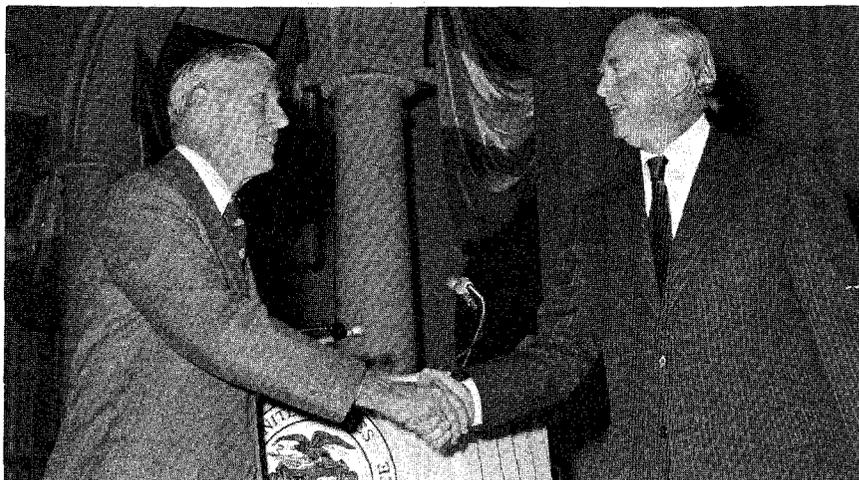
Rewarding because of the significant work that GAO has and is continuing to accomplish. Saddening because of the image Federal employees seem to have acquired particularly in the last year or so as neither very effective nor very in-



Gregory J. Ahart, director of the Human Resources Division, received the Comptroller General's Award.



The Comptroller General presented one of his two Comptroller General's Awards to the Task Force on Improving GAO Effectiveness, Stewart D. McElyea, chairman. The 12 task force members are shown.



The GAO Award for Public Service was presented to Mr. Charles F. Luce, chairman of the board of the Consolidated Edison Co. of New York and a member of the Comptroller General's Consultant Panel.

dustrious—and perhaps not even always honest. This image reflects unfavorably on all of us who view ourselves as dedicated and industrious public servants. . . .

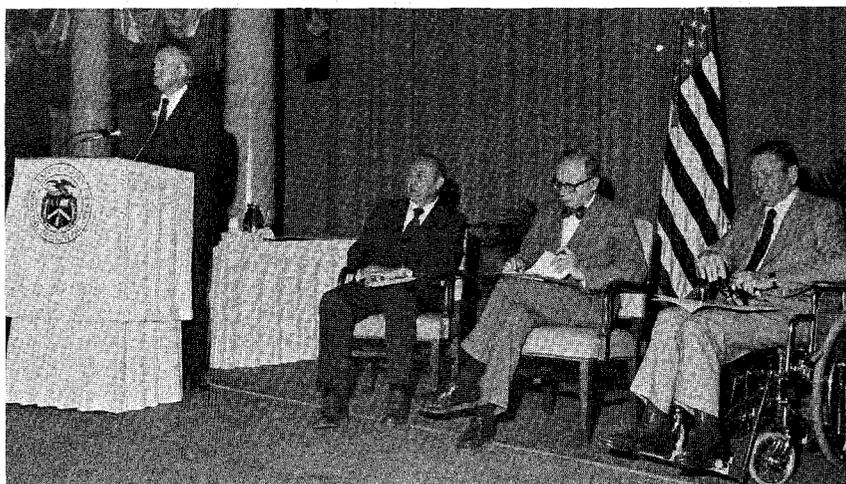
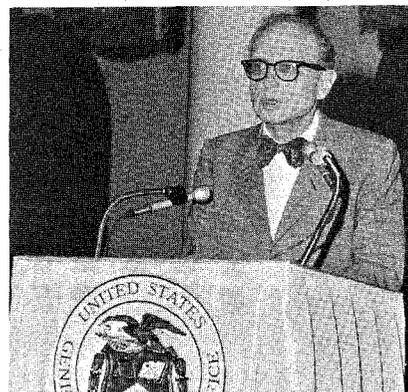
When I came to Washington as a Federal employee in the late 1930s, the term public servant was an honorable one and public employees could be proud of their calling. It is much tougher to be proud in today's environment when we are often scorned by those we are trying to serve.

What hurts most is that the charges do not fit the vast majority of Government employees. Those of us who work in Government and have been in Government service for a long time know that the inefficient, the lazy and the dishonest are a tiny fraction of the whole. The vast majority of Government workers are as hard working, competent and dedicated to Government business as their counterparts in industry.

Certainly, the people we honor tonight have shown their enterprise and intelligence in the excellent work that led to their selection for the high honor of a GAO-wide award. Let us all use this occasion as a starting point to do what we can to show our fellow Americans that Government employees deserve their respect and are as highly motivated as any other segment of the population and, yes, perhaps even a little more dedicated to the general good than most. A change in our public image is crucial if we are to attract and retain people of the caliber we have here tonight."

In his address, Dr. Boorstin reminded the audience that the GAO and the Library of Congress both served the needs of Congress. He noted that GAO acted as a wholesaler, while the Library of Congress was a retailer of information. In discussing GAO, Dr. Boorstin

Librarian of Congress Daniel J. Boorstin was the evening's principal speaker; he is shown addressing the audience.



Comptroller General Staats delivers his remarks to the audience at the annual GAO Honor Awards Ceremony.

remarked on the transition of the auditor in American society:

"In the past hundred years, a new profession—that of the Certified Public Accountant—attested the public need and desire to obey income-tax laws. Even before that there had been 'public bookkeepers' in the United States; but after the Civil War, businessmen needed something more than a bookkeeper. Perhaps the oldest American accounting firm—Barrow, Wade, Guthrie, and Co.—was founded in New York City in 1883. New York laws in 1896 provided public examinations for candidates for the title of Certified Public Accountant.

Still, the numbers of accountants and auditors remained small until the enactment of a national income tax At first, certified public accountants were drawn intimately into corporate affairs only to prepare tax returns. When these accountants became at home in the inner sanctums of large corporations, they not only shaped corporate accounting procedures but guided crucial decisions of policy."

As it was with the private sector, so GAO became entrenched in the decisionmaking process of the U.S. Congress.



Theodore Roman, Jr.

Mr. Roman, a senior policy advisor, Office of Policy, is responsible for reviewing reports and other documents to be signed by the Comptroller General and advising on their acceptability from the standpoint of possible accounting, auditing, and reporting policies.

The Privacy Act and The Freedom of Information Act: Where Does GAO Fit?

GAO, as an organization responsible to the Congress, is not subject to the terms of either the Privacy Act or the Freedom of Information Act. However, it conducts its activities, to the maximum extent possible, in a manner that is consistent with the spirit of both acts. These two acts have been described as different sides of the same coin; each deals with both releasing and withholding personally identifiable records.¹

GAO is not limited by any statute in its acquisition or use of personally identifiable records. Thus, it can acquire any personal information maintained by Federal agencies or others subject to GAO audit authority, and disclose that information to anyone. While neither act restricts GAO activities, both clearly reflect the Congress' intent that all governmental activities be conducted in a manner that protects the privacy interests of those from whom information is collected. This is especially true, of course, when individuals are promised that the information they supply will be kept confidential (see CAM I, chapter 8, appendix II). Further, GAO takes care not to disclose records or recommend the transfer between agencies of information that should otherwise be protected (see Report Manual, chapter 14).

GAO has a long and enviable record for dealing responsibly with the information it obtains. It stresses the importance of safeguarding workpapers (see CAM I, chapter 19) and of insuring that sensitive information of all kinds, for example, proprietary information concerning illegal acts such as fraud, is appropriately handled in its reports.

Specific rules of conduct probably cannot be developed to cover all situations or problems that may arise in dealing with the release and withholding of personally identifiable data. We should, however, be alert to the provisions of the acts, and insure that a proper balance is

achieved in accomplishing our reporting objectives as well as the objectives of both the Privacy Act and the Freedom of Information Act. To preclude the formulation of a GAO position that may be inconsistent with these acts or prior GAO report positions, team leaders and audit managers should, at the earliest possible time, coordinate assignments having such implications with the Logistics and Communications Division, Federal Information Issue Area Coordinator. (See memorandum to Heads of Divisions and Offices dated 11/22/77.)

Right of Access

GAO's right to obtain agency records is clear. Section 54 of title 31 of the United States Code (section 313 of the Budget and Accounting Act of 1921) states in part:

"All departments and establishments shall furnish to the Comptroller General such information regarding the powers, duties, activities, organizations, financial transactions, and methods of business of their respective offices as he may from time to time require of them; and the Comptroller General, or any of his assistants or employees, when duly authorized by him, shall, for the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of any such department or establishment."

"Department" and "establishment" are defined to include virtually every agency of the Federal Government other than the legislative branch and the Supreme Court.

The broad authority conferred by 31 U.S.C. 54 is restated in numerous specific acts (see CAM I, chapter 14), but, section 54 remains the clearest general statement of GAO's basic right of access to records of Government agencies.

Freedom of Information Act

The Freedom of Information Act
GAO Review/Winter 1979

¹The Privacy Act defines a record as an item, collection, or grouping of information about an individual that contains his name, identifying number, symbol, or other identifying particular assigned to the individual including fingerprints, voiceprints and photographs.

(FOIA) became law on July 4, 1967. The act provides for making information held by Federal agencies available to the public. In 1974, Congress amended the act to substantially strengthen its provisions. These recent amendments make it clear that the primary purpose is to make information maintained by the executive branch of the Federal Government more available to the public.

Because GAO is a part of the legislative branch, the act does not apply to us, but that does not mean the act is of no interest or concern to us. Quite the reverse is true. First, GAO records, such as confidential draft reports, maintained by executive branch agencies may be subject to FOIA requests made to that agency (see CAM I, chapter 15, and Report Manual, chapter 6). Second, GAO frequently receives freedom of information type requests. In this event, team leaders and audit managers are most likely to become involved.

Although GAO is not subject to FOIA, the Comptroller General has declared that it is GAO's policy "to make the fullest possible disclosure of information consistent with our responsibilities as an agency of the Congress." This policy was first set out in a memorandum to heads of divisions and offices on July 3, 1967. In January 1968, regulations regarding "Public Availability of GAO Records" were published in the *Federal Register*. These regulations are still in effect, and they appear at title 4, Code of Federal Regulations, Part 81. They are implemented by GAO Operations Manual Order No. 1330.1, January 5, 1974.

Since the passage of the 1974 amendments to the FOIA, the public has become more aware of the right to demand access to Government records. This, in turn, has resulted in an increase in freedom of information type requests to GAO, generally for access to (1) audit workpapers and draft reports, (2) congressional correspondence, and (3) records supporting Comptroller General decisions. Such requests have been processed under our existing regulations.

Freedom of information type requests, either written or oral, are generally resolved under the provisions of GAO Operations Manual Order No. 1330.1. If further guidance is required (especially if the request cannot be honored or is complex), the Office of General Counsel and/or the Office of Policy should be consulted for advice and assistance.

In applying the existing regulations, the following should be considered:

1. GAO's policy favors the fullest possible disclosure.

2. Requests for records should be in writing. Oral requests may be considered, but it is best to ask for written confirmation. The requester should be told that although GAO is not subject to the act, we have similar regulations (4 C.F.R. Part 81), and we will consider the request under those regulations.

3. The following categories of records are exempt from disclosure (but the exemptions may be waived in certain circumstances):

- Congressional correspondence, including congressional contact memos.
- Documents bearing security classifications.
- Records specifically exempt from disclosure (for example, commercial proprietary data covered by U.S.C. 1905).
- Privileged or confidential records containing trade secrets and commercial or financial information obtained from any person.
- Personnel and medical (and similar) files, where disclosure would result in a clearly unwarranted invasion of personal privacy.
- Investigatory files compiled for law enforcement purposes.
- Records relating to the regulation and supervision of financial institutions.
- Records containing geological and geophysical information and data concerning wells.
- Papers that are part of the deliberative process of the GAO such as draft reports, reviewers' comments, and workpapers containing opinions, recommendations, advice, or evaluative remarks of GAO employees.

4. Generally the division or office holding the requested records initially determines whether they should be disclosed. Some key factors to keep in mind when making that decision are whether

- the records relate to work done at a specific congressional request;
- disclosure would impede GAO activities or the conduct of a particular assignment;
- disclosure would result in an invasion of personal privacy, or violate a pledge of confidentiality;
- the records contain purely factual information, or involve internal opinions and recommendations; and

- all factors considered, disclosure would be in the public interest.

Privacy Act

The Privacy Act of 1974, Public Law 93-579, became law on December 31, 1974. The major provisions of the statute became effective on September 27, 1975, and are codified at 5 U.S.C. 552a. The purpose of the act is to safeguard individuals against invasions of personal privacy by requiring that Federal agencies limit the storage of records to those that are relevant and necessary to the functioning of the Government; eliminate secret systems; protect Government records about individuals from misuse, including improper disclosures; and permit individuals access to their records.

The limitations on the use of records imposed by 5 U.S.C. 552a apply to Federal agencies. It is GAO's position that the term "agency," as used in the act, does not include GAO. Therefore, the act does not restrict its use of records. While GAO may follow some of the provisions of the law on a voluntary basis, GAO is not required to comply with the act's provisions regarding its systems of records. Of course, records used in connection with our assignments should always be maintained with a high degree of concern for security and privacy, even though those records are not directly affected by the act.

GAO has the same right of access to agency records that it had before the act. Agencies that are subject to the act can only disclose records in accordance with the act's provisions. However, GAO's basic right of access is secure because the law specifically recognizes the importance of the use of agency records in the audit process. 5 U.S.C. 552a(b)(10) exempts from limitations the disclosure of records "to the Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the General Accounting Office . . ."

Although the act does not apply to GAO, this does not mean that the act will not affect its work. While agencies must allow GAO access to records, the act requires them to make an accounting of the date, nature, and purpose of each disclosure and of the name and address of the person to whom the disclosure is made. In making requests for records, team leaders and audit managers should keep in mind the accounting burden that their requests will impose on agencies.

The Privacy Act and the Freedom of Information Act

On assignments where large numbers of records are needed, the accounting requirement could cause very lengthy delays unless some means of easing the burden is found. Following are several methods that can be used to avoid such delays.²

1. Agencies may find it easier to account for disclosures of a complete category of records rather than a selection of some records from that category. For example, a request for one thousand randomly selected records from a system of ten thousand records may require the agency to note accounting data on each of the thousand records disclosed. However, a request for all ten thousand records might be handled by making one notation in a central accounting file. The auditor could select the sample from the ten thousand available records. The extent to which this class accounting technique will be useful may vary from agency to agency and from system to system, depending upon how the accounting requirements are handled. If this technique appears potentially useful, it should be discussed with the records management personnel of the agency maintaining the records.

2. In some cases, it may be useful to let the agency perform operations on records according to our instructions without disclosing all of the records to us. For example, if a sample of two hundred records must be selected from a system of twenty thousand records, we might supply the agency with a computer program for selecting the sample, let the agency select the sample using its own computer, and then have the agency disclose only the selected records to us. Again, the usefulness of this technique depends upon the extent of cooperation from the agency.

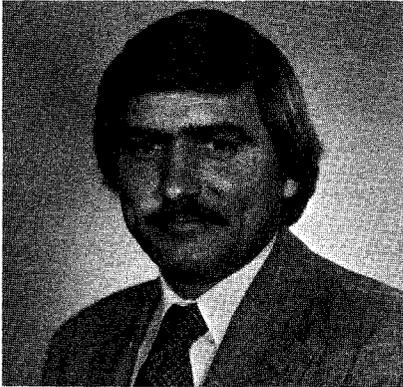
3. Another way to avoid a delay is to devise a means for satisfying GAO's needs without disclosing records. The act permits agencies to disclose information that is not individually identifiable to those who use the information for statistical or reporting purposes. Thus, if GAO can complete its work without identifying individual records, then, with the cooperation of the agency, GAO might obtain either raw or compiled statistical data for use in the audit.

The issue of individual privacy should not be taken lightly in our work. In our reports we should recognize the impact

or privacy implications our recommendations may have on individual privacy. This type of discussion is extremely important and necessary when we make recommendations involving the exchange or transfer of personally identifiable information. For example, in an audit report dealing with the Supplemental Security Income program we recommended the transfer of computerized information from the Veterans Administration to the Social Security Administration. Viewed individually, the recommended transfer may pose only a limited and possibly acceptable threat to individual privacy. However, the Privacy Protection Study Commission said in the preface to its report on Technology and Privacy, "... undesirable consequences are likely to occur if the proliferation of computer-based record keeping is left unattended. This is so, not because of any sinister act or intent, but rather because of the incremental effects of independent decisions by well-intentioned administrators." The right to privacy is not absolute, and at times should yield to other important societal needs. The recommended transfer referred to above was made only after we carefully considered the privacy aspects of our position on the transfer of information before the report was issued.

In the final analysis, while GAO is not directly subject to the provisions of either of the acts, they can and will affect the way we do business in certain circumstances. The auditor should not look upon these acts as a threat, but should be mindful of their provisions. Auditors will thus not only be able to strike a proper balance between the objectives of their assignments and the acts, but will maintain GAO's record of dealing responsibly with the information it obtains in carrying out its responsibilities.

²The OGC Adviser, Volume 1, Number 1, October 1976.



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Fraud Detection—What Is the Auditor's Role?

Preventing and detecting fraud has always been a troublesome matter for the auditor. Recent disclosures of seemingly rampant fraud in both Federal programs and the private sector have focused attention on the problem. The General Services Administration case, in which multimillion dollar losses allegedly occurred as a result of fraudulent contracts, dramatizes the substantial loss and embarrassment which can occur when massive fraud is perpetrated for months, or even years, without detection. Another case in point, which shook the public accounting profession a few years ago, is the Equity Funding scandal in which thousands of phony insurance policies fictitiously boosted company assets more than \$2 billion.

Invariably, the question asked when such cases come to light is "where were the auditors?" The perception and concerns underlying that question are pertinent to the role of all auditors, whether internal or external, public or private. Specifically: what is the auditor's role with respect to the prevention and detection of fraud? Is that role consistent with the expectations of those who use his services? Is the role changing, and what can reasonably be expected of the auditor?

From "Chief Object" to "Responsibility not Assumed": Evolution of Fraud Detection

If the original purposes for establishing the auditing function are examined it becomes apparent why, even today, the auditor is seen by many as the "insurer" against fraud, or the "guardian of corporate morality." In its early years, auditing's primary purpose was to detect fraud and irregularities in financial transactions. Almost to the end of the 19th century, auditing literature stated that the three objectives of an audit were to detect (1) fraud, (2) technical errors, and (3) errors of principles.¹ In those days, the auditor spent almost all his time looking for things that were wrong. His main concern was whether

cash on hand or on deposit, accounts receivable, inventory, and other assets could be accounted for. His role was strictly one of policing bookkeepers and others responsible for financial transactions. As one writer aptly described him:

"His image frequently was that of a dull, humorless chap wearing a green eyeshade, meticulously adding up endless columns of figures, counting extremely petty cash—a man whose day was brightened only by the discovery of fraud or breach of procedure."²

The auditor's role changed drastically through the years. The rapid growth of business and government and, particularly, the advent of computer technology made it impossible for the auditor to continue merely ticking figures. His functions expanded to include evaluations of entire management control systems and appraisals of the economy, efficiency, and effectiveness of programs and operations. Auditing evolved from a negative, protective, and clerical routine to a positive, constructive, and creative service to management and the public.

As the auditor's duties changed, the emphasis on fraud detection waned. Detecting fraud soon became a secondary, rather than a primary, objective of auditing; and the relative importance of fraud detection continued to be deemphasized. By 1957, a widely used auditing text referred to fraud detection as a "responsibility not assumed" by the auditor.³

Auditors still acknowledged some responsibility to consider the existence of fraud, but the nature and extent of that responsibility became obscure. Their efforts to detect fraud were limited and passive. Auditing students were taught that an audit is not designed to detect fraud and should not be relied upon for that purpose, although disclosure of fraud might result.

This concept of the auditor's limited role in uncovering fraud seemed to hold until the 1970s, when media criticism, court decisions, and user surveys

¹Lawrence R. Dicksee, *Auditing, A Practical Manual for Auditors*, (London: Gee & Co., 1898), p. 8.

²Elizabeth Trotman, *The Role of the Internal Auditor* (American Management Association's Extension Institute, 1977), p. 3.

³Robert H. Montgomery, *Auditing, Theory and Practice*, (New York: The Ronald Press, 8th edition, 1957), p. 26.

Fraud Detection: What Is The Auditor's Role?

began to raise serious questions about an auditor's responsibility for fraud detection.

The Current Performance-Expectation Gap

Although auditors have always accepted certain responsibilities which relate, in one way or another, to the prevention and detection of fraud, the manner in which they carry out these responsibilities varies greatly among audit organizations. Moreover, the extent of work done to protect against or detect fraud differs substantially from audit to audit, depending on the nature, purpose, and circumstances of the particular audit.

Despite these differences, auditors as a group have at least one thing in common: their performance has not measured up to the expectations of those who use their services.

In the private sector, this discrepancy has been recognized for some time and is well documented. For example, a 1974 public opinion survey completed for a national certified public accounting firm showed two extremes among responses to the statement: "The most important function of the public accounting firm's audit of a corporation is to detect significant fraud."

- Sixty-six percent of the investing public agreed.
- Seventy-nine percent of certified public accountants, professors, corporate executives, security lawyers, stockbrokers, and other subsample groups disagreed.⁴

Similarly, in January 1978, the Commission on Auditors' Responsibilities, established by the American Institute of Certified Public Accountants (AICPA) to develop conclusions and recommendations on the appropriate responsibilities of independent auditors, reported: "Significant percentages of those who use and rely on the auditor's work rank the detection of fraud among the most important objectives of an audit."⁵ The commission acknowledged that various groups of users, the courts, and the Security Exchange Commission consider the detection of fraud an important responsibility of the auditor and cited the following statement as a good expression of this viewpoint:

"The first object of an audit is to say that the accounts can be relied on, that they are 'all right'; it is absurd to say that they are all right subject, of course, to the possibility that undetected fraud may have made them all wrong."⁶

Although not as well documented, the general impression also seems to be that certainly Federal, and perhaps State and local, auditors have not assumed responsibility for fraud detection and prevention consistent with that expected of them. The recent establishment, by law, of Offices of Inspector General in 12 large Federal departments and agencies illustrates the point. Clearly, Members of Congress who sponsored and supported the bill creating the offices perceived that their primary purpose would be to detect fraud and abuse in Federal programs. Commenting on the bill, our Office noted that emphasis on fraud detection in drafting and debating the bill had led to neglect of traditional kinds of auditing. We stressed the need to assure a proper balance among the types of audits the offices should be performing, i.e., financial/compliance, economy and efficiency, and program effectiveness.

Further, it is generally assumed that internal auditors have an obligation not only to be alert to the possibility of fraud in their work but also to devote a part of their efforts to detecting fraud that may exist. Their performance, however, has generally fallen short of expectations. For example, our Office recently reported to the Congress that five of the six Federal agencies we reviewed had no group or unit which specifically and systematically looked for fraud.⁷

Fraud Detection—A Resurging Role

By and large, the auditing profession has agreed that it is not reasonable to expect the auditor to detect fraud, even though it may exist. This attitude has prevailed mainly for two reasons. First, were the auditor to attempt to assure there has been no fraud he would have to extend his work to a point where the cost and time to complete the audit would become prohibitive. Second, it

has been held that management has the responsibility to establish procedures and controls to prevent fraud or to disclose it, should it occur, and that the auditor's responsibility is to test those procedures and controls.

However, auditors are being required to rethink their fraud detection role, and the emerging attitude seems to be that the auditor must adopt a more positive, systematic approach to detecting fraud. This redefinition or clarification of responsibilities may significantly affect the extent of the work that internal auditors, independent public accountants, and other auditors will have to do to identify material fraud.

As mentioned above, in September 1978, our Office reported that many large Federal agencies have not given adequate attention to identifying fraud in their programs; and therefore we recommended an aggressive approach to fraud identification, which included:

- Developing information on the most likely types and methods of fraud and the magnitude of fraud in agency programs.
- Giving fraud detection a higher agency priority.
- Making employees more aware of the potential for fraud and alert to the need for reporting irregularities promptly.
- Fixing responsibility for identifying fraud.
- Providing fraud training to agency investigators.⁸

Although the recommendations in our report were directed to agency heads, the message to the internal auditors was clear: LOOK FOR AND FIND FRAUD! The auditor's traditional role of concerning himself with fraud only when it comes to his attention is not enough. He must do more. And, to ensure more is done, in November 1978, the Comptroller General established a task force to follow up on the recommendations made to Federal agencies. This group, known as the Task Force for the Prevention of Fraud or the "Fraud Squad," will systematically search for control weaknesses and for fraud.

Auditors in the private sector are also being expected to do more to detect fraud. While acknowledging that "no major aspect of the independent auditor's role had caused more difficulty for the auditor than questions about his responsibility for the detection of fraud," AICPA's Commission on Audi-

⁴Opinion Research Corporation, "Public Accounting in Transition," Chicago: Arthur Anderson and Co., 1974, p. 48.

⁵"The Commission on Auditor's Responsibilities: Report, Conclusions, and Recommendations" (New York: AICPA, 1978), p. 31.

⁶A.M.C. Morrison, "The Role of the Reporting Accountant Today—11," *Accountancy* (England), Vol. 82 (March 1971), p. 122.

⁷"Federal Agencies Can, and Should, Do More to Combat Fraud in Government Programs," (GGD-78-62), Sept. 19, 1978, p. 20.

⁸Ibid, pp. 29-30

tors' Responsibility, nonetheless concluded that the auditor must provide reasonable assurance that financial statements are not affected by material fraud. The commission also concluded that auditors must assure reasonable management accountability for material amounts of corporate assets. Emphasizing an active, affirmative responsibility for fraud detection, the commission recommended that independent auditors:

- Establish an effective client investigation program.
- Take immediate steps if serious doubts arise about management integrity.
- Observe conditions suggesting predisposition to management fraud.
- Maintain an understanding of a client's business and industry.
- Extend the study and evaluation of internal control.
- Develop and disseminate information on frauds and methods of detecting fraud.
- Be aware of possible deficiencies in individual audit techniques and steps.
- Understand the limitations of incomplete audits.⁹

Auditing pronouncements issued by the AICPA in recent years indicate a shift from a vague, passive, and limited fraud detection role for the auditor to a more clearly defined, active role. For example, Statement on Auditing Standards No. 6, dated July 1975, requires the auditor to search for transactions with related parties and to probe the details of such material transactions to determine whether management is involved. Statements No. 16 and 17, both dated January 1977, provided guidance on the auditor's responsibility for detecting errors, irregularities, and illegal acts and especially emphasized detecting, evaluating, and disclosing possible management fraud.

Can the Auditor Always Detect Fraud?

Thus, auditors in both the public and private sectors are beginning to accept, to a greater degree, responsibility for taking specific, positive steps to identify fraud. In so doing, there is the implication that if their work does not disclose fraud, it is reasonable to assume that no material fraud exists. This, in turn, raises the question of whether the

auditor can be assured that his work will always detect material fraud when it does in fact exist.

A simple, but truthful, answer is "no." The public accounting profession argues, quite convincingly, that certain forms of fraud, such as collusion between management and employees or between the auditee and outsiders or unrecorded transactions, cannot be detected. Audit steps and tests such as a reasonable person would expect to be applied simply will not uncover all fraud. Furthermore, time and cost constraints will continue to limit the extent of the work an auditor does to detect fraud. Auditors also must balance their time among many competing demands, not only in the conduct of individual audits but in the management of overall workload.

Moreover, the discovery of fraud seems to occur, as often as not, completely unexpectedly—by happenstance. A questionable item may cause an employee or the auditor to inquire further. The item may be an unusual transaction or a curious relationship observed by an inquisitive person. If the item is pursued, it may become the lead or clue to the discovery of fraud. For example, a study done for the Institute of Internal Auditors showed that the following items had served as initial clues:

1. Payment of a large personal invoice in currency by a traffic manager. (He was being bribed by a trucking company.)
2. A hunch by an auditor that the retail value inventory on a location was unduly high. (This led to discovery of \$40,000 taken by an accountant who thought he could conceal his speculations in the inventory account.)
3. A remark by a customer to a sales supervisor on a change in price. (The salesman had announced a price increase, but he was the beneficiary.)
4. A remark overheard in a bar that indicated an overly close contact and relationship of company employees with outside suppliers. (Investigation revealed widespread collusion in a six-figure defalcation.)
5. A vacation trip by a shop foreman to an expensive resort.¹⁰ (He was doing a little manipulation in the sale of scrap.)

Another study involving 100 embezzlement losses confirmed the notion that the discovery of fraud is as much a

matter of luck as anything.¹¹ Auditors accounted for only about 3 out of every 10 discoveries, as the following table shows.

<i>Manner of discovery</i>	
Gratuitous circumstances or just plain luck	36
Public accountant and internal auditors	29
Management inquiries	16
Internal check	11
Unknown	8
Total	100

The auditor can look, question, and probe. He can be evermindful of the possibility of fraud. He can be curious, imaginative, and thorough in pursuing all leads and allegations indicating possible fraud. But in the final analysis, detecting fraud many times will be strictly a matter of luck.

Conclusion

What the auditor specifically can and should do to detect fraud is unclear and probably will remain so; but, it is clear that the responsibility for preventing and detecting fraud does not rest on the shoulders of the auditor alone. A good management control system is the first requirement and the best deterrent of fraud. Internal and external auditing is one aspect of such a system and serves as a check on how well the other elements are working. It does not, however, replace the other elements.

Auditors and those who rely on their services are likely to continue to disagree on the precise extent of the auditor's role in fraud prevention and detection. But auditors have, without question, a responsibility to be constantly mindful of the possibility of fraud and to question things that "don't seem right." They should refer all indications of possible fraud to proper authorities. Furthermore, when fraud is discovered, it is the auditor's job to find out why it happened and to help assure it doesn't happen again.

The auditor should not be expected, however, to be an insurer against fraud; he cannot always detect fraud when it exists. More often than not, he will in fact detect fewer frauds than other checks within the management control system will disclose. This is as it should be. If the auditor can repeatedly find fraud, there has definitely been a breakdown in other management controls.

¹⁰Bradford, Cadmus and Arthur J.E. Child, *Internal Control Against Fraud and Waste*, (Prentice Hall, Inc.; New York, 1953), p. 280.

¹¹William E. Henderson, Jr., "Employee Thefts and Fidelity Bonding," *Internal Auditor*, Vol. 31, (Nov/Dec. 1974), p. 25.

⁹Ibid., pp. 38-40



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Auditing Senate Financial Disclosure Statements

GAO is responsible for maintaining the integrity of the Senate's financial disclosure process. At the time of this writing GAO was operating under a Senate Resolution; however, because of later legislative developments, it is unclear as to what GAO's final responsibilities will be.

Beginning in the late 1940s, Members of Congress began expressing concern over the absence of official standards of conduct and requirements for financial disclosure for officers and employees of the legislative branch. This concern gathered momentum from 1963 to 1966 with the revelations of the outside business activities of a former secretary to the Senate Democratic Majority and the activities of a former Member of the House. Consequently, in 1964, the Senate created a Select Committee on Standards and Conduct and in 1967, the House created its Committee on Standards of Official Conduct. In 1968 both Houses adopted standards of conduct and financial disclosure requirements (almost totally confidential) for Members, senatorial candidates, officers, and certain designated employees. The House adopted additional ethics regulations in 1970.

Since their creation, however, some critics have described these congressional committees as "watch-dogs without teeth," and have criticized the codes for being too weak, and the disclosure regulations for being insufficient because of their almost total confidentiality.

A number of polls and other studies have indicated that in recent years public confidence in the Congress as a whole has fallen sharply. A Louis Harris poll reported that 63 percent of the public want Members of Congress and their election opponents to disclose their income and financial holdings. Reports of excessive campaign fund contributions, large honoraria, extravagant foreign travel, misuse of public funds, and abuses of Government positions have all contributed to the declining public confidence in the Federal Government and in our political leaders.

Evolution of Senate Resolution 110

In 1975 the Commission on the Operation of the Senate was established. In its December 1976 final report, the Commission advocated the adoption of more explicit standards of senatorial conduct, such as public financial disclosure, prohibitions on income from honoraria, restrictions on outside earned income, definitions of conflict of interest, and guidelines on the senatorial use of aircraft provided by the executive branch.

Subsequently, in January 1977, the Senate created a 15-member Special Committee on Official Conduct to write a new Senate Code of Ethics.

After holding public hearings, the Senate adopted on April 1, 1977, Senate Resolution 110 (S. Res. 110). S. Res. 110 includes provisions on public financial disclosure, conflicts of interest, political activity of staff, employment practices, enforcement of the resolution, and additional Senate committee studies. It also includes restrictions on the acceptance of gifts, outside earned income and employment, the use of the franking privilege and the congressional radio and television studios, unofficial office accounts, and foreign travel.

The resolution delegated a new responsibility to the Comptroller General (CG) and required him to assist the Senate Select Committee on Ethics in maintaining the integrity of the financial disclosure process the Senate had developed. Briefly, the Senate disclosure process required that Senators, senatorial candidates, officers, and employees, compensated in excess of \$25,000 per year, and employees designated to handle campaign funds, file a complete financial disclosure statement with the Secretary of the Senate no later than May 15 of each year. Financial holdings/interests required to be reported are explicit and include disclosure of 14 categories of financial interest; the more important of which are earned income, honorarium, other income, gifts, personal and real property holdings, and related transactions and personal liabilities.

Nature of GAO's Involvement

S. Res. 110 assigned three primary responsibilities to the CG:

1. Assisting individuals in completing their financial disclosure statements.
2. Auditing financial disclosure statements.
3. Serving as a repository for documents filed in support of financial disclosure statements.

The CG has delegated the implementation of these new responsibilities to the Federal Personnel and Compensation Division (FPCD).

Before GAO could proceed with the implementation of its new responsibilities, the FPCD S. Res. 110 staff worked diligently with the staff members of the Select Committee to resolve various organizational and procedural issues affecting our new responsibilities. To illustrate, the S. Res. 110 staff has:

- Participated in the development of the Senate's disclosure form and provided comments on their proposed draft of the form and related instructions.
- Identified significant milestones for which various key tasks and issues had to be resolved within GAO and with the Select Committee before GAO was able to implement its duties in a timely manner consistent with the implementation schedule established by the Select Committee.
- Developed and prepared GAO and FPCD orders which established the operational procedures for implementing our responsibilities. These detailed operational procedures pertain to (1) giving assistance to those required to complete public financial disclosure statements, (2) the security safeguards that are necessary to protect the confidentiality of the material obtained during audits and under GAO's custody, (3) the repository and special handling responsibilities associated with the receipt of tax returns and related information under old Senate Rule 44 and Rule 42.
- Developed a random sampling model for selecting Senators and employees for audit.
- Developed an extensive reference guide for assistance and audit purposes which incorporate and consolidate, by the appropriate categories of interest, the financial disclosure provisions.

- Developed an audit regulation as required by Rule 42 which has been unanimously approved by the Select Committee.

The work of the S. Res. 110 staff is cyclical in nature. During the period of January through May 15 of each year a portion of the staff was to respond to requests for assistance. During the period of June through March of the following year, the staff was to concentrate on auditing Senators' and employees' statements selected for examination. At the current time we expect the staff will perform about 120 audits each year. In addition, the S. Res. 110 staff may also be requested to assist the Select Committee in its conflict of interest investigations or may be requested to conduct additional disclosure statement audits as the Select Committee feels are warranted.

Additionally, the CG can request the Select Committee on Ethics to issue a subpoena for the production of books, papers, and other documents which he feels are necessary to complete his audit of a financial disclosure statement. He is also authorized to use outside consultants (i.e., independent public accountants and others) to assist in auditing statements. The CG must also appear in court, when requested, to produce copies of financial records in regard to an investigation of a Member, officer, or employee of the Senate. GAO's audit responsibilities pertain to the accuracy and completeness of the disclosure statement. Determination of conflict of interest is the responsibility of the Select Committee.

To understand and appreciate the amount of confidentiality and sensitivity associated with these responsibilities it is necessary to understand exactly what these duties entail.

Financial Disclosure Assistance

During the period from January to May 15 of each year, Members, officers, certain employees of the Senate, and senatorial candidates are required to file a complete financial disclosure statement with the Secretary of the Senate. If these individuals have any questions or need assistance, GAO is obligated to respond to their needs. Inevitably, the questions pertain to what must be disclosed, who must file, how certain categories of interests or financial holdings must be valued, what are acceptable methods of valuation, if and when spouse and dependent holdings must

be disclosed, what type of holdings and interest are applicable to the various disclosure provisions, etc. In nearly all cases when requests are received, the individual requesting assistance must provide his or her exact situation before meaningful assistance can be provided.

Audits of Financial Disclosure Statements

This responsibility undoubtedly is the most important aspect of our new work and will consume the greatest amount of time and effort. As required by Rule 42, GAO must randomly audit at least one disclosure statement filed by each Member of the Senate during his 6-year term of office, except that no such audits shall take place during the calendar year the Member is up for reelection. In regard to employee audits, GAO must randomly select approximately 5 percent of all disclosure statements filed with the Secretary of the Senate. Due to the confidentiality and sensitivity of the information obtained, the results of these audits will not be made public. A report will be sent to both the individual and the Select Committee. Furthermore, GAO is not authorized to independently make available to the public any information about an audit. GAO could request the Select Committee to subpoena whatever financial records it feels is necessary for it to effectively examine the financial statements selected for audit.

Repository Services

This function primarily consists of receiving, receipting, and safeguarding confidential financial information submitted in support of reported disclosures. The information currently on file consists mainly of Federal income tax returns and confidential disclosures of financial interests as required by old Senate Rule 44 of the previous Code of Conduct. Currently, the staff is maintaining nearly 12,000 filings made by Senators, Senate employees and candidates since 1968. As part of these repository responsibilities GAO must maintain these files for no less than 7 years at which time they must be returned or destroyed.

Looking Back After One Year of Experience

The first year of operation was truly a

challenging one, and, at times, proved also to be a difficult one. Much had to be done in order for the staff to prepare itself for GAO's new responsibilities. Much of the first year was spent preparing an effective implementation of our new required duties and establishing the S. Res. 110 staff as a functioning entity. Because of our initial efforts and contacts, a close association was developed with Committee staff members—providing an opportunity to gain insight of the Committee's operations.

During this year—the first year of congressional public financial disclosure—the S. Res. 110 staff busily provided assistance. The staff received approximately 300 questions from 140 different individuals seeking assistance. These individuals included Senators and senatorial candidates, with the majority of requests received from employees. Not unexpectedly, the majority of requests came in the last two weeks before the filing deadline. All questions received that cannot be answered, either because the questions are unique (no precedent has been established) or because the disclosure requirements are not totally clear, are referred to the Select Committee for response.

Before any audits could be started we had to devise a fair and equitable sampling procedure for both Senators and employees. As expected, a 5-percent random selection from the employee population filing financial statements was quite simple. However, this was not the case with the selection of Senators. Due to the audit constraints set forth in the Resolution we had to devise a sampling model whereby all Senators had the same chance of being selected while incorporating the greatest degree of randomness and establishing a constant workload each year in view of available resources. Our sampling technique makes it impossible for any Senator to "escape" from being audited at least one time during his 6-year term.

Initially, an audit notification letter is sent informing the individual that he/she has been selected for audit. A pre-audit review is the next step in the audit process. It generally consists of an examination of the individual's Federal income tax returns and disclosure statement to detect possible inconsistencies or omissions in reported information. For example, if an individual's tax return indicates that he/she received dividend income, we would check to see if a corresponding stock disclosure(s) was made in his/her disclosure statement. Similarly if the individual claims a tax

deduction for interest expense or property taxes, a check would be made to see if the proper liability and/or real property disclosure were made. If for some reason the information appears to be inconsistent with that reported for tax purposes, the auditor will contact the individual to question why the disclosure was not made and to obtain necessary supporting documentation.

The scope of audits may vary from statement to statement and will be left to the discretion of the auditor. Depending on the auditor's judgement of materiality of the disclosed financial information, audits could vary from a cursory examination to a more detailed one. In some cases, to insure that *all* information disclosed on the financial statement is complete and accurate, the auditor may review in detail an individual's financial transactions and holdings.

The auditor will request and examine all necessary documentation supporting the individual's disclosures, utilizing a detailed check list of reportable items to refresh the individual's memory of the Senate's disclosure requirements; hold discussions with the Senator and/or his/her designated representative(s); and confirm the accuracy of the individual's financial interests/holdings with fiduciary parties (e.g. brokers, lawyers, accountants, life insurance companies, banks, companies in which the individual holds stocks, etc.).

Our audits normally entail some travel since some Senate employees selected for audit are employed in the Member's home State. Also, our experience has shown that many Senators and employees maintain much of their personal financial records at their home locations. Therefore, on occasion, it is necessary to perform a Senator's audit in his home State even though he is located in Washington, D.C.

Upon completion of the audit, a report is prepared, noting any exceptions, and an opinion is issued as to the accuracy and completeness of the individual's disclosure report.

To date, our experiences differed with each individual who was selected for audit. Some individuals are suspicious of our presence and intentions while others are overly accommodating. While some strongly verbalized their displeasures with the Code's audit provisions, others see the need for audit if the Senate's disclosure process will enhance the public's confidence in the Nation's policymakers. As one would expect, greatest opposition has been voiced

when GAO requests the details and documentation of an individual's financial arrangements.

In addition to this uncommon experience, frequent calls were received from the press inquiring about our responsibility and the audits being conducted. Information has been provided to press personnel and was included in at least two news articles.

Although new barriers must be surmounted almost daily, the S. Res. 110 staff has had continuous contact with Senators and other Senate officials—something that is normally not experienced by a GAO auditor. While the staff has its moments of gratification, there is a continuous learning process and readaptation that we all must accept if GAO is to be successful in performing its new duties.

What Does the Future Hold?

For the longest time, both Houses of Congress saw the need for uniform ethics legislation for the legislative, judicial, and executive branches of Government. Such ethics proposals were passed by the Senate on June 27, 1977, and by the House on September 27, 1978; however, due to the difference in both proposals, a conference committee convened and favorably reported a final bill, the "Ethics in Government Act of 1978," which was approved by both Houses during early October 1978.

While the original Senate version contained provisions for GAO to audit disclosure statements of Senate and House Members, officers, and employees, the House version, which the Senate adopted, contains provisions that would significantly alter GAO's role and responsibilities. The legislation now requires GAO to study and issue a report by November 30, 1980, on the effectiveness of the legislative public disclosure process. This would be a system audit as opposed to a statement audit. Individual statements would be reviewed by the congressional ethics oversight committees.

At the time of this writing, it is unclear as to exactly what GAO's role will be since the Senate has not repealed the Senate Rule requiring that GAO randomly audit individual disclosure statements. While the final legislation does not bar the Senate from deciding to have GAO conduct such audits, no action has yet taken place to resolve this dilemma. In fact, the Senate may retain the audit provisions as part of its rules if

it believes such audits are warranted.

Although the S. Res. 110 staff in all likelihood will be closing its doors after an eventful duration, the staff has had an unforgettable experience and has gained substantial knowledge and insight that will allow GAO to effectively carry out the audit role as provided in the final legislation.

Public Financial Disclosure by GAO Officials

As part of the closing session of the 95th Congress, both Houses passed an omnibus ethics bill which will affect all three branches of the Federal Government. The act is known as the "Ethics in Government Act of 1978," and its effective date was January 3, 1979.

Title I of this legislation pertains to personnel in the legislative branch and outlines the provisions of public financial disclosure requirements. All agencies of the legislative branch are affected, including GAO and the other support agencies.

Details of these requirements will be made available to GAO personnel as soon as possible.

Program Evaluation and Federal Programs

John Scanlon

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John Waller

Dr. John Waller received his Ph.D. in mathematics from Notre Dame in 1962. In addition to doing research on evaluation and management system practices, he has carried out program evaluations in a number of areas including defense, health, regulation, criminal justice and education. He is with the Performance Development Institute.

This is the second in a series of articles on program evaluation appearing in The GAO Review.

I. Overview

Program evaluation should lead to better programs. It hasn't, but there is some hope that it can.

Two objectives have always been put forward for Federal evaluation policy—to produce information for use in decisionmaking and to produce information that leads to program improvement. These two objectives are quite different. While utilization is a first step in having any influence, it does not necessarily lead to improved programs. Moreover, many believe that program improvement is too ambitious an objective to set for evaluation. They argue that evaluation offices are not responsible for how information is used, or whether the program evaluated corrects problems.

In the past, the discussion about objectives for evaluation efforts has been an academic one, since Federal evaluation offices have not accomplished either objective. Little utilization and no evidence of improved programs is the record established by a sizeable, 10-year investment in Federal evaluation efforts.¹

Today there is evidence that *both* objectives are achievable. The evidence comes from two recent demonstrations in evaluation management, the Model Evaluation Program (MEP), funded by the Law Enforcement Assistance Administration,² and the Evaluability Assessment Demonstration, funded by the Department of Health, Education and Welfare.³ The first shows how utilization can be achieved. The second shows how

evaluation managers can assure both utilization and program improvement.

The MEP set up and compared 12 model evaluation systems in different State and local agencies. The results demonstrate that utilization of evaluation is achieved only when the user is actively involved in the evaluation activity; simply providing information does not result in its use.

While the concept of "active user involvement" may seem too obvious to talk about, it turned out to be the one factor that distinguished successful from unsuccessful model evaluation systems. Moreover, Federal evaluation practice is characterized by the *uninvolvement* of Federal decisionmakers in evaluating planning, design, and execution.⁴ A high level of utilization cannot be expected under that condition.

Interestingly, of the evaluation systems achieving high utilization, none could demonstrate that programs or agency performance improved. They could identify specific decisions or actions affected. However, the links between that action and such performance indicators as productivity, efficiency, effectiveness, or impact were never traced. Of course, the danger here is that evaluators may be advising the user to put a new radio into a car that does not run. Evaluation management may be addressing insignificant issues and questions.

The HEW Evaluability Assessment Demonstration went a step further than the MEP evaluation systems. It actively involved program management to assure utilization, but also added a component designed to address and affect program perform-

2. John Waller et al. *Developing Useful Evaluation Capability: Lessons from the Model Evaluation Program*, Washington, D.C., The Urban Institute, April 1978.

3. Joseph Wholey et al. *Evaluability Assessment for the Bureau of Health Planning and Resource Development* (five documents), Washington, D.C., The Urban Institute, November 1977.

4. For a detailed example of evaluation planning at the Federal level, see Pam Horst et al., *Evaluation Planning at the National Institute of Mental Health: A Case History*, Washington, D.C., The Urban Institute, July 1974.

1. In the last 10 years resources committed to program evaluation have grown steadily. The Office of Management and Budget has estimated that at least \$243 million was spent for program evaluation by Federal agencies in fiscal year 1977. (Their survey covered 39 agencies representing 98 percent of the total executive branch fiscal year 1977 obligations). During this 10-year period, the evaluation literature has been unanimous in criticizing evaluation's lack of utilization and impact.

ance. That component is an evaluation planning process in which program managers chose evaluation and utilization plans most likely to result in improved programs. Alternative plans are developed and, for each, estimates are made of the likelihood that it will lead to: (1) identification of achievable program objectives; (2) definition of objectives acceptable to the Congress and the President; (3) definition of objectives that are measurable at reasonable costs; and (4) specification and implementation of a successful program. Estimates of likely program improvement are developed by the evaluation planner using data collected on both the program in place and the perceptions and expectations of policymakers.

The HEW demonstration is still underway. To date, it has verified the MEP finding that involvement of the decisionmakers leads to utilization. It has also shown that management can apply the performance-related evaluation planning criteria. What remains to be seen is whether the evaluation and utilization strategies adopted by management do lead to improved program policies and performance. The base line against which to measure improvement has been established. Program management has already put in place activities that make such improvement likely to occur.

II. The Model Evaluation Program

In 1975 the Law Enforcement Assistance Administration (LEAA) awarded grants to 12 federally funded planning agencies to design, set up, and test evaluation systems. The State and local planning agencies are established by the Omnibus Crime Control and Safe Streets Act of 1968 to carry out the planning and funding processes authorized by the act. During recent years these agencies annually disbursed over \$600 million in grants for projects to State and local governments.

Use of the evaluation information in decisionmaking was one of the success criteria set for an MEP evaluation system. "Use" was defined as occurring when three conditions were met:

- (1) Intended and actual users claimed the information was useful.
- (2) The users cited actual instances of using the information.
- (3) There was evidence that the

use cited was important to the performance of the user's function.

The recipients of evaluation information were surveyed to document use.

The users identified included State and local officials in criminal justice agencies and planning agency management and staff. How the information was used varied with the function and responsibility of the user. Examples of uses cited are:

- **Victimization Study:** Findings caused police department to institute a burglary task force at Christmas time (source: Police Chief).
- **Youth Service Bureau Study:** Findings led planning agency to allocate more staff time to monitoring and assisting grantees. A technical assistance contract was let that was to use the lessons from this study (source: Planning Agency management).
- **Witness Utilization Study:** Based on findings, the court adjusted its calendars so as not to hold officers unnecessarily and introduced a 1-day delay in jury trials to reduce officer overtime (source: Judge).
- **Adult Pre-Trial and Detention Study:** Following the study, the County Board changed its decision about the size and configuration of new jail facilities and reorganized the pretrial service program (source: County Board and County Administrator).

As of January 1978, eight of the twelve MEP sites had finished testing evaluation systems. Four of eight were able to demonstrate success—information was produced and used by decisionmakers.

The other four sites could not demonstrate that their systems produced information that was used. One failed to turn out any evaluation information. Two sites produced information but did not get it used. They appeared to be providing a free good for which there was not a clear need. The remaining site was associated with the production of useful information, but it was not demonstrated that the MEP system was the principal reason the information was produced and used. Other resources and organizational units were independently producing the information.

The evaluation systems tested varied considerably on a number of operating characteristics: study me-

thods; production levels; type of evaluation products; cost per product; and standardization of the production process and mechanism to involve user. However, when successful systems were compared with unsuccessful systems, only one factor made a difference: production and utilization of evaluation occurred when users were actively involved in the evaluation process. When there was no potential user identified or when the potential user played a passive role in the evaluation process, the product was of little interest.

Active involvement meant that the potential user either gave a great deal of guidance and direction on the substance of the evaluation design and analyses, or actually carried out one or more of the steps in an evaluation. Active involvement tended to occur when a real demand for evaluation information already existed. It resulted in the users feeling "ownership" of the product. That is, the users thought the evaluation was answering their questions in a way understandable and satisfactory to them.

The unsuccessful sites required little involvement of the potential user, and no commitment from the user on what information was really needed. Typically, following an interview with a potential user and review of documents, the evaluator proposes a design for comment or approval. Under this process, if the design is accepted, you cannot be sure whether the user really wants it or is just not interested. Perhaps anything would have been accepted. The MEP experience shows that this reactive mechanism usually finds the evaluator guessing incorrectly, and the identified user not really interested.⁵

Active involvement of the user required a significant investment of time and effort on the part of the user and the

⁵This is similar to the conclusion reached by a 2-year Office of Economic Opportunity funded experiment in the Atlanta school system. An evaluation system was designed and implemented in Atlanta to provide information on school performance which management said it needed. A follow-up study showed that the school system did not use the information, primarily because there were no administrative and management functions designed to use it. Simply providing information is not likely to lead to action. (See Bayla White et al. *The Atlanta Project: How One Large School System Responded to Performance Information*, Paper 9-0507-5, Washington, D.C., The Urban Institute, March 1974.)

evaluators. Each site developed a different mechanism to achieve that involvement. One planning agency trained its whole staff in evaluation and had the users design the evaluations in workshops.

Another site involved the users by creating a committee and allowing it to direct and control the study. Representatives from local agencies, advocate groups, and the public at large were brought together. The committee met regularly—usually monthly—to review the progress of the study and, often, to redirect certain activities, and add or delete questions to be addressed. The committee reviewed all products, sponsored public hearings on the reports and, after review and debate, wrote conclusions and recommendations. They ended up becoming active participants.

The Model Evaluation Program demonstrated that evaluation information useful to decisionmakers can be routinely produced. The price of achieving utilization is active involvement of the people who will act upon the information.

We believe utilization of evaluation information is a necessary but not sufficient criteria by which to judge evaluation efforts. The evaluability assessment demonstration is set up to show that program improvement is a practical and realistic objective for evaluation offices to set for themselves. With the evaluability assessment technique, the evaluator involves management not only in developing evaluations, but also in developing realistic, acceptable program objectives and putting in place an effective program.

III. The Evaluability Assessment Demonstration

In 1977 the Department of Health, Education and Welfare funded a demonstration of evaluability assessment. The Bureau of Health Planning and Resources Development (the Bureau) volunteered to participate.

The Bureau is responsible for administration of Public Law 93-641, "The Health Planning and Resources Development Act," that gives State and local health planning agencies regulatory power. One of the several objectives of these agencies is to help control health care costs by identifying and eliminating (or preventing) the oversupply of health services. Half-filled hospitals, for example, would be encouraged to re-

duce capacity and be prevented from adding additional capacity. The Bureau, with a staff of 240, provides guidance, develops technical assistance, and is responsible for defining and evaluating performance.⁶

The demonstration was to use evaluability assessment to help the Bureau plan its evaluation efforts. The demonstration is still in progress. However, the completed work illustrates how the evaluator can help management to develop both a measurable and an effective program.

Evaluability assessment is a planning process carried out by the evaluator and program management, usually over a 3-month period with two to three full-time evaluators. The evaluability assessment estimates whether the program is sufficiently developed and implemented to have a useful and effective evaluation. There are four criteria that must be met:

- *Measurable Expectations:* program managers and policymakers have selected and accepted measures for describing the program and its objective.
- *Plausible Program:* there is evidence that the program is likely to achieve objectives.
- *Cost Feasible Data Collection:* the data required for evaluation can be obtained with resources available.
- *Well Defined Use:* management and policymakers know how to act upon the evaluation information to improve the program policies.

If all the criteria are met, a useful evaluation is likely, and the program is said to be evaluable. If one or more are not met, then the program is not ready to be evaluated. Either program expectations or the program itself must be examined and changed. Here the evaluator identifies options for making an unevaluable program evaluable. The program manager reviews and selects. Thus, the evaluation planning process itself can lead to dramatic program and policy changes.

A first step in the HEW evaluability assessment demonstration was to determine what was expected of the program. Interviews were held with top Bureau management (nine people), congressional committee staff, and officials in the Office of Management and Budget and HEW.

It turned out that the Bureau had three major program strategies which

were expected to change the health care system. Figure 1 illustrates the logic underlying one Bureau program—the Bureau's technical assistance strategy. The boxes represent events that were expected to occur; the arrows indicate causation. The technical assistance strategy had the Bureau developing products (e.g., planning methods) which the agencies would use, and in doing so, help achieve one or more desirable changes in the health care system.

Figure 1 is a simplified version of the actual logic model constructed to represent the Bureau's expectations and confirmed by the Bureau. The assumptions represented by the model would be tested by an evaluation—do the events occur? Are expectations met?

It is important to note that this model is not a set of research hypotheses dreamed up by the evaluator, but rather a policy statement—the logic used to justify the Bureau's technical assistance program to Congress, OMB, and HEW. The logic of each of the Bureau's three program strategies was documented in this fashion.

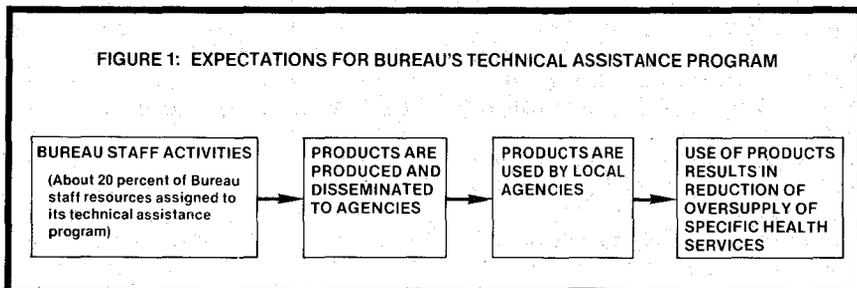
The next step was to examine where management and policymakers were in identifying measures for the events in the logic models. The analysis showed that measures for the first two events in figure 1—Bureau activity and product production—were well defined and data was available. However, the last two events—the "use" and "effect" events—had never been defined in measurable terms. At this point, one could say that the program was unevaluable on the "use" and "effect" objectives.

To move forward toward an evaluable program, the evaluation team entered into discussions with Bureau management on the type of measures and data the Bureau might find acceptable. The costs of collecting data on such measures were estimated and discussed. The Bureau made a tentative selection of the measures it was interested in.

The next criterion examined was plausibility—is the program in place likely to achieve the "use" and "effect" objectives? This criterion requires examination of the production, dissemination, and utilization processes for technical assistance. Following this work, the evaluation team concluded that the technical assistance program was not likely to be successful on any acceptable definition of "use" and "effect." In other words, the program was not plausible and, therefore, still unevaluable. The judgement of implausibility

⁶HEW regional offices monitor the State and local agencies for the Bureau.

FIGURE 1: EXPECTATIONS FOR BUREAU'S TECHNICAL ASSISTANCE PROGRAM



was based on the following evidence:

- The Bureau was having difficulty producing products that it found acceptable.
- The field visits to agencies found that the Bureau's technical assistance products had not made much of an impression on the agencies.
- Bureau planning and development activities produced no evidence (or reason to believe) that the products were needed or desired by agencies, could or would be used by agencies, and would increase agency impact.

The evaluation team has to help management remove each obstacle to evaluability. Therefore, it identified for management a new technical assistance production process (new Bureau activities and products) which, if adopted, might be plausible on the "use" and "effect" objectives. This program strategy was based on the evaluators' examination of agency operations and performance and their experience with other technical assistance programs.

The proposed technical assistance program would develop a new type of product by packaging the successful projects of individual health agencies. This one approach was identified for discussion purposes; others could have been explored if management desired.

The discussions with management on the proposal uncovered: (1) a skepticism with technical assistance in general which had not emerged in earlier meetings, and (2) concern over the high cost of this new approach. It was decided to try it on a demonstration basis before making a large commitment. That work is underway.

The plausibility analysis produced sufficient evidence that the current program was not likely to perform acceptably. It is not unusual for evaluation offices to launch expensive evaluations without first examining plausibility. In this case an evaluation most likely would have documented a failure and contributed nothing toward improving the program.

The approach described above was followed on all three of the Bureau's program strategies. As obstacles to evaluability were raised, the evaluation team presented evaluation and program options to remove these obstacles. These proposals required a management decision before the evaluation team could go on. When presented with options, the management can do one of three things:

- (1) Assume the cost of the option.
- (2) Reject the options and lower expectations.
- (3) Require additional proof for the evaluability arguments.

In this way the evaluability assessment method involves management in the evaluation process, helps make the program evaluable, and avoids misleading, wasteful evaluation.

The evaluability assessment demonstration is still underway. The evaluation and program options selected by management are being pilot tested and the other evaluability criteria are being examined.

IV. A Final Comment

There is a story of a man who returns to his old neighborhood after an absence of 20 years. To his surprise, everything has changed. The family-owned grocery store has been replaced by a modern supermarket. The little Greek restaurant is now a McDonald's. There is a boutique where Mr. Kramer's jewelry store once stood.

The visitor is feeling a great sadness at the loss of the ethnic neighborhood when he sees what might be a survivor, Mr. Klostrovsky's Shoe Repair Shop. He remembers how he moved away and left a pair of shoes with Mr. Klostrovsky to be fixed.

He enters the shop and is overjoyed to find the old man still working at his bench. "Mr. Klostrovsky, I don't expect you to remember me. I used to live in this neighborhood 20 years ago. When I moved away I left a pair of shoes with

you for repair that I never picked up. I'm almost embarrassed to ask, but do you remember me or my shoes?"

Klostrovsky looks up from the bench and says: "Tell me, vas dey back shoes?"

"Amazing," says the visitor, "they were black!"

"Tell me," says Klostrovsky, "vere dey ving-tips?"

"Fantastic, they were wing-tips indeed!"

"And," says Klostrovsky, "you wanted half sole mit a rubber heel?"

"Exactly!" exclaimed the visitor. "Do you by any chance still have the shoes?"

Klostrovsky looks up and says: "Dey'll be ready Vendsday."

The program evaluation industry began about 10 years ago. It promised much then and as it grew it promised more. But we are still waiting for "Vendsday." In 10 years it has delivered little.

We believe there is sufficient evidence, such as that reported here, to demonstrate that program evaluation can have a bigger payoff than it is currently producing. The Federal evaluation community has the technical capability and resources to be a major force in improving program performance and productivity. Ten years from now we should be writing about the success of Federal evaluation policy rather than its promise.

Thirty Years of the Joint Financial Management Improvement Program

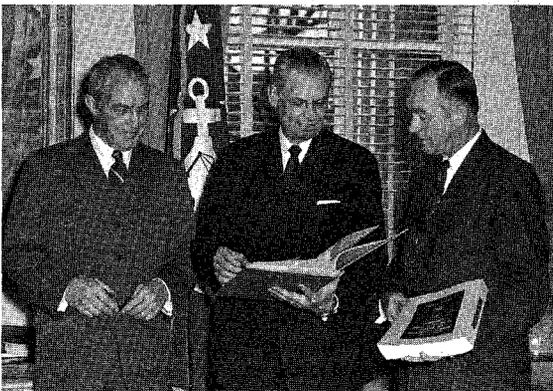
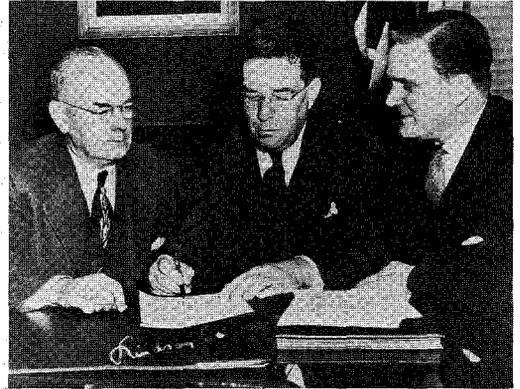
The Joint Financial Management Improvement Program (JFMIP) marked its 30th anniversary on October 20, 1978. The program was established by agreement among the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget to seek improved means to carry out the interrelated activities and responsibilities of the central financial agencies and to coordinate these efforts with the other executive agencies in the Federal Government.

Originally, program efforts were concentrated on improving accounting and auditing practices, but the need to expand the program's efforts in other areas of financial management was soon recognized. Today the JFMIP is a continuing force for stimulating improvements in all areas of financial management. Leadership is provided by the principals—the Comptroller General, the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Chairman of the Civil Service Commission.

Over the years, many success stories can be attributed to JFMIP. The program initiated the development of the letter of credit system and the simplified interagency billing and collection system and performed a series of major studies concerning such subject matters as operating budget, productivity, and money management. The countless achievements and worthwhile activities of JFMIP attest to the foresight of those who founded the program. The goals of JFMIP have not changed very much from the goals of the founders of the Joint Program who, 30 years ago, stated: "The successful prosecution of this Joint Program will give the President better management in the executive branch, the Congress better information and bases for acting upon appropriations and other legislation, and the public a clearer picture of the financial condition and operations of the Federal Government."

Progress toward achieving these goals has been made since 1948, but much remains to be done. With growing complexity in program management and ever-developing technologies, the JFMIP must meet the challenge to improve financial management in the Federal Government in the future.

The signing of the charter of the Joint Program for Improving Accounting in the Federal Government, January 6, 1949. From left: Treasury Secretary Snyder, Comptroller General Warren, and Budget Director Webb.

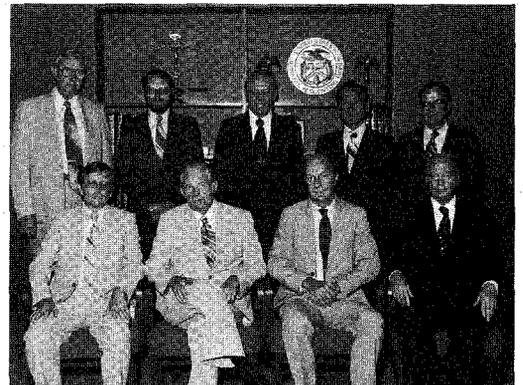


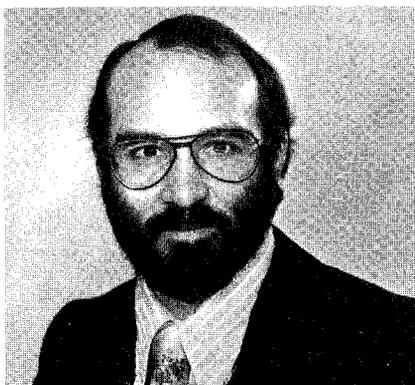
Tenth Anniversary, Joint Accounting Improvement Program. From left: Comptroller General Campbell, Treasury Secretary Anderson, and Budget Director Stans.



Meeting of the liaison officers from the Treasury Department, Bureau of the Budget, and the General Accounting Office on the 20th anniversary of the Joint Program.

Thirtieth Anniversary meeting of the JFMIP principals and liaisons, September 15, 1978. Seated, from left: OMB Director McIntyre, Civil Service Commissioner Campbell, Deputy Treasury Secretary Carswell, and Comptroller General Staats. Standing, from left: Biglin (CSC), Murphy (Treasury), Scantlebury (GAO), Uyeda (JFMIP), and Lordan (OMB).

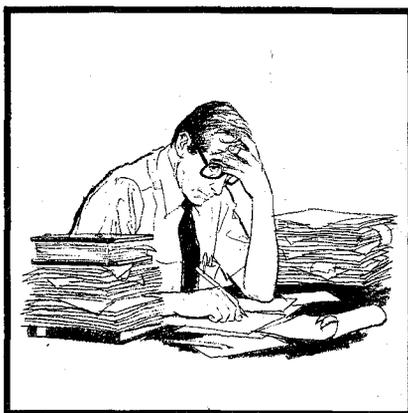




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GAO's Action Office for Fighting Paperwork



Why have hundreds of organizations such as American Airlines, Black Hills Oil Marketers, Ernst and Ernst, the Financial Executives Institute, and Swisher Electric Cooperative asked GAO for help? Because GAO assists them in coping with the 44 million hours of paperwork burden which regulatory agencies impose on the public annually. Under the amended Federal Reports Act, GAO is responsible for reviewing, modifying, and approving the information reporting requirements of twelve independent Federal regulatory agencies.¹ As a result of this responsibility, a small GAO office protects the interests of individuals and organizations that supply information to these regulatory agencies by attempting to reduce, whenever possible, agency requirements for excessive paperwork.

Staff Runs Compliance Program

In an unusual situation for GAO, the Regulatory Reports Review staff in the General Government Division conducts

¹As of November 1, 1978, the following agencies were independent Federal regulatory agencies for purposes of the Federal Reports Act and subject to GAO review: Civil Aeronautics Board, Commodity Futures Trading Commission, Consumer Product Safety Commission, Federal Communications Commission, Federal Election Commission, Federal Maritime Commission, Federal Trade Commission, Interstate Commerce Commission, National Labor Relations Board, Nuclear Regulatory Commission, Office of Surface Mining (U.S. Department of Interior), and Securities and Exchange Commission.

a compliance program and exercises approval authority over regulatory agencies' reporting requirements. Established by the Federal Reports Act, this program leads the staff far from the normal audit trail.

Over 5 years ago, a little-publicized congressional initiative thrust GAO into the forefront of the growing attack on Federal paperwork. In a 1973 amendment to the Federal Reports Act, Congress transferred to GAO, from the Office of Management and Budget (OMB), the authority to review and approve ("clear" in our jargon) regulatory agencies' information reporting requirements. This amendment, an unrelated rider to the "Trans-Alaska Oil Pipeline Authorization Act," sets certain standards which we of the Regulatory Reports Review staff apply when we clear reporting and recordkeeping requirements.² Specifically, the Federal Reports Act prohibits regulatory agencies from collecting information from the public until GAO has determined that

- the information required does not duplicate information already available from a Federal source,
- the compliance burden has been minimized, and
- the information is tabulated in a manner most useful to other agencies and the public.

Congress transferred this authority to GAO for two reasons. First, Congress wanted to insulate independent regulatory agencies from OMB's broad clearance authority and occasional executive branch interference in regulatory programs. This transfer was precipitated when OMB refused to approve a Federal Trade Commission (FTC) information collection proposal and thereby nullified a major FTC regulatory activity. Second, Congress wanted to maintain a monitoring authority over regulatory agencies' information collection activities—forms, surveys, regulations, and so forth—to protect the public from excessively burdensome or duplicative paperwork requirements.

Our mandate to minimize respondent burden occasionally places us in an adversary role with the regulatory agencies. This occurs when, to effect an

²Pub. L. No. 93-153, 87 Stat. 593 (1973); codified at 44 U.S.C. 3512 (Supp. V, 1975).

agency's compliance with the Federal Reports Act, we refuse to allow that agency to collect information which conflicts with the act's standards and we urge the agency to modify its reporting requirements accordingly. Despite this relationship, most regulatory agencies are genuinely interested in reducing respondent burden and willingly cooperate in this effort.

To accomplish the act's requirements, GAO created a small staff headed by the Regulatory Reports Review Officer. Because of a 45-day statutory time limit on our reviews and the numerous subtleties associated with this work, the Regulatory Reports Review Officer exercises considerable flexibility, independence, and discretion in administering this responsibility. Furthermore, this time limit requires that the four professionals and one management assistant on our staff become "instant experts" on diverse regulatory programs so that we can, within 45 days, effectively negotiate with agency officials and decide whether to approve each reporting and record-keeping requirement submitted for review.

To implement GAO's clearance review program, the Regulatory Reports Review staff, with assistance from the Office of General Counsel, drafted regulations which provide the rules and guidelines that agencies must follow in complying with the act. These regulations became effective in July 1974³ and will be revised in the near future.

The regulations also outline our review procedures which, as far as possible, follow sound auditing principles. These reviews include, however, features which are distinctive from standard GAO audit procedures such as:

- Soliciting comments on each requirement under review through a *Federal Register* notice or through contacts established in pertinent organizations or associations. (By responding to our notice and other contacts, interested organizations, such as those listed in the first paragraph, ask us to modify or improve agencies' reporting requirements.)
- Negotiating revisions of a requirement with agency officials to reduce the respondent burden and eliminate duplication.
- Issuing letter reports which announce our clearance decision for each requirement that we review.

(Since the regulatory agencies have generally agreed to modify burdensome or duplicative requirements as we requested, we have been compelled to deny only two information collection proposals.)

- Assigning, when the requirement is finally approved, an identification number and an expiration date. (By limiting an approval to a certain period of time, usually 3 years, we ensure that all requirements are periodically reviewed.)
- Making our workpapers, the administrative record for our decisions, available to any interested persons or organizations.

Besides granting GAO approval authority for individual reporting requirements, the act also requires GAO to review the regulatory agencies' information-gathering activities. A separate group on our staff conducts these audits.

Statutory Restrictions Create Problems for Staff

In conducting this review program, we have faced several problems caused, in my opinion, by the Federal Reports Act's ambiguous or indefinite language and restrictions on GAO's review authority.

Some agencies, for example, contend that the act does not specifically require GAO's approval of reporting or recordkeeping requirements before the required information can be collected. This issue may be addressed in a pending lawsuit⁴ challenging the Federal Energy Administration's (FEA's)⁵ Mandatory Petroleum Price Regulations. The challenge is based largely on FEA's failure to request GAO approval of the recordkeeping requirements which are necessary for FEA's program. Partially because of this suit, the compliance program based on these regulations has been restricted.

Another problem arises because the Federal Reports Act did not specifically give GAO enforcement authority.

⁴Olympian Oil Co., v. Schlesinger, Docket No. C-77-2196 WAI, U.S.D.Ct., N.D. California.

⁵In its establishing legislation, FEA was designated as an independent Federal regulatory agency subject to GAO clearance review. The plaintiffs initiated this suit before FEA was relocated in the Department of Energy and removed from our jurisdiction.

Consequently, the regulatory agencies' compliance with the act is inconsistent. The Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC), for example, contend that the act does not apply to most of their reporting requirements. This position is unsupported by the act, however, which does not distinguish among kinds of reporting and which, with the exception of bank regulatory agencies, calls for review of all independent regulatory agencies' reporting requirements. Since the SEC's and CFTC's positions have never been tested in the courts, they have been able to disregard the act with impunity.

In addition to complicating our work with ambiguous language, the Federal Reports Act includes one section clearly restricting our authority. It specifies that the regulatory agency make the final determination on the need for the information. In other words, if an agency determines that it needs certain information, we cannot override that determination unless the information is already available to the agency or the compliance burden is undue. The problem arises because we cannot effectively minimize compliance burden without being able to question the agency's need for the information. In contrast, one of the act's sections concerning OMB's review of executive branch agencies' reporting requirements authorizes OMB to evaluate whether an agency needs information and to prohibit collecting information which it determines unnecessary.⁶

Clearance Reviews Draw the Staff into Diverse Activities

In conducting a compliance program, we often are involved in or perform various legal or coordinating activities related to regulatory agencies' information collections. On six occasions, because we approved a specific reporting requirement, we have been named as codefendant in lawsuits challenging a regulatory agency's reporting program. In each case, our clearance decision and the agency's reporting program have been upheld.

As codefendant or as an interested party in other suits, we have participated in depositions and responded to interrogatories and numerous other re-

⁶Pub. L. 90-260, 82 Stat. 1303 (1968); codified at 44 U.S.C. 3506 (1970).

³4 C.F.R. Part 10. (1978).

quests for information about our work and decisions. For example, in the FEA lawsuit previously mentioned, GAO's Regulatory Reports Review Officer was interrogated for 12 hours by attorneys representing both the plaintiffs and the Government. In addition, GAO independently submitted an *amicus curiae* brief to the Court because the Department of Justice's position—representing the Department of Energy—conflicted with ours. GAO took this unusual step because a court decision in favor of FEA, based on Justice's position, could seriously impair our ability to perform our duties.

Since our staff's primary function is to reduce the reporting burden imposed on the public, we occasionally organize or lead interagency meetings to discuss ways to eliminate duplication and to increase data sharing. We also participate in task forces and work groups which concentrate on paperwork or information-gathering problems.

We continuously confront questions involving, among other things, statutory interpretations, our regulations, other agencies' regulations, and the applicability of the Federal Reports Act to regulatory agencies and their reporting requirements. Often, before answering these questions, we consult with the senior attorney in the Office of General Counsel assigned to assist our staff and with representatives of the other agencies involved. In most cases, our decision, or answer, to these questions is binding on the affected agencies.

Our Files Serve as Useful Resources to Other GAO Groups

Because our reviews affect how much paperwork respondents must submit to regulatory agencies, we operate in a goldfish bowl. Private parties subject to regulatory agencies' reporting programs closely monitor our actions and our decisions are subject to judicial challenge. Consequently, to ensure that we make correct decisions and that we have an adequate administrative record supporting those decisions, we prepare and maintain, for each review, a complete file which includes all related information and which documents the basis for our decision.

In our inventory, we have 354 files on reporting requirements which impose approximately 44 million hours of reporting burden on the public annually. In the past, audit staffs which have used

our files in reviews of regulatory agencies' reporting programs have found them to be a helpful source of easily accessible background information.

Through our clearance activities, we have developed working relationships with officials responsible for paperwork matters in many Government agencies and a broad range of trade or industry associations. Therefore, we can direct other GAO groups whose work concerns Federal paperwork to various individuals and organizations who may be able to assist them in their work.

Conversely, other GAO groups may be able to make referrals which will help us. Respondents—often irate—occasionally contact GAO to discuss or complain about a form which we have cleared. Unfortunately, these communications are not always forwarded to our staff for the appropriate response. Any GAO staff member who receives oral or written communication concerning a regulatory agency's form and a GAO approval number will assist us by referring the questions to our staff.

Recently, FGMSD assisted us in creating a computer system which contains basic information about all GAO and OMB clearances. This system will improve our own information on agency reporting programs, permit us to predict and control our workload, and improve our capability to identify clearance problems. Furthermore, since this system includes information on OMB clearances of executive branch agencies' reporting and recordkeeping requirements, it covers nearly all Federal reporting programs and undoubtedly most, if not all, GAO issue areas. Consequently, this new computer system can be useful to other GAO staff members who review agency reporting programs and need basic descriptive information.

The Future of a Clearance Function in GAO

The future of the Regulatory Reports Review staff in GAO is unclear. In testimony and informal discussion, GAO officials, including Mr. Staats, have consistently stated that the authority to clear regulatory agencies' reporting requirements should be removed from GAO. The Commission on Federal Paperwork recommended combining in OMB the responsibilities of the two current clearance offices. This recommendation also included provisions to protect regulatory agencies' independ-

ent judgement about information collection. Such a consolidation would solve various problems caused by the split jurisdiction, would improve identifying and eliminating duplication, and would return the review staff and the attorneys involved to GAO's primary oversight and evaluation duties. Removing this clearance function from GAO would also eliminate a conflict which could occur if our staff approved a reporting requirement which a GAO audit group determined was not needed or was excessively burdensome. GAO recently transmitted, to selected congressional leaders, draft legislation which would help resolve these and other problems concerning the Federal Reports Act.

Some congressional leaders who understand the Federal Reports Act and are concerned about paperwork problems appear to be pleased, however, with the current arrangement and disinclined to return to OMB the clearance authority for independent regulatory agencies. As a matter of fact, Congress has occasionally shown interest in increasing the number of agencies subject to our review. For example, the legislation enacted in 1977 establishing the Office of Surface Mining within the Department of the Interior made that office, which is not an independent agency, subject to GAO's review.⁷ At the same time, other legislation has been introduced to consolidate clearance authority for all Federal agencies in OMB. Congressional intentions on this subject are by no means clear.

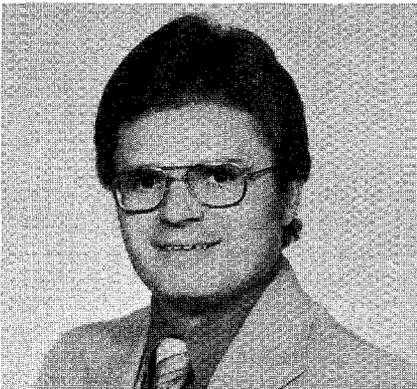
Consequently, until Congress reexamines and consolidates the review authority for Federal reporting requirements, this small GAO staff will continue to protect individuals and businesses from regulatory agencies' excessively burdensome and duplicative paperwork requirements and will continue to serve as a clearinghouse for information on regulatory agencies' reporting programs.

⁷Surface Mining Control and Reclamation Act, Pub. L. No. 95-87, section 201(e); 91 Stat. 450 (1977).



Francis Langlinais

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James Musial

Mr. Musial, a supervisory auditor in charge of the technical assistance group in the Chicago regional office, joined GAO in 1968. He has a B.S. degree in mathematics from St. Joseph's College and an M.P.S. from DePaul University.

Risk and Computer Reliability—Can You Afford to Take the Chance?

Imagine! The scene is the executive director's conference room; the cast is GAO and the agency; the occasion is the audit exit conference.

Eight long, tough months of effort are finally coming to an end. The audit findings are ironclad; bundles of cross-referenced work papers support the deficiencies. A damaging statement of facts reflects hours of meticulous preparation. Confident, the auditor relentlessly describes the agency's shortcomings.

"Management has failed to conduct its safety inspection program properly. As a result, hazards exist for both people and the environment. A review of your region's records showed 310 hospitals harbored unsafe . . ."

"Excuse me," the director interrupts. "How many hospitals?"

"310," replies the auditor.

"Why that's impossible! There are only 250 hospitals in the entire region!"

"But that can't be. Your records showed . . ."

"Our records aren't worth the paper they're printed on. We've had problems with that computer system since the day it was installed."

"Well . . . er . . . I guess we'll have to check that point. Er . . . sorry, sir!"

What? GAO back off? Never! But what else could the auditor have done? Even the agency officials admitted their records were suspect.

In our hypothetical case the auditors were lucky; the discrepancy was found *before* the report was issued. What would have happened if it was discovered *after*? Well, numerous cases have been cited where information issued by agencies, both public and private, contained computer-related errors.

For example, the Department of Health, Education, and Welfare recently made public a computer list of 409 physicians supposedly earning more than \$100,000 from Medicare in 1975. Scrutiny by the American Medical Association, however, showed a 65 percent error rate in the list. Some errors were innocuous enough, such as wrong addresses, but others were quite damaging, attributing fees to doctors who did not receive them. Similarly, a San

Francisco city computer incorrectly listed some residents as wasteful users of water during a severe drought.

Obviously the agencies trusted the computers enough to make these lists public, later causing embarrassment and a potential for lawsuits. Auditors face even greater risks. Many judgments about the adequacy of agency and client operations and management are based on computer data. Any discrepancies could discredit the entire audit.

What GAO Has Done

Almost half of GAO's audits involve computers or computer-related output. More than one-third of our audits use computer products to support findings and recommendations.

As a first step to help avert any data reliability problems, GAO's Office of Policy and Program Planning issued a new chapter 11 to the Comprehensive Audit Manual. The new chapter spells out our policy on using automatic data processing (ADP) in auditing. GAO policy states:

"When ADP is an important integral part of agency operations which we are auditing, our work should include an appropriate examination of the functioning of the ADP system. Further, if computer products or output are to be used in a report or in support of a finding, we should make an appropriate examination to provide reasonable assurance that the information is reliable consistent with its intended use."

"Consistent with its intended use"—a key phrase indeed. For even if a single piece of data from some computer printout provides the key support for some audit finding, it must be assessed for reliability. And why not? The credibility of the whole finding and possibly the entire report may hinge on that data.

Thus, as a second step, the Financial and General Management Studies Division, with help from several regional offices, issued the *Audit Guide For Assessing Reliability of Computer Output* to assist auditors in performing reliability assessments. It provides auditors with a structured approach for testing

the accuracy and reliability of computer data used in GAO audits of program results, as well as efficiency and economy, and compliance reviews. A second guide entitled *Audit Guide For Reliability Assessment of Controls in Computerized Systems (Financial Statement Audits)* has been issued for use in rendering an opinion on financial statements.

The policies are excellent on paper but a third step remains—the divisions and regions must begin to comply with the policies.

Since most GAO audits are general purpose audits, this article will focus its attention primarily on the use of the *Audit Guide for Assessing Reliability of Computer Output*.

Reliability Guide For General Audits

Since ADP is usually not the primary audit objective, the amount of time auditors spend assessing the reliability of computer data should be kept to a minimum. Thus, the guide presents various tests for data reliability that should satisfy the auditor's validation requirements without extensive, time-consuming work.

Who should use it?

The guide is designed for use by auditors with little or no ADP experience. A basic, introductory ADP course is the only prerequisite. The guide encourages the use of traditional data verification procedures familiar to the auditor—interviewing personnel, reviewing and analyzing records, etc. It also suggests that the auditor examine the system controls only enough to judge the reliability of the computer information.

When should the assessment be performed?

As soon as the auditor knows computer data will be used during the audit, a reliability assessment should be performed. This will enable the auditor to deal with data problems early in the audit. Also, the auditor can plan alternatives if an assessment is not possible.

Sometimes the auditor may not be aware until the later stages of the audit that the data used is computer processed. Still, one is not relieved of the responsibility to assure data reliability. However, if insufficient time remains for an assessment, a qualifying statement

indicating no verification was performed must accompany the data in the report.

How is it used?

The guide is set up in four sections, each dealing with more comprehensive and detailed work steps. The level of scrutiny needed depends on how the data will be used in the report and the reliability of the data. The four sections are:

- I - *Importance of Computer-Processed Data*—requiring the auditor to identify the computer data used and determine its significance to the audit.
- II - *Initial Tests for Data Reliability*—describing the tests which should be performed on the data.
- III - *Survey of Internal Controls*—providing the auditor with work steps to assess the controls over the input, processing, and output of data.
- IV - *Summary Memorandum on Results of Reliability Assessment*—providing the auditor with guidance for summarizing the assessment results or explaining why reliability was not assessed.

The flow chart on page 43 gives an overview of the reliability assessment approach used in the guide. The auditor is responsible for completing sections I, II, and IV of the guide. For section III assessments, the Technical Assistance Staff, with the audit staff's help, will survey the agency's internal controls.

If significant deficiencies in the data processing system are found, the auditor should consider having the Technical Assistance Staff perform a complete system evaluation. FGMSD has a *Guide for Evaluating Automated Systems* for technical staff use.

Section I—Importance of Computer-Processed Data

The first steps in the reliability assessment are to identify the computer data to be used during the audit and to determine how it will be used in the report. The auditor must decide what impact the data's reliability will have on the final audit product.

For example, is the computer data a routine or special agency report, a computerized data file, letter, or form? Is it processed by the accounting system or payroll system? Once the data is identified, then its significance must be determined.

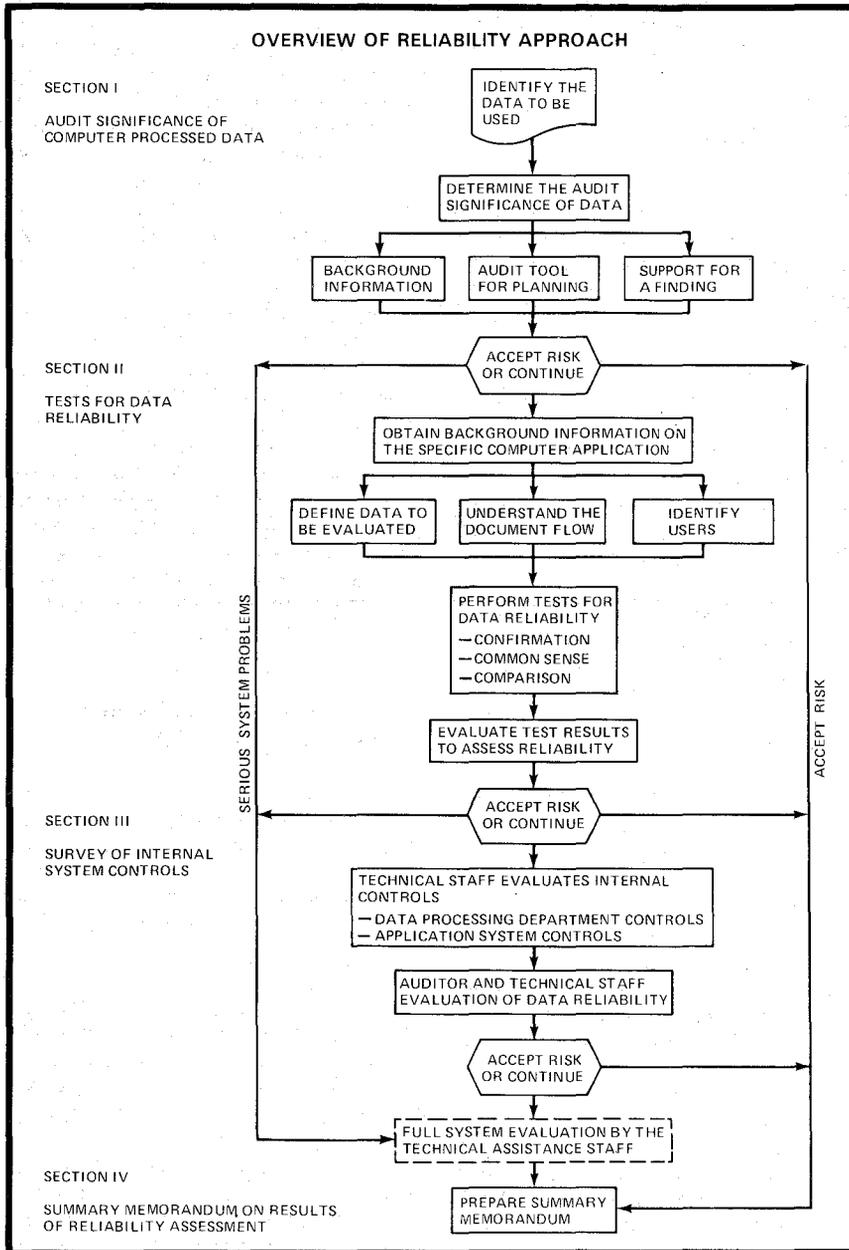
For example, data used as background information—to show the magnitude of a program—is less sensitive, or more error tolerant, than data used as evidence to support a finding—a criticism of agency management. In the former case, less sophisticated, more traditional audit procedures would be needed to assess the reliability of data, while the latter would require a more thorough assessment.

Sometimes it may be impractical to test for data reliability because of staff or time constraints, overall job objectives, or audit conditions. When such situations occur, the auditor always has the option to end the assessment. The auditor must decide to use the computer data with a qualifying statement that no verification was made, to use other known reliable data, or to accept the risk and use the data as is. When an assessment is warranted, however, the auditor should go on to section II.

Section II—Initial Tests For Data Reliability

Section II gives a systematic approach for testing data reliability. Although suggested work steps are presented in a logical sequence, the auditor need perform only those steps that will quickly and completely provide information to judge reliability. The auditor should:

1. Obtain background information on the computer application that generates the data used in the audit and determine whether the system was recently evaluated, to what extent, and by whom.
2. Define the data to be evaluated so as to clearly understand *what* the system records. For example, the auditor should determine what alphabetic or numeric codes represent and whether their values resulted from computation (addition, subtraction) or summarization (totals, averages).
3. Identify the documents which generate the computer data and understand how they flow to and from the computer. Once this document flow is understood, the auditor should verify its accuracy by observing the process from the preparation of source documents to the distribution of computer output.
4. Identify key personnel who use the computer data. Interviewing users may help identify errors that require further examination.
5. Perform the three most common reliability tests.



—Confirmation tests to verify data with other independent sources, such as principal users, internal audit, third parties, etc.

—Common sense tests to analyze the data for reasonableness; such as, are amounts too small or too large, are calculations correct?

—Comparison tests to compare the data with independent sources, such as source documents; physical counts and inspections; or other records, files, or reports.

6. Evaluate test results. Once the data has been tested, the auditor must decide whether the results are sufficient to judge reliability. The auditor's deci-

sion is dependent upon the depth and coverage given the tests and the intended use of the data in a final audit product. Decision tables are included in the guide to aid the auditor in a choice of alternatives.

Section III—Survey of Internal Controls

If the auditor is still not satisfied with the reliability of the computer data, further examination of the computer system and processing, including controls, must be performed. A study of the internal controls over the input, processing, and output of data will accom-

plish this task.

Most auditors, being generalists, lack the expertise to deal with the technical aspects of ADP internal controls. Thus, the auditor should ask the Technical Assistance Staff to complete the questionnaires and profiles used for this purpose. However, the auditor should work closely with the technical staff to understand the nature of internal controls and their impact on reliability. Also, the auditor can gain valuable experience for future reliability assessments.

Section IV—Summary Memorandum on Results of Reliability Assessment

When the assessment is complete, whether at the end of section I, section II, or section III, a summary memorandum must be prepared. This summary memorandum should recap the work and include a statement about the data's reliability and the reasons for the conclusions.

Once it's completed, the Technical Assistance Staff should review the memorandum and keep a copy for future reference.

Summary

As can be seen, reliability assessment is a step-by-step approach for gathering information about computer data to reduce the auditor's risk in relying on it as accurate and complete. It is not intended to turn every GAO audit into a computer audit. Quite the contrary. The guide is just that—guidance for the auditor to deal with a new and sometimes complex technical area. It represents a way to assure accuracy and maintain integrity in our reports.

Of course the assessment can open new avenues for audit findings. Think of the approach as a building block in terms of our traditional "criteria, cause, and effect." For example, in sections I and II, we establish *criteria* and identify and isolate specific data problems for study. Section III's survey of internal controls, or lack thereof, serves to explain the *causes* for the problems. A complete system evaluation (the next logical step) demonstrates the *effects* of the problems on agency or client operations.

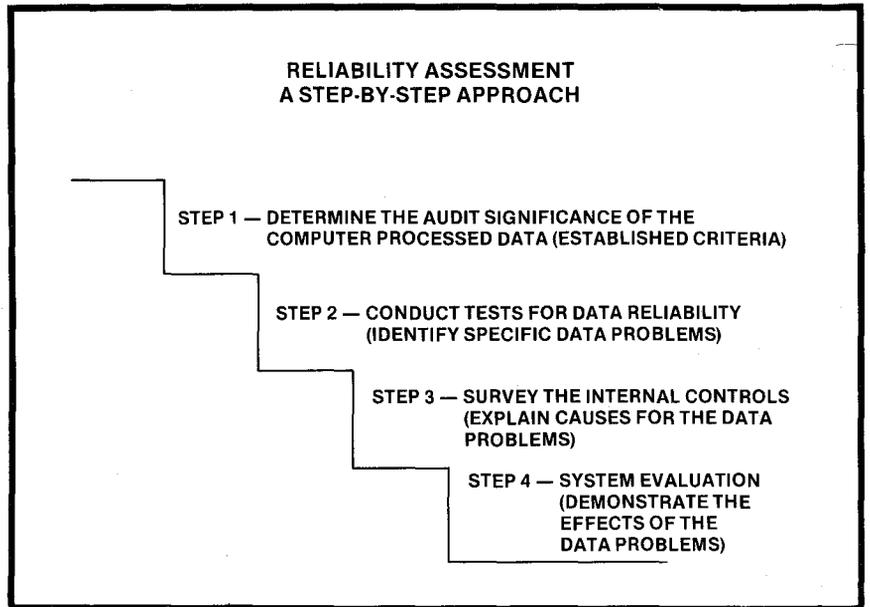
Sound familiar? Well it should. It is really doing the same things we have been taught to do as auditors from Day One. The goals and objectives remain the same; only the medium used to accomplish them has changed.

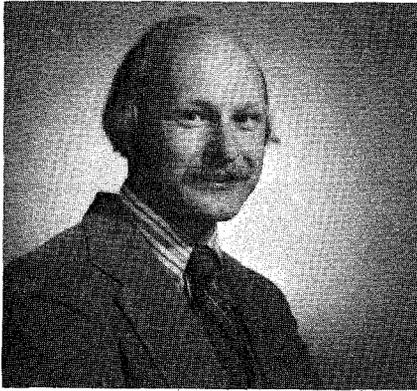
Conclusion

Any audit policy or guide is only as good as the people who use it. Trite, but true. GAO's ADP policy clearly places the responsibility to perform reliability assessments with individual auditors. And rightly so, for these are the field staff directly exposed to the computer data and for whom the guide is written.

But what about the countless others in GAO, specifically the division directors, regional managers, deputies, assistants? They too must recognize the importance of reliable computer data in reviews and reports, because they impart GAO's management philosophy down through the organization. Without top management support, the policy stands little chance of widespread and consistent application.

The computer can no longer be ignored. Increasingly, auditors must use its output as sources of information and evidence in making sound judgments about agency operations. So the next time you run across a computer printout that appears neat and accurate, resist the temptation to rely on it as factual and correct. Instead, ask yourself, "Can I really rely on this data?" Hopefully, the reliability assessment guides will help you answer the question more confidently.

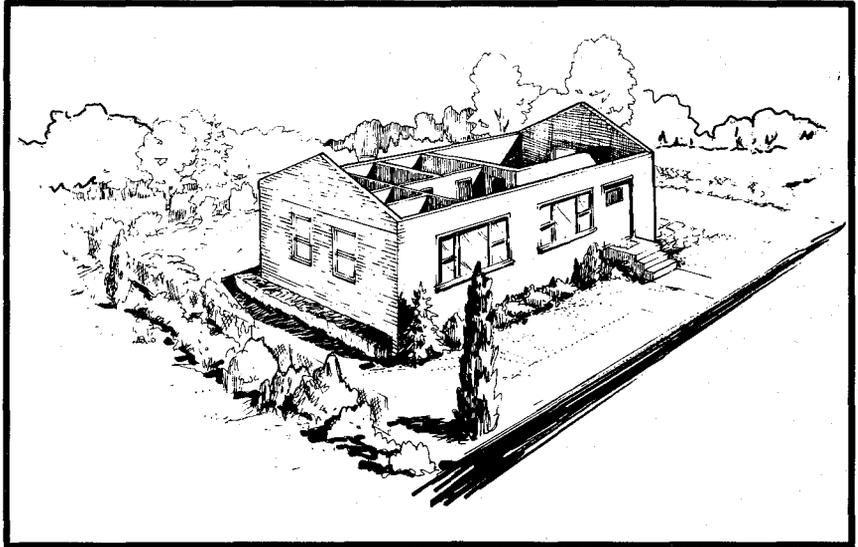




Ron Wood

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No Roof on Housing Costs



The high cost of buying and maintaining a home has become a major problem for millions of American families. In May 1978, the average selling price nationwide for new single-family homes reached \$63,000, representing a 16 percent price increase since May 1977. During the same period, existing house prices increased 17 percent to an average selling price of \$54,800. Housing experts project at least a 10-percent price increase during the next 12 months. Likewise, the expenses of running a home have increased over 8 percent annually since 1970.¹

The following chart illustrates that the high cost of housing is not limited to a

few cities or regions, but is nationwide. The chart lists the leading housing areas, according to new housing starts, and compares the purchase price and mortgage rates for June 1977 and June 1978.

Why New House Prices Are So High

Increased costs associated with factors such as government regulations, buyers demanding larger homes with more amenities, financing, and home-ownership have all contributed to higher housing prices and a decline in housing affordability.

Cities	Housing Starts 1978	Purchase Price						Mortgage Rates			
		New Homes			Existing Homes			New Homes		Existing Homes	
		June 77	June 78	Percent Change	June 77	June 78	Percent Change	June 77	June 78	June 77	June 78
Houston	62,426	\$60,900	\$65,400	-7.4	\$57,000	\$77,200	-35.4	9.13%	9.74%	9.15%	8.89%
Chicago	42,000	62,100	72,500	-16.7	60,300	66,900	-10.9	8.78	9.31	8.71	9.43
Dallas-Ft. Worth	40,524	64,900	61,300	-5.9	46,400	61,600	-32.8	8.95	9.76	9.05	9.82
San Diego	37,000	71,800	87,200	-21.4	62,200	79,400	-27.6	9.19	9.76	9.30	10.03
Los Angeles-Long Beach	34,000	72,100	84,600	-17.3	71,500	82,200	-17.3	9.21	9.85	9.28	10.00
Seattle-Everett	32,595	52,700	59,500	-12.9	48,000	54,900	-14.4	9.08	9.80	9.19	9.90
Phoenix	30,000	51,200	66,800	-30.5	54,100	64,800	-19.8	8.87	9.53	9.04	9.74
Denver	25,000	60,200	64,700	-7.5	35,000	63,900	-16.2	9.04	9.86	9.16	9.92
Detroit	24,250	55,000	63,300	-20.5	43,700	48,500	-11.0	8.84	9.19	8.89	9.47
Washington, D.C.	22,989	67,700	80,000	-18.2	69,100	80,300	-16.2	8.83	9.41	8.86	9.58
Philadelphia	18,800	52,100	50,600	-2.9	46,600	54,000	-15.9	8.70	8.72	8.80	9.15
Ft. Lauderdale*	16,000										
Miami*	15,145	36,900	43,400	-17.6	52,400	58,200	-11.1	8.79	9.32	8.81	9.27

*Purchase Price and Mortgage Rate are combined for Ft. Lauderdale and Miami, Florida

p - preliminary

SOURCE: FHLBB Conventional Mortgage Rates, NAHB Economics Division Metropolitan Area Housing Starts Forecast

¹The factors that contributed to these large cost increases were the subject of GAO's report, "Why Are New House Prices So High, How Are They Influenced By Government Regulations, and Can Prices Be Reduced?" (CED-78-101, May 11, 1978).

Government Regulations a Factor in Price Rise

Government regulations that control

No Roof On Housing Costs

the development of land and the construction of houses are a major factor contributing to the rising price of housing. GAO found that encouraging some communities to allow the use of less expensive items in new homes could result in potential savings of from \$1,400 to \$7,000 per house. Many builders were not using less expensive materials or methods because of personal preference, familiarity with a particular method or material, or consumer demand.

During the last decade a plethora of "growth management" ordinances ranging from absolute limits on housing starts to sewer moratoriums cropped up from coast to coast. Land development regulations add significantly to the cost of new houses. Examples of the impact that the most restrictive requirements had on housing costs in the 87 communities GAO sampled were (1) specification or standards for streets and related site improvements that increased the cost by as much as \$2,655 per house; (2) municipal fees as high as \$3,265 per house for such items as local services, permits, inspections, and utility connections; and (3) requirements for dedicating land for parks and schools increasing the per house cost up to \$850.

Larger Homes Contribute to Increased Costs

Builders catering to the demand of homebuyers who prefer larger houses with many amenities are another major factor causing increased prices of new houses. Consequently, homebuyers today are generally (1) families in the upper or upper-middle income brackets who can afford the large downpayments and the high monthly homeownership costs of these larger homes and/or (2) prior homeowners who are able to use the equity from their homes to buy high priced new homes.

Typical new houses today contain more amenities and are 700 square feet larger than popular houses of the 1950s because of the addition of family rooms, more than one bathroom, bedrooms, and eating areas. The following table shows the percentage of houses built in 1950 and 1976 which contained these and other characteristics.

Interest Rates Up

You have been shopping around and have finally found your dream home. However, you have also discovered that mortgage interest rates are now 10 per-

Characteristics	Percentage of houses	
	1950	1976
Bathrooms—2 or more	4	67
Bedrooms—3 or more	34	88
Garage or carport	47	80
Central air conditioning	(a)	49
Dishwasher	(a)	78
Stove/oven	21	91
Fireplace	22	58

^aNational data not collected for these items.

cent compared to 9 percent a year ago. What does this mean to you in terms of your monthly payment? To buy, for example, a \$50,000 home with a 20-percent downpayment, a 10-percent interest rate would increase your monthly payment about \$28 over a 9-percent rate.

Also, you would probably find it harder to qualify for a mortgage loan. At 10 percent it would take \$1,340 more income to qualify for an 80-percent loan than at 9 percent (\$17,440 rather than \$16,100).

Expenses of Running a Home

Homeownership costs increased about 200 percent from 1965 to 1976. The largest increase occurred in property taxes (up 350 percent for the median-price new home). By 1976 homeownership costs had reached the point that a monthly expenditure of \$465 was required to amortize the mortgage principal and pay the mortgage interest, insurance premiums, property taxes, utility costs, and repair and maintenance

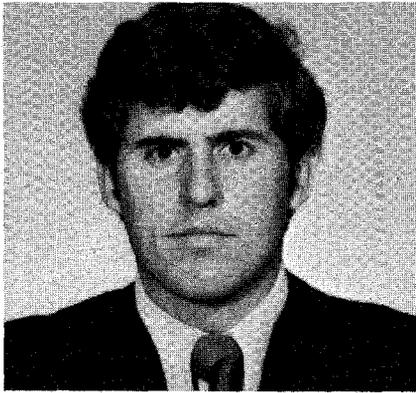
expenses on a median price new house which sold for about \$44,300. This monthly outlay represented almost 47 percent of median family income, adjusted to exclude Federal and State income taxes and social security taxes for a family of four. By way of contrast, only about 31 percent of adjusted median family income was required to defray similar home ownership costs in 1965. The following chart shows how expenses of running a house have changed over the last 5 years.

Conclusions

For millions of American families, the dream of owning a home is no longer becoming a reality. While it is true that many owners of existing homes have benefited from inflation and have moved on to improved housing without major financial strain, others have not been so fortunate. For the young couple of limited means, the family with low income, and the elderly on fixed incomes, the high cost of owning a home is not merely serious, it is too often an insurmountable crisis.

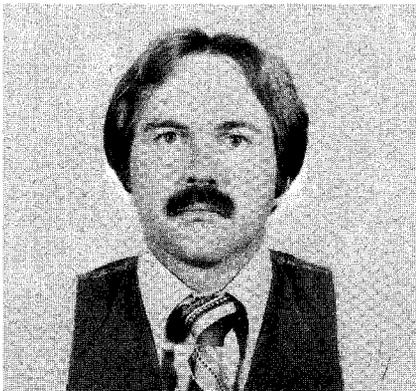
EXPENSES OF RUNNING A HOME— PRICE CHANGES FROM 1973 to 1978		Percentage Increase
Finances		
Mortgages—interest rate		21
Property taxes		26
Property insurance		28
Utilities		
Electricity		59
Gas		104
Fuel oil		131
Telephone		15
Water and sewage		54
Services		
Household worker's pay		68
Washing-machine repair		47
Furnace repair		48
Repainting a room		52
Replacing a sink		53
Reshingling roof		67
Re-siding a house		69

Source: U.S. Department of Labor, Commerce



Gill Fitzhugh

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Al Stapleton

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Auditing in Booties and Bonnets

As a GAO auditor, how would you respond if asked to evaluate the quality of the National Cancer Institute's (NCI's) Carcinogenesis Bioassay Testing Program when you don't even know what "bioassay" or "carcinogenesis" mean? This was the problem we faced early this year when confronted with a congressional request.

We soon found that the Bioassay Testing Program involves testing chemicals to see if they are carcinogenic (cancer causing). Commercial laboratories under contract to NCI perform the tests by giving heavy doses of chemicals to mice and rats for 2 years. We also learned there were no commonly accepted guidelines for bioassay testing, and, therefore, had no criteria for inspecting a sample of the labs doing the testing. In short, with no training in the biological or medical sciences, we were asked to evaluate the scientific quality of these tests. This was further complicated because the state of the art of bioassay testing constantly changes, and the results of the testing have attracted considerable congressional attention.

To assess the quality of test conditions, we first had to define how a quality bioassay test should be done. One bioassay expert told us that standards had changed so much that tests done just 4 or 5 years ago were no longer acceptable. As a result, we needed a current description of the hundreds of procedures that make up a successful bioassay test.

We reviewed testing guidelines written by NCI and the Food and Drug Administration (FDA), but could not find any that were current, detailed, and applicable to all aspects of ongoing bioassay tests. Finally, from the prime contractor hired by NCI to manage the testing labs, we obtained an extremely detailed contract document which included practically every phase of the procedures—perfect for our needs.

Using this document as a basis, and incorporating salient points from several others, we developed a "checklist" of over 350 procedural steps that, if followed by the lab, should insure a high quality bioassay

test. The checklist was structured so that auditors lacking a technical background could verify if a procedure was being followed. To insure that our checklist was comprehensive and accurate, we had it reviewed by well known bioassay scientists from industry, NCI, and FDA.

With the methodology in hand to gather "raw" data on test conditions, we now needed a team of scientific experts to

- evaluate the overall impact of deficiencies we found in lab inspections, and
- assure that conclusions in our report had scientific credibility.

We felt it essential that NCI accept our consultants as being qualified to judge lab testing conditions. To assure this, we asked both NCI and the prime contractor to nominate scientists they felt were qualified. From their nominations, we chose three having no financial ties with NCI, and hired them as consultants to assist on the lab inspection. All three had extensive bioassay experience. Each was expert in an integral discipline of bioassay science, namely, pathology, toxicology, or veterinary medicine. Two were from academia (Cornell and Purdue) and the third was a high ranking scientist in the Canadian government. Each proved remarkably knowledgeable, competent at inspecting, and easy to work with.

Armed with the checklist and team of experts, we then faced the prospect of inspecting private labs that were not particularly anxious to be evaluated by GAO nonscientists. Our first task on arriving at each lab was to make it clear to the management that the consultant scientists, *not* GAO auditors, would make all scientific judgements. This step was essential to establish our credibility and gain their cooperation. Having accomplished this, we then began each inspection.

During the first week at each lab, we used our checklist as criteria to "audit" test conditions at the lab before the consultants arrived. This involved reviewing records and inspecting the animal rooms and facilities. When the consultants arrived the following week, we briefed them on the checklist deficiencies we found. This gave them a chance to quickly identify and probe those

Auditing in Booties and Bonnets

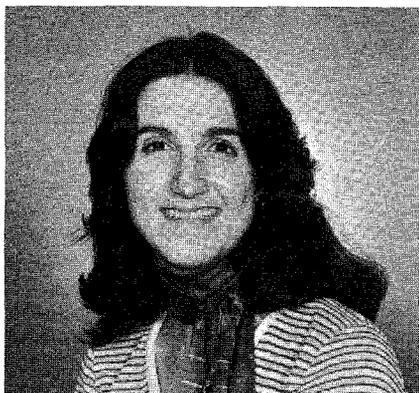
weaker aspects of lab operations that *they* decided could affect test quality. Following this 2- to 3-hour briefing, we accompanied during their lab inspections which took about 2 days. The consultants liked this approach, as it enabled them to quickly pinpoint areas needing additional scrutiny. We felt this method of "dual" inspection made the most efficient use of the resources available—auditors and scientists—as we inspected and reported on three labs using fewer than 30 consultant staff-days.

In retrospect, we believe our checklist was a very effective tool for gathering data from the labs. This data, coupled with the consultants' own followup inspections, led to a rapid assessment of condition quality. This assessment was included in the consultants' separate reports, and was the basis of our Report to the Congress. The checklist itself was so comprehensive that NCI requested it to give to commercial labs seeking to upgrade their own procedures. As one lab scientist remarked after we completed our checklist inspection, "For a bunch of bean counters, you guys ask some pretty good questions!"

Some of our more interesting experiences were

- dressing in lab coats, respirators, bouffant bonnets and booties, and witnessing firsthand the execution and necropsy (autopsy) of 120 test rats,
- examining animal testing rooms which contained known carcinogens,
- observing dogs smoking cigarettes in a test for lung cancer, and
- being spit on by unappreciative chimpanzees.

The highlight of it all however, was hand-feeding lifesavers to a 450-pound pet gorilla with a severe hangover (not us, the gorilla!). We worked daily with top scientists and doctors, met with four company presidents, and gained extensive inside knowledge on an extremely controversial program. As far as we know, we are GAO's top (and only) experts in bioassay testing, and can probably even do a creditable necropsy!



Writing for Satisfaction and Recognition

It is the desire of all GAO employees to achieve recognition as being proficient in each problematical and enigmatical assignment that they endeavor to execute. GAO employees want to be good at their jobs. The two sentences above are identical in meaning. The first, however, is difficult to read; its meaning is unclear. Sentences similar to the first can be found in almost all GAO reports. If the meaning is lost among unnecessary, incoherent wording, how can valid arguments be presented? How can GAO be persuasive?

Recognizing the need for clarity and conciseness in its reports, GAO is encouraging good writing habits among employees. Many GAO staffers have been involved with inhouse training courses focused on effective writing techniques. In conjunction with these, the GAO Technical Library supplies additional sources for individuals desiring to improve their writing style. The library has numerous books and articles whose authors "preach the gospel" of good writing, each with a tailored emphasis and absolute answer.

Some of these "answers" to good writing are highlighted below and may help determine particular writing weaknesses.

Understanding

Clear ideas from clear thinking is a catchy little phrase and one that deserves some attention. One cannot write intelligibly without clearly understanding the subject he or she is writing about.

And when a person does not know what he is writing about, it results in space being filled with disjointed words; quantity makes up for quality. In *Simple and Direct: A Rhetoric for Writers*, Jacques Barzun states, "One starts writing, not with a well-shaped thought, trimmed and polished, but with an intent—perhaps with several, overlapping and conflicting." Thorough knowledge of subject matter is a prerequisite for continuity in clear thinking. Barzun has developed an instructional handbook for writers, outlining 20 basic principles that lead to sound writing skills. Exercises provided at the end of each chapter give the reader an opportunity to practice clear, simplistic composition.

Not every concept, however, can be dissected into basic components and still retain the original meaning or intent of the author. Often the impact of vague statements is tantamount to a persuasive argument. John Kenneth Galbraith feels that often there is a need to be obscure in reporting. In the *Atlantic Monthly* he advises, "complexity and obscurity have professional value. They exclude outsiders, keep down competition, and preserve the image of a privileged or priestly class." In dealing with technical principles, being concise and direct may only serve to dilute and distort. Galbraith feels it is often better to be scientifically and technically correct than to oversimplify highly specialized material.

Audience

What is the relationship between writing style and audience? Are you directing your message at scientists, politicians, or laymen? Does it really matter? Allen Weiss in *Write What You Mean: A Handbook of Business Communication*, feels that keeping one's audience in mind with written communication is very important. Effectiveness is lost when one's readers can not relate to the printed word before them. Identify your audience. Present findings and suggestions based on their characteristics. Technical jargon is fine for scientists but unacceptable to laymen.

Writing With Precision, or as it is more commonly known, *Zero-Based Gobbledygook* by Jefferson D. Bates, includes an excellent chapter on audience awareness. Bates has developed a checklist to help writers analyze their readers. Establish as much data as you can regarding: age, sex, occupations, educational background, and levels of expertise. Write for the average reader, "the least common denominator." "Strive to slant the material so it will be as interesting and understandable as you can make it." Bates includes in his book an excellent bibliography and numerous exercises for practice.

Clutter

Clutter, the official language of most organizations, is highlighted in William Zinsser's book, *On Writing Well: An In-*

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formal Guide to Writing Nonfiction. He feels one should use "the English language in a way to achieve the greatest strength and least clutter." Numerous examples are cited to illustrate this point, and the book itself is an excellent model for clear, concise writing methods. Specific points addressed include: word usage, style, unity, suitability, and brevity. The essence of good writing, practice and rewriting, leads to the elimination of clutter.

Another promoter of anti-clutter is Robert Gunning, author of *The Technique of Clear Writing*. Gunning states that "writers with a wide audience and influence, follow principles of clear statement for easy reading." Using short, common wording is a means to clear statement. Gunning developed the Fog Index, which when applied to writing samples, measures readability and audience appeal based on length and recognition of words. The appendices at the end of the book are helpful guides in achieving readability. Appendix B is the "Dale List of 3000 Familiar Words," words recognized by at least 80 percent of the population. Appendix C is a list of word substitutions, long versus short.

You now have an understanding of the subject matter, have identified the audience, and are conscious of the pitfalls of clutter. How do the bits and pieces merge into a cohesive report? Many available reference sources can be helpful when looking for word continuity. Dictionaries are valuable tools, especially when distinguishing between connotation and denotation. Thesauri are helpful in the word search; however, they can be misused when farfetched synonyms are substituted in order to avoid repetition. Style manuals provide guidelines for writers and editors, and contain rules necessary for conformity of capitalization, punctuation, abbreviation, and spelling. Consistency in usage of recognized language conventions leads to more thorough reader comprehension.

You now have a passing acquaintance with what most authors agree are the major components of good writing. What comes next? Practice makes perfect. Work towards improving your technique. Draw upon some of the references listed in the bibliography. After having sharpened the senses, keep alert to the pitfalls and avoid them in your own report writing.

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Assignment: Simplify the Taxpayer's Chore

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Every year American taxpayers face the bewildering and frustrating task of filling out an income tax return. According to IRS about 50 percent of U.S. taxpayers pay individuals or firms, such as H & R Block, to help them complete their tax returns.

During the 1977 filing season (Jan. 1 through April 15), nearly 8 million taxpayers telephoned IRS for help, asking for information about such things as earned income credits, home sales, and whether they had to file a return.

Of the almost 84 million returns processed in 1977, 10.3 percent contained mathematical or clerical errors. Although some of these were simple arithmetic errors, many apparently occurred because the filer did not understand the instructions.

The taxpayers' difficulty in reading and understanding tax forms and instructions is a widespread problem and recently has become a concern of the Congress. As a result, the Joint Committee on Taxation requested that GAO study IRS problems in communicating tax laws to the public.¹

Burgeoning Tax Code and IRS Management Weaknesses Have Contributed to the Problems

We found that these problems can be attributed; generally, to the proliferation of tax laws, as well as IRS's mismanagement of tax forms and instructions. The Internal Revenue Code, which contains all Federal tax legislation, has expanded to several thousand pages today from less than 20 pages in 1913; and the instructions in the tax packages have grown from 4 pages in 1913 to about 50 today. Over the years, IRS has been mostly concerned with making sure that the Form 1040 tax packages accurately reflect the complex tax laws. It has seldom, however, adequately used the writing and design capabilities of its own employees or outside experts to ensure that readability does not suffer from its

requirement of 99.9 percent technical accuracy. As a result current 1040 packages are poorly designed and are written at a reading level beyond that of many taxpayers.

Tax law specialists, usually former IRS revenue agents, are responsible for developing tax forms. They have technical backgrounds to monitor and analyze tax laws, court decisions, and IRS regulations in updating forms, schedules, and instructions. However, they do not have the backgrounds to adequately write and design material that the general public can easily understand.

Although tax law specialists are assisted by writer-editors and forms management analysts (printing related), the assistance is limited and controlled to a certain extent by the specialist. For example, the writer-editors are utilized only on a part-time basis, and sometimes to edit only grammar. Similarly, forms management analysts assist the tax law specialists by reviewing forms and instructions and preparing the copy primarily so that it is suitable for printing; their design role is limited.

IRS infrequently obtained outside expertise in writing and graphics, and generally did not use the results of the work. In 1977, for the first time in at least 5 years, it hired a firm, primarily composed of tax experts, to rewrite the instructions for Form 1040A. The specifications for what was to be done were inadequate however, and the product was not used. IRS hired a design expert for one day in 1977 to review Forms 1040 and 1040A. However, he did not actually redesign the forms, but concentrated primarily on the use of color on the forms.

Although IRS has made some progress recently, such as the sequential flow formatting of Form 1040, we believe greater improvements are necessary—and possible—as part of an overall, concentrated improvement plan.

Tax Materials Can Be Understandable

To correctly prepare a tax return, or any other form, the preparer must be able to read and understand the form's instructions; but if the preparer cannot read and understand these instructions,

¹This article is based on the GAO report "Further Simplification of Income Tax Forms and Instructions Is Needed and Possible" (GGD-78-74 dated July 5, 1978).

Assignment: Simplify the Taxpayer's Chore

the form is of no value. Unfortunately, we found this to be true of the current 1040 instructions. They are written at a reading level beyond that of many taxpayers.

To assist in our analyses, we called upon reading and writing experts to show that the 1040 instructions can be made more understandable. These experts included the National Institute of Education's Basic Skills Group, educators, writers, and representatives from *Reader's Digest*.

The experts performed readability analyses of the 1040 instructions using both computerized and noncomputerized formulas. The results of these analyses indicated that a median reading ability of an average 10th grade student would be needed to read and understand the 1040 instructions. Applying this reading level to that of the taxpayers, we estimated that perhaps 13 million 1040 filers had difficulty reading and understanding the instructions.

We also asked these experts to determine if the reading level of the 1040 instructions could be lowered and, if so, to show how. They succeeded by rewriting selected portions of the 1040 instructions to an average of the 8th grade reading level (the lowest deemed practical by experts).

Why the Returns Are Hard to Read

The experts lowered the reading level of the 1040 instructions by identifying and solving two of the major writing problems: (1) the use of long and uncommon words, and (2) the use of long and complicated sentences.

The experts argued that familiarity with vocabulary is a key factor in reading comprehension. In the 1040 instructions, IRS uses many long, technical, and unfamiliar words which are not a part of many taxpayers' vocabulary. Thus, their meanings are either unknown or unclear, and rather than clarifying the instructions, simply confuse the taxpayer.

Long and complicated sentences were also identified by the experts as a cause of taxpayer difficulty in reading and understanding the 1040 instructions. These sentences are difficult because the subject and verb are at opposite ends or the supporting words come before the subject and verb. Also, long sentences which present a number of qualifications or complicated conditions are difficult to understand because of the amount of information that

must be remembered as it is read. Thus, a reader may have difficulty understanding a sentence if he/she must remember supporting words before knowing the subject and verb or if he/she must mentally process several complicated conditions and/or steps while remembering the results of each prior step.

The Solution: Readable Tax Material

Our experts solved these problems by using word substitution, active verbs, placing qualifier and subordinate material after the subject and verb, and keeping the subject and verb together—all of which are basic writing techniques. They also broke long, complex sentences into short clear ones, and used lists of short, direct sentences with each sentence starting on a separate line.

The problem of long and uncommon words was solved by substituting more familiar words for technical and unfamiliar words, such as "only" for "exclusively" and "husband or wife" for "spouse." The following examples from the Form 1040 instructions illustrate the other techniques used.

From

"These rules are for all U.S. citizens and resident aliens, including those under 21 years of age. These rules also apply to those nonresident aliens and resident aliens who are married to citizens or residents of the U.S. at the end of 1977 and who elect to file a joint return as discussed on page 6, under Your Filing Status."

To

"The rules below apply to everyone. They apply to U.S. citizens and to foreigners who live here. They apply to foreigners who are married to U.S. citizens and to all who are U.S. residents at the end of 1977. They also apply to people who file a 'joint return'—in other words two married people reporting their income together."

From

"No credit is allowed to a nonresident alien unless the nonresident alien and his or her spouse who is a citizen or resident of the United States elect to be taxed on their worldwide income and file a joint return."

To

"Nonresident aliens may receive the credit *only if*:

—they are married to a resident or citizen of the U.S.; *and*

—they file a joint return; *and*

—they include all worldwide income on that joint return."

These problems have not received much attention from the IRS until recently. IRS' main concern has been to ensure that the tax instructions accurately reflect tax laws. Certainly accuracy of any written material is important. However, accuracy is of no value, unless those that must use it understand it. The materials our experts revised show that simple English and complex tax provisions are compatible.

Graphic Design Should Help, not Hinder

The second problem we identified was the design of the tax materials. Graphic design sets the whole tone of written materials; it can make the material either intimidating and difficult or appealing and usable. Forms design is not an area in which GAO has developed expertise, so we needed to talk with experts who could analyze the problems and suggest solutions. The staff of the Federal Graphics Improvement Program of the National Endowment for the Humanities, responsible for Government-wide efforts to improve the quality of Federal graphics materials, suggested a number of prominent design experts who discussed the graphic design of the Form 1040 and the instructions with us.

Problems in the Current Material

From these experts we learned that there were, in fact, serious design weaknesses in the tax materials. These included, among others:

—The lines of information on the 1040 are too close together and look too much alike.

—The instruction pages have insufficient margins and spacing.

—The instructions do not address Form 1040 on a line-by-line basis.

—The instructions neither begin with, nor flow logically from, the information the taxpayer needs first.

—The type used for printing the form and instructions does not clearly differentiate between special and general information.

The Solution: Better Design and Organization

To demonstrate to the IRS not only that there were problems but also that they could be effectively solved, we contracted with two prominent graphics design experts. We asked them to apply graphics techniques to revise the Form 1040 and selected pages of the instructions.

Through different approaches, the designers revised the tax material to make it more readable and to systematically tie the instructions more closely to the forms. The experts redesigned the 1040 to incorporate better spacing and separation of lines. They suggested using colored dividers to break the form into manageable sections. This would allow the taxpayer to divide the task into a series of smaller tasks.

The instructions, our graphic designers found, appeared crowded and were poorly organized. Our designers made the instructions appear less formidable by using wider margins and more spacing. One designer kept the three-column format in the current instructions but increased the spacing between the sections and columns. The other designer changed from three columns to two wider columns, and used larger type and a wide left margin. These changes make the information easier to read.

The purpose of the instructions is to help the taxpayer determine whether he/she is required to file a Form 1040 and, if so, to guide him/her logically through that task. However, the organization of the current tax instructions is at odds with their purpose. They neither begin with, nor flow logically from, the information the taxpayer needs first.

For example, the first page inside the cover of the instructions shows the Earned Income Credit Worksheet. Thus, before the taxpayer is given any information as to whether he should file a return, whether Form 1040 may be the proper return for him to file, or any other general information, he is given a worksheet to use in calculating an entry for line 57 on the Form 1040.

In addition, the instructions do not address the 1040 form line by line. Instead, explanations are scattered, and

sometimes duplicated, throughout the instructions; placed on the form but not in the instructions; duplicated in both; or left out altogether.

For example, the instructions direct the taxpayer to see the optional State sales tax tables for the amount to deduct but give no page number to help the taxpayer find them. The taxpayer must search through the package and even then can easily overlook them. For these and other reasons, our design experts stressed the need to reorganize the instructions to get a better flow and a clearer division of the sections.

Their reorganizations tied the instructions more closely to the form. One designer did this by using large numbers on the form to key its sections to the same large numbers in the instructions. She used smaller numbers to key the lines within the sections. The other designer took a different approach. He used descriptive titles in color to key the sections of the form to the instructions. To separate the sections, they used heavy, colored horizontal lines and greater spacing.

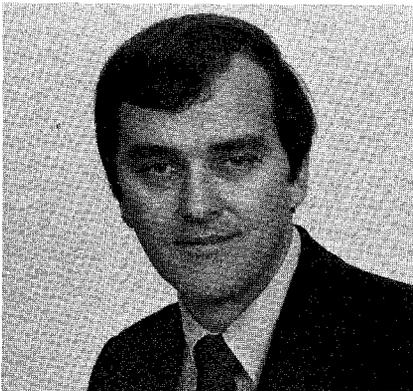
Results Today and Potential for the Future

In the rewritten and redesigned materials, our experts provided clear illustrations of the improvements that could be made. By incorporating these illustrations into the report, we were able to show IRS and the Congress the types of tax materials that could be produced for a relatively small investment. IRS has started a program to bring about major improvements in the design and readability of the tax materials. The chairman and vice-chairman of the requesting Committee endorsed the material presented in the report. Other committees may initiate hearings to oversee IRS' progress and to explore the usability of the approaches to other, nontax materials.



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The Personal Touch: An Effective Way to Obtain Questionnaire Response

At the request of the Comptroller General, a team, comprised of staff from the Community and Economic Development Division (CED) and the Detroit regional office, was assigned to measure the nationwide impact that local government building and land development regulations have on the price of new single-family detached homes. In planning the review work, one of the major problems the team faced was how to minimize the time and cost involved in obtaining data from 87 different communities located in metropolitan areas throughout the country. To visit each community and to speak with the numerous local officials would have involved an estimated 3,000 staff days, staff from nine regional offices, and would have taken about 2 calendar years.

Using Questionnaires

After discussions with the staff of the Financial and General Management Studies Division (FGMS), the team decided questionnaires were the most cost-effective way of gathering the data.

If you have ever used questionnaires on an assignment, you can probably recall the frustration of trying to get questionnaire recipients to respond, the tediousness of sending out followup letters, the question of what to do about nonresponsive or inconsistent answers, the difficulty in stating complicated questions in a simple, understandable way, etc., etc., etc.

The project team, being aware of these problems, looked for a better way. And, we think we found it. By using a *personal touch* we obtained a 100-percent response on three different questionnaires and published the final report in 1 year using only 1,100 staff days.

For two of the three questionnaires, we were able, with the assistance of the FGMS staff, to design simple yes or no and multiple choice questions which could be sent directly to building code and land development officials. To make sure we were sending the questionnaires to the right community offi-

cial—a problem frequently encountered when using this audit technique—we called previously identified building code officials in the selected communities. During the telephone conversations we (1) confirmed that they were the right officials; (2) explained to them, in more detail than normally possible in a transmittal letter, the objectives and approach to our study; and (3) personally asked for their cooperation and assistance. In addition, we asked these officials who was responsible for administering subdivision regulations and zoning ordinances in their community. In some instances it was the individual we were talking to. When it was another community official, we called to ask for assistance.

To follow up the first two questionnaires, we did not use the traditional approach of sending out followup letters. Since we had previously talked to the individuals involved, we again used a direct, personal approach by calling them on the telephone. In many instances, this served as a reminder and we received a completed questionnaire within several days. In other instances, we obtained the official's answers to the questionnaire during the followup call. When we received partially completed questionnaires, we used the same approach; we solicited the needed answers over the telephone.

The third questionnaire, unlike the first two, was too complicated to merely mail out to local officials and expect an adequate response. Instead, we again obtained answers over the telephone.

The third questionnaire was complicated for two reasons. First, we were attempting to obtain data on such things as the typically required size of houses and lots in a community. Under many community zoning plans, different sections of a community have different size requirements. Second, the needed data had to be obtained from more than one official in a community. To assure that we obtained data on the same basis from all communities, for this third questionnaire the team actually devel-

oped a script to ask the questions and developed standard answers to potential questions asked by respondents.

Conclusions

Questionnaires are an effective way to gather a large quantity of data in a short time period and at a minimal cost. But, they must be carefully planned to assure an adequate response. In this instance, our universe was only about 200 different respondents, and the more direct, personal approach proved very successful. The type and quality of data collected was excellent, allowing us to make a comprehensive analysis of the impact of local government regulations on new house prices. Our resulting report to the Congress is entitled, "Why Are New House Prices So High, How Are They Influenced By Government Regulations, And Can Prices Be Reduced?" (CED-78-101, May 11, 1978).

Legislative Developments

Ninety-Fifth Congress

The 95th Congress adjourned *sine die* on Sunday, October 15, 1978, at the conclusion of meetings which had begun the previous day.

It is interesting to observe that of the 633 legislative proposals enacted into law during this Congress, 196, or 27 percent, were signed by the President after the October 15 adjournment date.

A number of the proposals acted upon in the closing days of the Congress relate to the functions and duties of the General Accounting Office. It should be noted that all laws were not available at press time.

Customs Procedural Reform and Simplification Act of 1978

The Customs Procedural Reform and Simplification Act of 1978, Public Law 95-410, October 3, 1978, 92 Stat. 888, includes a requirement that the Comptroller General, in cooperation with the Customs Service of the Department of the Treasury and the Immigration and Naturalization Service of the Department of Justice, study clearance procedures for individuals entering or reentering the United States.

The study is to include an analysis and comparison of the clearance procedures employed by other countries for individuals entering or reentering that country. The study is also to include an analysis of the usefulness of preentry forms completed by travelers when entering or reentering the United States.

The results of the Comptroller General's study, together with recommendations for expediting the clearance process, including recommendations for legislation, are to be reported to the Senate Finance and House Ways and Means Committees not later than September 1, 1979.

Amtrak Improvement Act of 1978

A study of the economic relationship of the National Railroad Passenger Corporation fare structure to the intercity bus industry is a requirement imposed

on the Comptroller General under the provisions of Public Law 95-421, October 5, 1978, 92 Stat. 927, the Amtrak Improvement Act of 1978.

The Comptroller General is to conduct the study in consultation with the Secretary of Transportation and the Interstate Commerce Commission.

Not later than December 31, 1978, the Comptroller General is to report to the Congress the results of the study.

Inspector General Act of 1978

The purpose of the Inspector General Act of 1978 (Public Law 95-452, October 12, 1978, 92 Stat. 1101) is to reorganize the executive branch of the Government and increase its economy and efficiency by establishing Offices of Inspector General within the Departments of Agriculture, Commerce, Housing and Urban Development, Interior, Labor, and Transportation, the Community Services Administration, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, Small Business Administration and Veterans Administration.

In carrying out the duties and responsibilities delineated by the law, each Inspector General is required to comply with standards established by the Comptroller General for audits of Federal establishments, organizations, programs, activities, and functions. They must also take appropriate steps to assure that any work performed by non-Federal auditors also complies with the standards established by the Comptroller General.

The Inspectors General are required to give particular regard to the activities of the Comptroller General with a view toward avoiding duplication and insuring effective coordination and cooperation.

Civil Service Reform Act of 1978

The reform of the civil service laws was a significant legislative accomplishment by the 95th Congress.

The law (Public Law 95-454, October 13, 1978, 92 Stat. 1111) is divided into

nine titles: Title I—Merit System Principles; Title II—Civil Service Functions, Performance Appraisal; Title III—Staffing; Title IV—Senior Executive Service; Title V—Merit Pay; Title VI—Research, Demonstration, and Other Programs; Title VII—Federal Service Labor-Management Relations; Title VIII—Grade and Pay Retention; and Title IX—Miscellaneous.

The responsibilities of the GAO with respect to merit system principles are delineated in a new section 2304 of title 5, United States Code:

- (a) If requested by either House of the Congress (or any committee thereof), or if considered necessary by the Comptroller General, the General Accounting Office shall conduct audits and reviews to assure compliance with the laws, rules, and regulations governing employment in the executive branch and in the competitive service and to assess the effectiveness and soundness of Federal personnel management.
- (b) The General Accounting Office shall prepare and submit an annual report to the President and the Congress on the activities of the Merit Systems Protection Board and the Office of Personnel Management. The report shall include a description of—
 - (1) significant actions taken by the Board to carry out its functions under this title and
 - (2) significant actions of the Office of Personnel Management, including an analysis of whether or not the actions of the Office are in accord with merit system principles and free from prohibited personnel practices.

The provisions of 5 U.S.C. 1205(d)(2) require the Merit Systems Protection Board to certify to the Comptroller General that a compliance order has been issued and no payment should be made out of the Treasury of the United States for any service specified in the order.

The Comptroller General is required to review from time to time on a selected basis agency performance appraisal systems and performance appraisal systems in the Senior Executive Service to determine the extent to which the systems meet the requirements of the law.

Findings are to be periodically reported to the Office of Personnel Management and to the Congress.

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Department of Defense Appropriation Authorization Act, 1979

Public Law 95-485, October 20, 1978, 92 Stat. 1611, Department of Defense Appropriation Authorization Act, 1979, includes a provision that funds authorized by the act to provide relief to contractors in connection with certain contracts for the procurement for the United States of landing helicopter assault vessels (LHA), DD-963 vessels, and SSN688 nuclear attack submarines, and paid by the United States to such contractors, be subject to audit and review by the Comptroller General as he determines necessary to ensure that such funds are used only in connection with the contracts and to ensure that the prime contractors concerned do not realize any total combined profit on the contracts.

There is a prohibition against providing relief to these contractors to the extent that a total combined profit on the contracts would result, as determined by the Comptroller General.

The Comptroller General is to keep the appropriate committees of the Congress currently informed regarding the expenditure of funds and submit to the Congress annually, until the completion of the contracts, a written report on the status of the contracts, on the expenditures of the funds, and on the results of the audits and reviews conducted.

Small Business Programs

Public Law 95-507, October 24, 1978, 92 Stat. 1757, to amend the Small Business Act and the Small Business Investment Act of 1958, requires the GAO to submit to Congress not later than June 30, 1980, a report which, with respect to provisions of paragraphs (1) (B) and (2) of section 8(a) of the Small Business Act regarding procurement contracts and performance bonds, shall evaluate the implementation of the provisions.

The General Accounting Office is to evaluate actions taken by the Administration with respect to the placement of subcontracts by business with small business concerns located in areas of high concentration of unemployed or low-income individuals, with small businesses owned by low-income individuals, and with small businesses eligible to receive contracts pursuant to section 8(a) of the act.

GAO is to report to the Congress by January 1, 1981, and at any time thereafter at the discretion of the Comptroller General, on the findings of this evaluation together with recommendations on actions needed to improve the Administration's performance.

Also, GAO is to provide for an independent and continuing evaluation of the programs under sections 7(i), 7(j), and 8(a) of the Small Business Act, including full information on, and analysis of, the character and impact of managerial assistance provided, the location, income characteristics, and extent to which private resources and skills have been involved in these programs. The evaluation together with any recommendations deemed advisable by the Comptroller General are to be reported to the Congress by January 1, 1981, and at any time thereafter at the discretion of the Comptroller General.

Comptroller General Annuity Adjustment Act of 1978

One of the legislative recommendations made by the Comptroller General became law on October 25, 1978, with the enactment of the Comptroller General Annuity Adjustment Act of 1978, to provide for cost-of-living adjustments in the annuity of a retired Comptroller General, and for other purposes. (Public Law 95-512, 92 Stat. 1799)

The legislation amends the Budget and Accounting Act of 1921 to make this change and certain other changes to conform the Comptroller General annuity benefits with those provided Federal judges.

Ethics in Government Act of 1978

Public Law 95-521, October 26, 1978, 92 Stat. 1824, Ethics in Government Act of 1978, is divided into seven titles, as follows: Title I—Legislative Personnel Financial Disclosure Requirements; Title II—Executive Personnel Financial Disclosure Requirements; Title III—Judicial Personnel Financial Disclosure Requirements; Title IV—Office of Government Ethics; Title V—Post Employment Conflict of Interest; Title VI—Amendments to Title 28, United States Code; and Title VII—Senate Legal Counsel.

Before November 30, 1980, and regularly thereafter, the Comptroller General is to conduct a study to determine

whether title I is being carried out effectively and whether timely and accurate reports are being filed by individuals subject to this title.

Within 30 days after completion of the study, the Comptroller General is to transmit a report to each House of Congress containing a detailed statement of his findings and conclusions, together with his recommendations for such legislative and administrative actions deemed appropriate. The first study is to include the Comptroller General's findings and recommendations on the feasibility and potential need for a requirement that systematic random audits be conducted of financial disclosure reports filed under the title, including a thorough discussion of the type and nature of audits that might be conducted; the personnel and other costs of audits; the value of an audit to Members, the appropriate House and Senate committees, and the public; and, if conducted, whether a governmental or nongovernmental unit should perform the audits, and under whose supervision.

Title II with respect to executive personnel financial disclosure provides the Comptroller General access to financial disclosure reports filed under the title for the purposes of carrying out his statutory responsibilities.

The law establishes an Office of Senate Legal Counsel. The Senate Legal Counsel is required to advise, consult, and cooperate with, among others, the Comptroller General and the General Accounting Office. None of the responsibilities and authority assigned to the Counsel are to be construed to affect or infringe upon any functions, powers, or duties of the Comptroller General.

The General Accounting Office is considered in the legislative branch for financial disclosure purposes.

Housing and Community Development Amendments of 1978

Public Law 95-557, October 31, 1978, 92 Stat. 2080, Housing and Community Development Amendments of 1978, contains at title VI the Neighborhood Reinvestment Corporation Act.

This title establishes a National Neighborhood Reinvestment Corporation to continue the work of the Urban Reinvestment Task Force.

Section 607 provides for audit, at least once every 3 years, by the GAO of the financial transactions of the Corpora-

tion in accordance with rules and regulations prescribed by the Comptroller General.

For any fiscal year during which Federal funds are available to finance any portion of the Corporation's grants or contracts, the General Accounting Office, in accordance with rules and regulations prescribed by the Comptroller General, may audit the grantees or contractors of the Corporation.

Health Maintenance Organization Amendments of 1978

Public Law 95-559, November 1, 1978, 92 Stat. 2131, amends the Public Health Service Act to revise and extend the program of assistance for health maintenance organizations.

A new subsection (d) is added to section 1314 of the Public Health Service Act which requires the Comptroller General to evaluate the adequacy and effectiveness of the policies and procedures of the Secretary of Health, Education, and Welfare for the management of the Health Maintenance Organization grant and loan programs and the adequacy of the amounts of assistance available under the programs.

The results of the evaluation are to be reported to Congress not later than May 1, 1979.

Public Telecommunications Financing Act of 1978

Public Law 95-567, November 2, 1978, 92 Stat. 2405, the Public Telecommunications Financing Act of 1978, relating to long-term financing for the Corporation for Public Broadcasting, amends the Communications Act of 1934 to require that 1 year after the effective date, the Corporation, in consultation with the Comptroller General, will develop accounting principles which shall be used uniformly by all public telecommunications entities receiving funds, taking into account organizational differences among various categories of entities.

Each public communications entity receiving funds is to undergo an annual audit by independent certified or licensed public accountants in accordance with auditing standards developed by the Corporation in consultation with the Comptroller General.

The Public Broadcasting Corporation is also to undertake a study to deter-

mine the manner in which personal services of volunteers should be included in determining the level of non-Federal financial support. The study is to include proposed valuation standards.

Upon completion, the study and the proposed valuation standards are to be submitted to the Comptroller General for approval.

White House Personnel

The purpose of Public Law 95-570, November 2, 1978, 92 Stat. 2445, is to clarify the authority for employment of personnel in the White House Office and the Executive Residence at the White House, and to clarify the authority for employment of personnel by the President to meet unanticipated needs.

With respect to assistance and services for the President and the Vice President the sums appropriated are to be accounted for solely on the certificate of the President and Vice President, except that, with respect to such expenses, the Comptroller General may inspect necessary records relating to any such expenditures solely for the purpose of verifying that all the expenditures related to certain delineated expenses. The Comptroller General is to certify to the Congress the fact of the verification.

Federal Government Pension Plans

Public Law 95-595, November 4, 1978, 92 Stat. 2541, requires that the Comptroller General provide for an audit with respect to pension plans for Federal officers and employees.

The law amends the Budget and Accounting Procedures Act of 1950 to provide for the audit and to require that an annual report, including a financial statement and an actuarial statement, be furnished to the Congress and the Comptroller General with respect to the plans.

Financial Institutions Regulatory and Interest Rate Control Act of 1978

Public Law 95-630, November 10, 1978, 92 Stat. 3641, the Financial Institutions Regulatory and Interest Rate Control Act of 1978, has as its purpose to extend the authority for the flexible regulation of interest rates on deposits and accounts in depository institutions.

The Federal Credit Union Act is

amended to subject the financial transactions of the National Credit Union Administration to audit on a calendar year basis by the General Accounting Office.

Section 117 of the Accounting and Auditing Act of 1950, as amended by the Federal Banking Agency Act (Public Law 95-320), is further amended to provide that the Comptroller General shall make, under such rules and regulation as he may prescribe, audits of the Financial Institutions Examination Council.

The Federal Deposit Insurance Act, amended by the addition of a new section 26 with respect to conversion of mutual savings banks, requires that the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation mutually agree on what is to be treated as "losses incurred by it which arise out of losses incurred by the converting bank prior to conversion," and failing such agreement, the GAO is to prescribe the meaning to those terms.

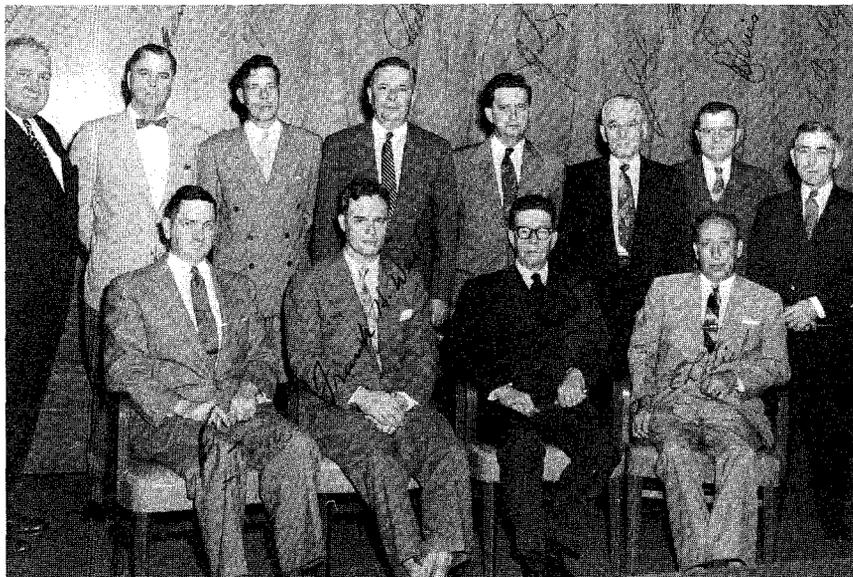
Title XVIII—National Credit Unity Central Liquidity Facility amends the Federal Credit Union Act to establish the Facility and subject it to audit by the Comptroller General under rules and regulations he may prescribe.

Reflections

Twenty-five years ago—even before there was a *STAFF BULLETIN* or a *GAO REVIEW* to report such happenings—Mr. Lindsay C. Warren, Comptroller General, bid farewell to his staff at a meeting on April 29, 1954. A picture of that historic occasion is shown below.

compilation of comments received from 100 members of the GAO staff with suggestions for improvement in the proper and effective use of English.

- Copies of the Code of Ethics for Government Service, which was



Twenty years ago in the *STAFF BULLETIN* (predecessor of *THE GAO REVIEW*), it was reported that:

- The 10th Annual Progress Report under the Joint Program to Improve Accounting in the Federal Government (now called the Joint Financial Management Improvement Program) was released on January 9, 1959, by the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget. A summary of the report was printed in the February 1959 issue of the *STAFF BULLETIN*.
- In the *Los Angeles Times* for November 25, 1958, Raymond Moley, noted columnist, referred to the Comptroller General as "The Most Important of Auditors" and "the best of all who have held the office since it was created 38 years ago." He referred to Mr. Campbell as having gone to the root of the trouble and through some of his reports "has tried to get the barn door locked before the horse has been stolen."
- In answer to a request from the National Council of Teachers of English, GAO sent them a 52-page

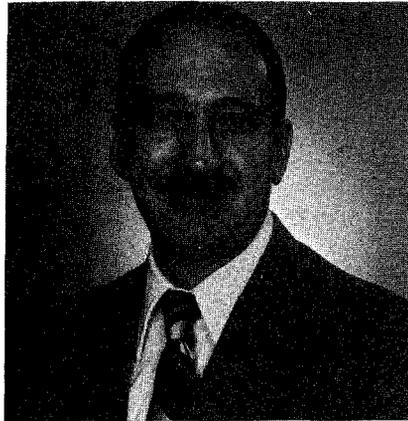
established by House Concurrent Resolution No. 175 of the 85th Congress, were distributed to GAO staff.

- The first of a series of report training courses was given to GAO Washington staff; sessions were later extended to the regional offices.
 - Also the first electronic data processing course for managers was given to upper level staff by the Civil Service Commission, assisted by the Accounting and Auditing Policy Staff of GAO.
 - James D. Martin, director, Office of Program Planning, and Robert J. Ryan, Jr., assistant director, Financial and General Management Studies Division, joined GAO.
 - Werner Grosshans, associate director, Logistics and Communications Division, left for military service from San Francisco regional office.
- And 10 years ago in the Winter 1969 edition of *THE GAO REVIEW*, you'll see that:
- The Comptroller General released a revised statement of basic princi-

ples and concepts for the guidance of Federal agencies in the design and operation of their internal audit systems.

- Comptroller General Staats testified before the Subcommittee on Economy in Government of the Joint Economic Committee on competition in Federal procurement and on contractor profits.
- John P. Gibbons was designated as deputy director of the Claims Division.
- Frank C. Conahan, associate director in International Division, was designated as an assistant director in that division.
- Paul deLassus, now assistant manager of the Dallas regional office, was designated assistant regional manager of New Orleans.
- Fred Dziadek, assistant director in the International Division, joined GAO.
- Edwin C. Eads, assistant director in the International Division, was designated assistant director in, the Defense Division.
- Donald J. Horan, deputy director, Logistics and Communications Division, was appointed as assistant director in the Office of Policy and Special Studies.
- Walter B. Hunter, assistant director in the Community and Economic Development Division, was designated as assistant director in the Civil Division.
- Charles P. McAuley, assistant director in the General Government Division, was designated assistant director in the Civil Division.
- William L. Martino, assistant director in the Community and Economic Development Division, was designated as assistant director in the International Division.
- Robert F. Keller, general counsel, was appointed a member of the Board of Advisers of the National Contract Management Association, a nonprofit organization devoted to the furtherance of education and to the recognition of contract management as a profession.
- Walter C. Hermann, Jr., manager of the Detroit regional office, received an award from the American Institute of Certified Public Accountants for submitting a problem which was used in the November 1968 CPA examination.

GAO Staff Changes



William J. Anderson

William J. Anderson was designated director, Office of Policy, on October 1, 1978. In this position, Mr. Anderson is responsible for policy formulation, guidance, and review of all GAO functions.

Mr. Anderson served in the Army as a Russian linguist from August 1948 to July 1952. He received a B.S. in foreign service in international commerce, cum laude, from Georgetown University, School of Foreign Service, in 1956; a B.S. in business administration, cum laude, from Georgetown University, School of Business Administration, in 1961; and an M.B.A. from the American University in 1966. In 1973, he attended the Executive Development Program at Cornell University.

Before joining GAO, Mr. Anderson worked in public and corporate accounting. Since he joined GAO in 1962, he has had diverse assignments, including responsibilities for audits at the National Aeronautics and Space Administration; U.S. Forest Service; Atomic Energy Commission; the Far East Branch, International Division, in Honolulu; the U.S. Postal Service; associate director in the Manpower and Welfare Division, and in June 1975 he was designated deputy director of the General Government Division. During a part of this period, Mr. Anderson was also a part-time accounting instructor at Montgomery College.

Mr. Anderson is a member of the National Association of Accountants and Association of Government Accountants. He received the GAO Meritorious Service Award in 1967, a superior performance award in 1968, and the Distinguished Service Award in 1975.



Brian P. Crowley

Brian P. Crowley was designated associate director, Federal Personnel and Compensation Division, effective October 30, 1978. In his new capacity, he will be responsible for directing GAO's work on pay and retirement systems for Federal civilian employees and members of the military services, as well as morale, welfare, and recreation programs for Federal employees.

Mr. Crowley has served as the assistant director in charge of the Agriculture audit site in the Community and Economic Development Division since May 1976. Before that, he was in charge of the Environmental Protection Agency audit site.

Mr. Crowley graduated cum laude from Fairfield University, Fairfield, Connecticut, in 1962 and received a B.B.A. in accounting. He is a CPA (Virginia) and a member of the American Institute of Certified Public Accountants, the National Association of Accountants, and the Association of Government Accountants. Mr. Crowley has received the Wall Street Journal Award (1962) for scholastic achievement, the Virginia Society of Certified Public Accountants Gold Medal Award (1964), the GAO Career Development Award (1970), and the GAO Distinguished Service Award (1977).

Mr. Crowley participated in the Civil Service Commission Intergovernmental Affairs Fellowship Program in 1971. He also attended the Senior Executive Education Program at the Federal Executive Institute from April to May 1978.



Daniel F. Stanton

Daniel F. Stanton was designated deputy director of the General Government Division, effective October 10, 1978. Formerly associate director with the General Government Division, his responsibilities included directing the audit and investigative work for law enforcement and criminal justice activities.

Mr. Stanton served in the U.S. Army from 1954 to 1956. He graduated from the University of South Carolina in 1959, receiving a B.S. with a major in accounting. He is a CPA (Virginia) and a member of the American Institute of Certified Public Accountants and the National Association of Accountants.

In 1971 Mr. Stanton attended the Harvard Program for Management Development. He received the GAO Meritorious Service Award in 1967, the Career Development Award in 1971, and the Distinguished Service Award in 1977.



Paul G. Dembling

Mr. Dembling was general counsel of the General Accounting Office from November 17, 1969, to November 3, 1979
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1978, when he joined Schnader, Harrison, Segal, and Lewis as a partner in the Washington office.

Mr. Dembling received his A.B. cum laude and with special honors in economics and his M.A. from Rutgers University where he had served as graduate assistant and teaching fellow. He received his J.D. from George Washington University Law School, serving as an editor of the *Law Review*.

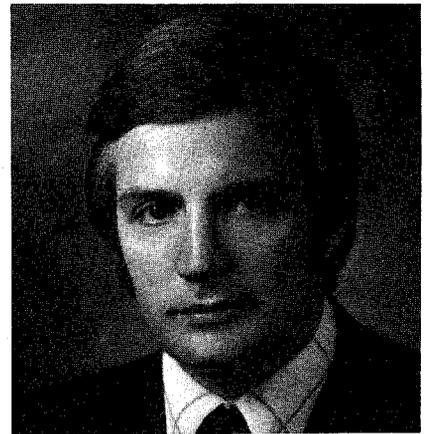
When Mr. Dembling entered the Federal service he occupied various industrial relations positions. Later, he served successively as special counsel, legal advisor, and general counsel with the National Advisory Committee for Aeronautics. In the latter capacity, he was a principal drafter of the Administration bill which became the National Aeronautics and Space Act of 1958.

Upon the formation of NASA, Mr. Dembling was appointed assistant general counsel. In addition, he served as chairman of the NASA Board of Contract Appeals. When he was appointed director, Office of Legislative Affairs, he continued to serve as vice chairman of the NASA Inventions and Contributions Board. From 1963 until 1967, he served as deputy general counsel, when he was named general counsel, occupying that position until September 1969, when he was appointed deputy associate administrator of NASA.

From 1964 to 1969, Mr. Dembling also served as a member of the United States delegation to the U.N. Legal Subcommittee in the drafting of the Outer Space, Astronaut, and Liability Treaties.

He is the recipient of the Army's Civilian Meritorious Award and NASA's highest award, the Distinguished Service Medal, and the National Civil Service League Award. He was elected to the National Academy of Public Administration in 1973.

Mr. Dembling is a member of the District of Columbia bar and of numerous other organizations.



Dennis J. Dugan

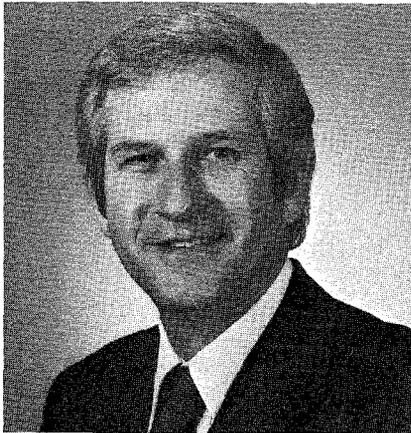
Dennis J. Dugan was designated chief economist of the General Accounting Office and associate director, senior level, of Program Analysis Division, effective September 18, 1978.

Mr. Dugan was formerly chairman of the Department of Economics at the University of Notre Dame. He joined the faculty at the University of Notre Dame in 1966, and had been chairman 3½ years before coming to the General Accounting Office in August 1974. He was also director of Research and Data Analysis on the Gary Income Maintenance Experiment from 1971 to 1973.

In his 8 years at the University of Notre Dame, Mr. Dugan taught undergraduate and graduate courses. His areas of specialization are macro-economics and econometrics. He served as associate chairman and director of the Seminar Program during those 8 years. Mr. Dugan also served on numerous college and university councils and committees.

Mr. Dugan, a Phi Beta Kappa, holds a B.S. in mathematics from Creighton University and a Ph.D. in economics from Brown University where he was a Woodrow Wilson Fellow and a Ford Fellow. In 1968 and 1969, Mr. Dugan was an Economic Policy Fellow at the Brookings Institution in Washington, D.C. He has published numerous articles in the economic literature and has written three books. His research has generally been in the quantitative analysis of human resources.

Mr. Dugan received the GAO Meritorious Service Award in 1975. He is a member of the American Economic Association and the Econometric Society. He is also Adjunct Professor of Public Administration at American University in Washington, D.C.



Milton J. Socolar

Milton J. Socolar was appointed general counsel on November 6, 1978.

Mr. Socolar served in the U.S. Navy from 1943 to 1946. He joined the General Accounting Office in 1952 as an auditor and then transferred to the Office of the General Counsel in 1956. He served in the Paris office of the European branch from 1954 to 1959 and from 1963 to 1964. During 1962 he served as assistant general counsel for the Bureau of Public Roads, Department of Commerce. In 1968 he was designated as a special assistant to the general counsel, and in 1970 he was appointed assistant general counsel for civilian personnel. In 1971 he was appointed deputy general counsel.

In 1950 he received a B.S. in business and public administration from the University of Maryland and an LL.B. degree from The George Washington University in 1954. He is a CPA and is admitted to practice before the District of Columbia Bar, the District Court of Appeals of the District of Columbia, and the Bar of the Supreme Court of the United States.

Mr. Socolar received a Meritorious Service Award in 1961 and the Distinguished Service Award in 1975.

Other Staff Changes

NEW ASSISTANT DIRECTORS

Community and Economic Development Division

John L. Vialet

Energy and Minerals Division

Thomas E. Melloy

Carl J. Myslewicz

Federal Personnel and Compensation Division

Thomas E. Eickmeyer

Terry A. Kremer

Financial and General Management Studies Division

John J. Adair

General Government Division

Howard G. Rhile

NEW SENIOR ATTORNEY

Office of General Counsel

Andrew K. Gallagher

NEW ASSISTANT REGIONAL MANAGER

Washington Regional Office

Robert J. McArter

New Staff Members

The following new professional staff members reported for work during the period August 16, 1978, through November 15, 1978.

Energy and Minerals Division	Killgore, Andrew N.	American University
Federal Personnel and Compensation Division	Pleasure, Alfred B.	Department of the Air Force
Human Resources Division	Gregory, Herbert E. Neel, Phillip E.	Russell Sage College Kansas State University
Logistics and Communications Division	Holmes, Noble L. Huang, Philip J.	University of North Carolina Yale University
Procurement and Systems Acquisition Division	Christiansen, Rodger A. Grant, Carl G.	Utica School of Commerce Howard University
Program Analysis Division	Brunner, Lawrence P. Kopff, Judy G.	Johns Hopkins University Department of Housing and Urban Development
Office of General Counsel	Baskin, Fran F. Kasdan, Alan R. Laverty, Jessica H.	University of Maryland Yale Law School Marshall-Wythe School of Law College
General Services and Controller	Altman, Elnora Burrison, William J. Doyle, Jean M. Moten, Veronica T.	U.S. Secret Service Howard University Bloomfield College Federal City College
Office of Personnel Development and Services	Leland, Richard D. Lewis, Jean R. Martin, Linda R. Thompson, David C.	Department of Navy U.S. Civil Service Commission NASA, Goddard Space Flight Center U.S. Civil Service Commission

REGIONAL OFFICES

Cincinnati

Meadows, Daniel J.

Eastern Kentucky University

Dallas

Ares, Michael D.
McDonald, Gregory J.
Moran, Lisa K.

University of Wisconsin
Portland State University
Mississippi University
for Women

Atlanta

Cooper, Joyce E.
McKinney, Hewitt Q.

Florida State University
Florida State University

Los Angeles

Darche, Svetlana
Yerkes, Elinor R.

University of Los Angeles
University of California

New York

Kogerl, Robert E.

University of Maryland

Philadelphia

Morley, Lorna J.

Department of
Transportation

Seattle

Alleman, Ira T.

Pennsylvania State University

Washington

Flo, Amanda E.
Glick, Jeffrey A.
McPoland, Michael E.

Atlantic Union College
University of Chicago
University of Pittsburgh

Professional Activities

Office of the Comptroller General

The Comptroller General, **Elmer B. Staats**, addressed the following groups:

23rd Annual Conference of the Association of Records Managers and Administrators, "Records Management—A Blueprint for Tomorrow," Washington, D.C., Oct. 9.

Conference on inflation sponsored by Senator Charles H. Percy, "Improving Productivity: An Important Tool in the Control of Inflation," Chicago, Oct. 18.

The Construction Industry Manufacturers Association, "The Work of the Comptroller General and His Assistance to the Congress," Houston, Nov. 10.

Seventh Annual Conference of the American Association of Spanish-Speaking Certified Public Accountants, "Development of Professional Accounting Standards for Grants and Contracts," Las Vegas, Nov. 17.

Financial Accounting Standards Board Public Hearing on "Conceptual Framework for Financial Accounting and Reporting: Objectives of Financial Reporting by Nonbusiness Organizations," Washington, D.C., Oct. 12.

Office of the General Counsel

Paul G. Dembling, general counsel, addressed the following groups:

Procurement and Finance Council of the Aerospace Industries Association on "Current Developments," Boston, Oct. 3.

Semi-annual meeting of General Electric Company lawyers on "Operations of GAO," Oct. 26.

Meeting of all attorneys of the Commerce Department and subsidiary organizations on "The Role of GAO in Federal Government," Oct. 30.

National Assistance Management Association on "Issues and Challenges Facing the Federal Grant and Assistance System," Nov. 1.

Milton J. Socolar, deputy general counsel, addressed:

The American University Washington Semester Program on "The Role of GAO," Sept. 13.

The Department of Transportation Procurement Conference on "The Role of GAO in Federal Procurements," Houston, Nov. 2.

Seymour Efros, assistant general counsel, spoke before the Defense Army Materiel Development and Readiness Command Legal/Acquisition Conference on "Protests Before the Comptroller General," Orlando, Oct. 26.

Robert L. Higgins, assistant general counsel, spoke before the Department of the Navy annual labor relations conference on "The GAO and Arbitration," Stroudsburg, Pa., Sept. 26.

Vincent A. LaBella, deputy assistant general counsel, spoke on "Problems of Davis-Bacon As Seen by the Government," before a Government Contracts Seminar sponsored by Loyola University Law School and Associated Builders and Contractors, Inc. of Louisiana, New Orleans, Nov. 3.

Michael J. Boyle, attorney-advisor, spoke before the Defense Personnel Support Center on "Problems in Formal Advertising," Philadelphia, Oct. 6.

Marilynn M. Eaton, attorney-adviser, spoke on "Mistake in Bid," before the Tactical Air Command working conference, Langley Air Force Base, Hampton, Va., Nov. 8.

Office of Congressional Relations

Martin J. Fitzgerald, director, spoke on the role of the GAO before the Capitol Hill Workshop for the Naval Facilities Engineering Command, Sept. 21, and the Washington Seminar for students of American University, Sept. 27. He participated in a brainstorming session at the Workshop on Congressional Oversight, sponsored by the Congressional Research Service, Dec. 1.

Samuel W. Bowlin, legislative adviser, spoke before the Civil Service Commission's Congressional Operations Seminar for Managers on the role of GAO, Oct. 2.

T. Vincent Griffith, legislative attorney,

spoke on congressional oversight and the operation of GAO before the Capitol Hill Workshop for the Department of Energy, Sept. 13 and participated in the Congressional Research Service's Workshop on Congressional Oversight, Dec. 1.

M. Thomas Hagenstad, legislative adviser, gave talks on the role of GAO before the Civil Service Commission's Institute in the Legislative Function, Sept. 14 and 28, and the Capitol Hill Workshop for the Navy, Oct. 5.

Peter J. McGough, legislative adviser, spoke on GAO's role before the Capitol Hill Workshop for the Army, Sept. 29.

Office of Policy

William J. Anderson, director, addressed the following groups:

Industrial College of the Armed Forces on "Executive Branch Reorganizations—Symptom or Solution?" on Oct. 10. **Hannah Frankel** of General Government Division assisted Mr. Anderson in his presentation.

Civil Service Commission's executive seminar on "GAO's Interest and Involvement in Public Program Management," Oak Ridge, Tenn., Aug. 28.

National Association of Accountants seminar on "Effective Writing and Reporting," Rosslyn, Oct. 25.

Civil Service Commission's executive seminar on "GAO's Role in the Administration of Public Policy," Oak Ridge, Tenn., Nov. 8.

Office of Librarian

Terry Appenzellar, chief, Law Library Section, spoke on "Non-legal Data Bases in the Private Law Library Context: Equipment and Systems," to the American Association of Law Libraries annual conference, in Rochester, N.Y., June 25.

She also gave a demonstration on refining JURIS search strategy to the On-Line User's Group, College Park, Md., Sept. 29.

Marju Parming, chief, Library Services Section, spoke on "Research in Progress: A Case Study of an Information Search at GAO," at the Lockheed Information System's DIALOG Update seminar, Kansas City, June 9.

Community and Economic Development Division

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Frank Subalusky, assistant director, and **Ken Schmidt**, supervisory auditor, spoke on "Unwarranted Delays by the Department of Transportation to Improve Light Truck Safety," before the Industrial College of the Armed Forces, Oct. 6.

Bill Gahr, assistant director, spoke on food data needs at the National Academy of Sciences' Committee on Food Consumption Patterns, Oct. 11.

Jack Brock, food staff management analyst, participated in a seminar of the National Academy of Sciences Food and Nutrition Board Committee on Consumption Statistics, Nov. 8.

Ed Schaefer, food staff agricultural economist, was interviewed on trends in U.S. farm structure by the CBS Radio Network, Nov. 13.

Joseph Maranto, supervisory auditor, is serving as a member on the Interagency Committee reviewing the planning, managing, and reporting course for internal audits to be given at the Interagency Auditor Training Center in Washington, D.C.

Bobby Moore, audit manager, was interviewed on Nov. 20 by Doug Terry and Janet Regan of Capital Broadcast News concerning our recent report entitled "Federal Management Weaknesses Cry Out for Alternatives to Deliver Programs and Services to Indians to Improve Their Quality of Life," (CED-78-166, Oct. 31, 1978).

Energy and Minerals Division

J. Dexter Peach, director, addressed the following groups:

The Offshore Oil Conference of the Energy Bureau, Inc., on "GAO and the OCS," Dallas, Nov. 3.

The Colorado Banker-CPA conference on "The Implications of Federal Energy Activities for the Rocky Mountain Area," Denver, Nov. 15.

Douglas L. McCullough, deputy director, addressed the International Research Center for Energy and Economic Development, University of Colorado, on "Energy in the 1980s: Conflict or Cooperation," Oct. 16.

James Duffus III, assistant director, addressed the following:

Capitol Hill Workshop for Nuclear Regulatory Commission executives on the role of the General Accounting Office as a congressional oversight agency, Sept. 22.

American Association for the Advancement of Science Congressional Science Fellows on GAO's role in the energy area, Sept. 13.

Financial and General Management Studies Division

Donald L. Scantlebury, director:

Spoke on computer fraud at the Southeastern Intergovernmental Audit Forum, Louisville, Ky., Sept. 29.

Spoke on "Financial Management in the Public Sector" at Columbia University, New York, Oct. 16.

Spoke on "Current Development in Audit Standards" at the AGA-MFOA Conference on Emerging Issues, Detroit, Oct. 31.

Harold L. Stugart, deputy director, spoke on GAO and its work in the Department of the Army and other agencies, before the graduating class of the Army Inspector General orientation course, Nov. 1.

Walter Anderson, associate director:

Spoke on "The Future of Computers As Seen From the Year 1954" at a conference on Computer Reminiscences '54, sponsored by the Smithsonian Institution, Washington, D.C., Oct. 23. Participated as a panelist in the session on ADP Applications and Data Files at the National Bureau of Standards workshop on Audit and Evaluation of Computer Security II, Miami Beach, Nov. 27-30.

Kenneth Pollock, assistant director:

Spoke on "Controls in Development of Computer Systems," at the Association of Department of Energy's System Designers, Operators and Programmers conference, Las Vegas, Oct. 17.

Participated in a CICA-sponsored symposium on "Computers and Auditing," Toronto, Nov. 6-8.

Spoke to the Federal Audit Executives Council's Subcommittee on ADP auditing at a special meeting in Washington on the impact of OMB Circular A-71, Transmittal Memo No. 1, on agency audit work, Nov. 5.

Was a panelist in the workshop session in Managerial and Organizational Vulnerabilities at the National Bureau of Standards second workshop on computer system vulnerability and controls, Miami Beach, Nov. 28-30.

Professional Activities

George L. Egan, Jr., assistant director:

Spoke on "Financial Audits of Federally Assisted Programs," at the Association of Government Accountants Seminar, Hawaii Chapter, Sept. 28 and 29.

Spoke to the Atlanta chapter of the Association of Governmental Accountants on "Current Status of the Inspector General Bill—H.R. 8588," Atlanta, Sept. 21.

Conducted two 1-day seminars on "Financial Economy and Efficiency, and Program Results Audit Guidelines." This seminar was sponsored by the Association of Government Accountants in cooperation with the University of Hawaii College of Continuing Education and Community Service, Honolulu, Sept. 28.

Spoke to the Maryland Association of Certified Public Accountants, on "Federally Assisted Programs—Role of the Public Accountant," Silver Spring, Oct. 12.

James R. Watts, assistant director:

Participated on a panel entitled "ADP Standards—Issues and Answers," at the Federal Computer Conference in Washington, D.C., sponsored by *Datamation* magazine and Federal Education Programs, Inc., Nov. 8.

Spoke on "ADP Standards and Long-Range Planning," at a seminar for the Navy's Steering Committee for ADP Users in Washington, D.C., Nov. 30.

George Sotos, assistant director, participated in a panel discussion on "Policy and Organization," at the Federal Computer Conference in Washington. He spoke on "Factors Influencing the Organization Structure for ADP," Nov. 8.

Earl Wysong, assistant director, made a presentation on "Anticipated Changes in Payroll Systems Requirements," at the Military Services Annual Commanders Conference Information Exchange Program in Indianapolis, Oct. 17. Later that day he addressed the AGA Chapter in Kansas City on "GAO's Systems Approval Function."

John J. Cronin, Jr., assistant director, spoke on GAO's role in Federal Cash Management at the Federal Cash Management Seminar, sponsored by the Joint Financial Management Improvement Program and the Association of Government Accountants, Oct. 18, Washington, D.C., and at the National Association of State Auditors,

Comptrollers, and Treasurers, New Orleans, Nov. 14.

Robert J. Ryan, assistant director:

Served as Program Chairman for an AGA/MFOA conference on Emerging Issues—Government Accounting and Auditing, in Detroit, Oct. 30-31.

Served as an instructor for a group of 45 accountants and auditors in Puerto Rico, Nov. 6-7.

W.A. Broadus, Jr., assistant director, presented testimony before the State Board of Accountancy of Kentucky on a proposed amendment to regulations on granting CPA certificates, Louisville, Oct. 6.

Herbert R. Martinson, assistant director, presented a paper entitled "The Use of Economic Analysis Techniques in Support of Congressional Decisionmaking," at the Joint National Meeting of the Operations Research Society of America and the Institute of Management, Los Angeles, Nov. 15.

Otis C. Luttrell, supervisory auditor, spoke on GAO and its relations with the Army Inspector General staff at Army Inspector General Orientation Courses, Oct. 6 and Nov. 17.

Tom O'Connor, supervisory auditor, spoke on financial accounting and reporting by regulated industries to the Inter-Regulatory Accounting Committee at the Brookings Institute, Sept. 19.

James F. Loschiavo, supervisory mathematician, spoke on "Identifying and Serving the Total Needs of Older Americans in the Community," at the Annual Gerontological Society Scientific Meeting, Dallas, Nov. 20.

William C. Kennedy, supervisory systems accountant, was appointed Chairman of the Association of Government Accountant's National Research Board. The Board published an independent research study on Zero Base Budgeting which was reviewed by the *Washington Post*, Aug. 7.

Theodore F. Gonter, computer systems analyst:

Has been appointed project manager of the Auditing Project of SHARE Inc., an IBM users group.

Was Chairman for six sessions sponsored by the Auditing Project of SHARE Inc., and IBM users group, at the SHARE 51.0 Conference in Boston, Aug. 20-25.

Charles M. Davidson, computer systems analyst, presented the results of

GAO's study of five computer centers in a workshop sponsored by the Institute for Software Engineering in Washington, D.C., Aug. 28-30.

Richard E. Nygaard, audit manager, spoke on GAO and its work in the Department of the Army and other agencies, before the graduating class of the Army Inspector General Orientation Course, Oct. 19.

Peter J. Lemonias, management auditor:

Spoke on the use of productivity in the budget process at the Air Force Productivity Conference, Alexandria, Oct. 3.

Spoke on "Public Sector Productivity," before the Northern Virginia Chapter, American Society for Public Administration, Fairfax, Oct. 11.

Venkareddy Chennareddy, economist:

Presented a paper entitled "The Dynamics of Demand Response: An Econometric Application to Monthly Loan Volume of Various Commodities Pledged to the Commodity Credit Corporation of U.S. Government," at the annual conference of the Atlantic Economic Society, Washington, D.C., Oct. 11-14.

Steven Merritt, audit manager, chaired the panel session on Software Conversion at the Federal Computer Conference, Washington, D.C., Nov. 9.

Nelson L. Miller, audit manager, participated in a Management Workshop on Operations at the Federal Computer Conference, Washington, D.C., Nov. 7-9.

Joint Financial Management Improvement Program

Susumu Uyeda, executive director:

Spoke on "What's New in Financial Management in the Federal Government," before the meeting of the New England Region of the American Accountants Association at Boston College, Sept. 16.

Gave a presentation before the 23rd Department of Defense Commanders' Conference on Information Exchange Program, in Indianapolis. He spoke on the role of JFMIP and how the Department of Defense can participate in a Government-wide financial management improvement program, Oct. 17.

Gave a presentation on JFMIP to the Foreign Student Service Council's International Leadership Seminar, Washington, D.C., Nov. 17.

Was appointed to the Editorial Board of the *Government Accountants' Journal* published by the Association of Government Accountants, and the *Bureaucrat* published by the Washington chapter of the American Society of Public Administration.

Doris Chew, accountant on assignment to JFMIP from Treasury, gave a presentation on role of JFMIP, at the Regional Workshop on Cash Management—Letters of Credit, Boston, Sept. 14.

Al Kitchen, accountant, on assignment to JFMIP from Civil Service Commission:

Gave a presentation on the role of JFMIP, at the Regional Workshop on Cash Management—Letters of Credit, Atlanta, Nov. 16.

Gave a presentation on the role of the JFMIP, at the Intergovernmental Financial Management Forum sponsored by the Washington Council of Governments, JFMIP, and the Association of Government Accountants, Washington, D.C., Nov. 20.

General Government Division

Richard B. Groskin, supervisory program analyst, gave a presentation on the status and role of program evaluation in crime and criminal justice problem-solving at the American Society of Criminology, Dallas, Nov. 8-12.

Arnold Jones, associate director, spoke on GAO perspectives on Federal recordkeeping and reporting requirements in 1979 before the first annual meeting of the Business Advisory Council on Federal Reports, Nov. 16.

Arnold Jones, associate director, spoke on GAO perspectives on Federal recordkeeping and reporting requirements in 1979 before the first annual meeting of the Business Advisory Council on Federal Reports, Nov. 16.

Despo Kambanides, management auditor, director of membership acquisition of the National Association of Accountants, spoke to a group of new members at an orientation luncheon, Nov. 16.

Glenn D. Klakring, management auditor, was admitted to the Maryland Bar in Nov.

Paul Posner, program analyst:

Participated in two panels at the April 1978 National Conference of the American Society of Public Administration in Phoenix.

Spoke on "Proposition 13 and the Federal Grants System," at a national conference on Proposition 13 and its consequences for Public Management, Washington, D.C., Sept. 15.

Bill W. Thurman, assistant director, spoke on GAO's current interest in intergovernmental matters at the Washington Council of Governments, Joint Financial Management Improvement Program, Nov. 20.

John Kosinski, supervisor auditor, and **Gene Dodaro**, management analyst, spoke on GAO's approach in auditing antirecession fiscal assistance and the impact of the program on State and local governments, before the Industrial College of the Armed Forces, Oct. 6.

John Ols, assistant director, and **Jerry Stankosky**, supervisory auditor, participated in two seminars on GAO's role in program auditing at the Industrial College of the Armed Forces, Oct. 6. GAO's Report, "Federal Agencies Can, and Should, Do More to Combat Fraud in Government Programs," was used as a case study.

Human Resources Division

Gregory J. Ahart, director, addressed the conference for business executives on Federal Government operations conducted by the Brookings Institution at the General Accounting Office, on the subject, "Functions of the General Accounting Office," Sept. 25.

Matthew R. Solomon, assistant director, discussed Federal auditing procedures, practices, and objectives at the 12th annual meeting of the Society of Research Administrators, Boston, Nov. 8.

E. Herbert Dantzer, supervisory auditor, spoke on the role of GAO in auditing Federally funded grantee activities at the 2nd annual conference of General Clinical Research Center Administrative Coordinators, San Antonio, Sept. 22.

Dean T. Scott, supervisory auditor, spoke on:

"Colleges and Universities Need to Use Equipment Inventories and Screening Procedures to Justify Research Equipment Purchases and Optimize Its Shared Use," and participated in a panel discussion at the 20th

annual meeting of the National Council of University Research Administrators, Washington, D.C., Nov. 10.

The same topic before the Council on Research Policy and Graduate Education at the annual convention of the National Association of State Universities and Land Grant Colleges in St. Louis, Nov. 13.

International Division

James A. Duff, associate director, was a speaker at the Conference on Accounting Education Needs in Developing Countries sponsored by the Florida International University in Miami, Nov. 3.

Frank M. Zappacosta, assistant director, and the U.S. representative on the Board of External Auditors of the Organization of American States, was elected Chairman of the Board at its September 1978 meeting.

Logistics and Communications Division

John Cramsey, supervisory management auditor, and **Tyrone Mason**, management analyst, spoke on GAO's reviews of Defense transportation activities before the Defense Traffic Management Course, U.S. Army Transportation School, Fort Eustis, Va., Sept. 21.

Charles R. Comfort, assistant director, presented a briefing on GAO's involvement in strategic mobility analyses at the Mobility Analysts Conference, Nov. 14. Mr. Comfort was assisted by **Paul Math**, assistant director; **Paul O'Brien**, supervisory management auditor; **Robert Eurich**, audit manager, Washington regional office, and **George Breen**, operations research analyst, Procurement and Systems Acquisition Division.

Donald L. Eirich, associate director, headed a panel consisting of four experts on the subject of Data Security and Privacy Legislation. This was at the 10th annual conference of the Society for Management Information Systems, Washington, D.C., Sept. 19. **Robert G. McKenzie**, supervisory auditor, was one of the panelists.

Mr. Eirich also spoke at the American Institute of Industrial Engineers Government/Industry Conference on "Possible Future Changes in Federal ADP Procurements," Washington, D.C., June 28.

Procurement and Systems Acquisition Division

Walton H. Sheley, Jr., deputy director, spoke on "GAO's Views on DOD Studies and Tests," at the U.S. Army's 17th Annual Operations Research Symposium, Fort Lee, Va., Nov. 9.

Donald E. Day, associate director:

Met with senior executives participating in the Brookings Institution's Conference for Business Executives on Federal Government Operations to discuss the functions of GAO, Sept. 11.

Spoke on "The Role of GAO in Major Acquisitions," at the Navy Systems Acquisition Management School, Washington, D.C., Sept. 22 and Oct. 27; and the Defense Systems Management College, Fort Belvoir, Va., Sept. 27, Oct. 18, and Nov. 6.

Andrew B. McConnell, associate director, spoke on "Contracting Out," before classes at the Industrial College of the Armed Forces, Washington, D.C., Sept. 12.

Felix E. Asby, assistant director, spoke and participated in a panel discussion on "GAO Views on Design-to-Cost," at the American Institute of Industrial Engineers, Washington, D.C., Oct. 30-31.

John M. Bishop, management auditor, has been recognized as a Chartered Bank Auditor by the Bank Administration Institute, the Nation's research and educational organization for the banking industry. He was one of 81 auditors to qualify for the CBA designation this year.

Field Operations Division

Atlanta

Marvin Colbs, regional manager, spoke on GAO-DOD relationships at the Air University Controller Course, Maxwell Air Force Base, Ala., Aug. 28.

Mario Artesiano, Hispanic employment coordinator, assisted in organizing a fiesta celebrating Hispanic Week and promoted the event on a local Hispanic television show, Sept. 10-16.

Boston

Fred Layton, regional manager:

Participated in a meeting of the AICPA Advisory Committee on Government and Industry, Phoenix,

Apr. 21.

Chaired the New England Intergovernmental Audit Forum meeting, Northampton, Mass., June 15-16.

Served as a panelist in the workshop entitled "Audit Guides for Federal Grant Programs," at the annual Association of Government Accountants National Symposium, San Francisco, June 26-28.

Represented the AGA National Awards Committee at the Awards Banquet, June 28.

Is President-elect of the Boston Chapter of the AGA.

Nick Carbone, assistant regional manager, spoke to the Connecticut Society of Governmental Accountants on GAO functions, Sept. 22.

Lou Lucas, assistant regional manager, spoke to:

The journalism class at Boston University on the roles of GAO and its relationships with other Government agencies and the news media, Sept. 1.

The sociology class at Northeastern University, Sept. 25.

The accounting class at Worcester State University on program auditing by GAO, Nov. 2.

Al Vieira, supervisory auditor, recently received a New England Intergovernmental Audit Forum award for helping develop economy and efficiency guidelines to be issued by GAO and for developing and conducting a series of seminars on audits of financial operations.

Susan Nason, employee development specialist, spoke on "Working for the Federal Government," at Newbury Junior College, Boston, Mar. 28; and moderated a panel discussion on Federal part-time employment at the Boston Federal Executive Board's annual EEO conference, Sept. 13-15.

Chicago

Bill Schad, assistant regional manager:

Was appointed to the Public Management Advisory Council, Graduate School of Management, Northwestern University, June 9.

Addressed the Midwestern Intergovernmental Forum on "Peer Review by the Forum," Bloomington, Minn., Oct. 2.

Addressed the Joint Conference of the Association of Government Accountants and Municipal Finance Officers Association on "Peer Review/

Accreditation—It's Overdue!" Detroit, Oct. 31.

Clem Preiwisch, audit manager, presented a workshop on "Evaluating Purchasing Systems," at the 33rd annual conference and products exhibition of the National Institute of Governmental Purchasing, Toronto, Oct. 17.

Ken Boehne, supervisory auditor, represented GAO at a meeting of the advisers to the Public Management Program, Northwestern University, Oct. 10.

Frank Comito, supervisory auditor, represented GAO at career day ceremonies, Benito Juarez High School, Chicago, Oct. 17.

Cecile Lissner, supervisory auditor, discussed "The Role and Responsibilities of GAO," at the Northwestern University Graduate School of Management, Nov. 2.

Cincinnati

Dan Loesch, professional development coordinator, and **Perry Adair**, management auditor, spoke on opportunities for GAO employment before the Central Cincinnati Chapter of Federally Employed Women, Oct. 7.

Dallas

David W. Irwin, supervisory auditor, spoke on "Computer Fraud," at a Federal Highway Administration sponsored State/Federal financial management conference at Hot Springs, Ark., Oct. 3.

J.J. Jodon, assistant regional manager, spoke on GAO functions and activities to students and faculty of the Public Administration and Political Science Departments, Stephen F. Austin State University, Nacogdoches, Tex., Oct. 19.

Francis Langlinais, supervisory auditor, instructed a one-day workshop entitled, "Auditing in an ADP Environment," in Denver, presented jointly by the AGA and the American Society of Military Comptrollers, Oct. 27.

Denver

Craig D. Richards, auditor, spoke on "The Role of GAO at the Aerospace Defense Command," to a class of U.S. and Greek officers of the U.S. Air Force Comptroller Staff Officer School, Oct. 12.

Duane A. Duffy, auditor, has been designated to represent the Denver regional office as a member of the 1978-

79 Steering Committee for the Career Education Center of the Denver Public Schools. The Committee is responsible for suggesting and participating in activities designed to assist the high school student in deciding upon a career in the accounting field.

Robert L. Thames, auditor, has been appointed to the Board of Directors of the University of Denver's Alumni Association and the Advisory Council of the University of Denver School of Accountancy. The Alumni Association's Board of Directors governs the Association and advises the University on all aspects of operating its 8,500 students. The Advisory Council advises the School of Accountancy on the need for developing accounting related programs in the University's curriculum.

Detroit

William Laurie, audit manager, spoke on the methodology used in GAO's review on the impact of Federal programs on the elderly, at a conference of The Gerontological Society in Dallas, Nov. 17-21.

Patrick Iler, supervisory auditor, spoke on Federal programs impact on the elderly before the Jewish Community Federation of Cleveland sponsored meeting of Social Service agencies, Oct. 26.

Chester A. Sipssock, supervisory auditor, and president of the Detroit Chapter of AGA, was program coordinator for a 2-day series of conferences on Emerging Issues in Government Accounting and Auditing, Detroit, Oct. 30-31.

Theodore F. Boyden, **Frank G. Farkas**, **Egbert C. Henry**, **Chester A. Sipssock**, **Robert M. Blackwell**, and **Melvin G. McCombs** were instructors in a 16-session, 8-week course on Financial Management for Minority Business people. The course was cosponsored by the Office of Minority Business Enterprise and the Detroit chapter of AGA.

Michael J. Ross, Jr., Hispanic program coordinator, spoke on Hispanic Employment Program Activities at the annual Detroit EEO seminar for agency heads and supervisors and received a Federal Executive Board achievement award for his work in improving the recruiting process for Hispanics, Sept. 18.

Robert M. Blackwell, management auditor, was admitted to Michigan Bar Association, Nov. 8.

Kansas City

David A. Hanna, regional manager, GAO Review/Winter 1979

led a discussion on the relationship of the Inspector General Bills' concepts and purposes to internal auditing concepts at the AGA Mid-Missouri Financial Management Workshop, Nov. 9.

Los Angeles

Donald H. Friedman, supervisory auditor, discussed GAO's review of residential insulation programs before the National Institute of Building Sciences Task Force on Insulation, Washington, D.C., Sept. 13.

Frederick Gallegos, management analyst, served as leader of a seminar jointly sponsored by the International Association for Systems Management and California State University—Fullerton, on "Auditing and the Computer," July 20. Mr. Gallegos has also been selected for the Marquis' 21st Edition of *Who's Who in Finance and Industry*, and is teaching Advanced Fortran Programming at California State Polytechnic University.

Victor Ell, audit manager:

Presented a workshop entitled "Health Systems Planning: Can the Auditor Help?" at the AGA 27th national symposium, San Francisco, June 27.

Spoke to the Pasadena Exchange Club on "GAO, the Public Watchdog," Sept. 13.

Presented a workshop entitled "Management Evaluation and Control of Government Programs," during the 10th annual Professional Education Program at California State University, Los Angeles, Sept. 30.

Spoke as a panel member on careers and accounting at UCLA Graduate School of Management, Oct. 19.

New York

James Van Blarcom, supervisory management auditor, spoke on "Governmental Career Opportunities in Accounting," to the Accounting Club of Fairleigh Dickinson University, Teaneck, N.J., Mar. 29.

Hodge Herry, management auditor, and **William Paller**, coordinator staff development activities, spoke on career opportunities for co-op students in GAO during a workshop for cooperative education students at Medgar Evers College, Brooklyn, N.Y., Apr. 5.

Lawrence Bonanni and **Eduardo Escobar**, management auditors, par-

ticipated in a bilingual career day sponsored by the Federal Executive Board, at Hostos Community College, Bronx, N.Y., Apr. 19.

George Cullen, management auditor, and **William Paller**, coordinator, staff development activities, participated in a Federal career day at Brooklyn College, Brooklyn, N.Y., Apr. 12.

Austin Acocella, management auditor, spoke on "The Nature of Program Evaluation in the GAO," before State University of New York graduate students at Stony Brook, N.Y., May 9.

Joseph Mladinich, management auditor, spoke on the work of GAO during a forum at the Columbia University Graduate School of Business, New York, July 31.

Mary Lee Danaher, management auditor:

Spoke on "Governmental Accounting—Its Advantages and Disadvantages," and served as a panelist at a conference on accounting career opportunities at Long Island University, C.W. Post Center, Greenvale, N.Y., Sept. 20.

Participated in a career day at the College of Mt. St. Vincent, Riverdale, N.Y., Nov. 8.

Edward Hefferon, supervisory management auditor, spoke on "Opportunities Before the Staten Island Chapter of the New York State Society of Certified Public Accountants," Nov. 15.

San Francisco

Charles Vincent, assistant regional manager, spoke on "Operational Auditing," at the 38th Joint Annual Meeting of the Women's CPA Society and Society of Women Accountants in San Francisco, Oct. 20. Mr. Vincent also spoke to the Delta Omicron Chapter Delta Sigma Pi on the subject of "Career Opportunity in the Federal Government," Nov. 9.

Larry J. Calhoun, supervisory auditor spoke on "An Introduction to GAO," and "Recent Military Oriented Audits," to the American Society of Military Comptrollers, Northern California Chapter, Travis Air Force Base, Sept. 20.

Jeff Eichner, supervisory auditor, was a panelist on a business career forum, at the University of California, Berkeley, Nov. 6.

Toby L. Jarman, supervisory management auditor, spoke on "Revenue

Professional Activities

Sharing and Its Impact on State and Local Auditing," at the Southeastern Intergovernmental Audit Forum, Louisville, Sept. 28.

Seattle

Marvin F. Case, supervisory management auditor, and **Steven J. Jue**, management auditor, presented a workshop on team building for higher productivity at the 1st annual symposium of the Seattle chapter, Association of Government Accountants, Oct. 27. This workshop, and others recently presented on the same subject, resulted from an article on team building written by Mr. Case and published in the Fall 1977 *GAO Review*.

Gary L. Tomlinson and **Chris S. Herndobler**, management auditors, briefed participants attending the annual conference of the National Association of Rehabilitation Officers on GAO's review of HUD-sponsored programs for rehabilitating low-income urban housing, Seattle, Oct. 7.

Bookmark

Dragons at the Gate by Robert L. Duncan

It is not often that works of fiction receive book reviews on the pages of this magazine. Probably because it is not very frequent that novels are devoted to such esoteric subjects as government auditing, much less feature a character who earns his living as an employee of the U.S. General Accounting Office.

In case you had not realized it, such a book does exist, and it is the subject of this review. But a few words of precaution are necessary: (1) GAO is by no means the main element of plot or characterization in this novel; (2) as in most contemporary works of fiction, the language contained in this book will not be found in any generally accepted accounting dictionary. In other words, when this book is released as a motion picture, do not be surprised if it receives an "R" rating.

Harry Calder is a 45-year old graduate of the Harvard Business School, whose 18-year career with GAO was preceded by post-World War II service in the Allied Powers' financial section. Calder is going through what is commonly referred to as a "mid-life crisis," drinking and womanizing too much for his own health. GAO has stationed him in Tokyo, Japan, to monitor the progress of the U.S. participation in the General Agreement on Trade and Tariff (GATT) negotiations. In addition, Calder is an undercover intelligence agent for the Central Intelligence Agency, a career which also has extended since World War II.

Other characters in the novel who encounter Calder are anxious to connect his two professional roles and remark on perceived similarities between spying and auditing. The most obvious likeness, which ensures Calder's success as an intelligence agent, is the ability to establish an audit trail between individuals and financial transactions. In spite of this professional identity, it is doubtful whether many of the conversations in the book would occur in either the world of the CIA undercover agent or in the life of a GAO auditor. Upon confronting the blackmailed chief U.S. negotiator for the GATT talks, Calder blurts out, "We've known each other too long to be tactful. I'm not with the General Accounting Office. I never have been. I'm with Central Intelligence."

Since both auditors and spies rely on eliciting information from others in their trade, it is somewhat difficult to imagine a professional from either occupation engaging in such melodrama.

In addition to blackmail, the GATT talks, and a Tokyo locale, this fast-moving novel includes a hunt for missing Japanese World War II gold and an eventual double-cross of Calder. Slight technical difficulties surround the use of GAO in these latter plot dimensions, but it is nothing that is not covered by artistic license. At one point, the CIA must disown Calder and he is reminded that he cannot "blow the whistle" on them, because his paychecks for the last 18 years have—unfortunately for this review—come from the "Government Accounting Office." After all, it's only a novel.

Jeffrey L. Jacobs
*Office of Comptroller
General*

Reporting on GAO Alumni . . .

The editorial staff of *The GAO Review* would like to make this column a continuing feature. We can only do it with your cooperation. If you are a GAO alumni, please write and tell us what you are doing, where you are living, etc. If you know of any interesting news about GAO alumni, please tell us. We need your help!

One of the first bits of news we heard was about **Oye Stovall** (former director of our International Division) and **Stan Hargey** (formerly of the Office of Staff Management) and their wives, who enjoyed a 17-day tour through England, Ireland, Scotland, and Wales. Others on the same trip were **Virginia Morse** (wife of the late **Ellsworth H. Morse**, who was Assistant Comptroller General) and **Otis D. McDowell**, assistant director in the General Government Division.

Troy McCurdy, formerly of the Civil Accounting and Auditing Division, dropped by the office to say hello the other day. He is now retired and living in Walnut Creek (near San Francisco).

Sad news from Pompano Beach, Florida. **Gary Campbell**, former head of the Postal Accounts Division when it was located in Asheville, N.C., and later of the Postal Audit Division, died October 25. After he left GAO, Mr. Campbell became head of the Internal Revenue Service for the State of Indiana. When he retired from IRS, he entered politics and was elected Mayor of Pompano Beach for a couple of terms. Gary will be missed.

Ted Westfall, former Director of Audits, serves as a consultant for International Telephone and Telegraph Co., and as chairman of the Board of the Executive Committee of the General Exploration Co., a developer of coal products. He and his wife reside in Tiverton, R.I., and Delray Beach, Fla.

Gordon Delk, former assistant director in the Corporation Audits Division, retired from the Internal Revenue Service and is now living in Punta Gordon, Fla.

Roy Gerhart, former associate direc-

tor in the Civil Division, has a condominium in Clearwater, Fla., and stays busy part of the time playing his favorite game of golf.

Tom Sullivan, former Assistant Comptroller General, and **Jim Rogus**, former manager of our Philadelphia regional office, had very interesting assignments this year with the Indonesian Government (under the sponsorship of the International Executive Service Corps). We understand they were of great assistance to the Indonesian Government in helping them in their program for improving their capability in financial and management auditing.

John Thornton, former director of the Field Operations Division, is enjoying his retirement in Los Angeles; two of his assistant directors—**Clyde Merrill**, who was also a very effective *GAO Review* liaison representative, is living in McLean, Va., and **Ray Bandy** is in the Majestic Towers Retirement Community in St. Petersburg, Fla.

Philip Charam, former deputy director of the old Resources and Economic Development Division (now Community and Economic Development Division), spends most of his retirement time in the Washington area; but enjoys the winter down in Miami. He was by to have lunch with some of his former colleagues before leaving for Florida.



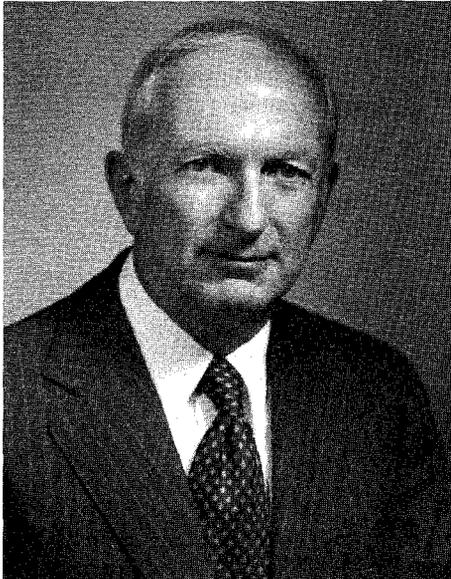
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