



THE GAO REVIEW

SPRING 1974

Capitol of the United States—1860



With the addition of Senate and House wings to the original Capitol Building in the 1850s, a new dome became necessary to give the building a balanced appearance. Construction of a new dome was begun in 1856 and was completed during the Civil War. Above picture shows status of the new dome in September 1860.

President Lincoln had been criticized for continuing work on the Capitol when men and money were needed for the war. However, he considered that the moral effect of such work was good. He said "If people see the Capitol going on, it is a sign we intend the Union shall go on."

Final construction step was in December 1863 when the statue of Armed Freedom was hoisted into place. There were no speeches. The only ceremony was a 35-gun salute—for each State, including those which had seceded from the Union.



ontents

A Partnership Method for Project Management RICHARD L. FOGEL, EDGAR L. HESSEK, AND HERBERT R. MARTINSON	1
Federal R&D Programs To Achieve Water Quality Goals ROY J. KIRK	7
Art of Dictation MARY ANNA CULKIN AND GREGORY LOW	15
Package, Package, Who Has the Package? GARY F. CLARK	19
Revenue Sharing and the General Accounting Office ALBERT M. HAIR, JR.	30
Applying a Systems Approach to Payroll Auditing JAMES C. PRIMM AND A. RICHARD SMITH	35
Labor Standards and Federal Procurement— the Comptroller General's Role RONALD BERGER	39
The President's Executive Interchange Program FRANCIS X. FEE	48
A Year With a Major Oil Company During the Energy Crunch THOMAS F. O'CONNOR	54
In the Backyard of Congress BERNARD A. BRADY	59
A Fed Works and Learns at City Hall TALMAGE E. COX	70
Rockefeller Service Awards	74
The Watchdog Reports	79

News and Notes

The Old Alaska Guide	83
GAO Organizational Changes	83
Progress in Improving Department of Defense Accounting	84
Objective—Energy Independence	85
GAO Audit Saves Lives	86
Bid Protest Comment	86
GAO Assistance to Architect of the Capitol	87
GAO Use of Agriculture Inspector General Reports ..	87
Goal Setting in Educating Indians	87
Benefits of Cost Accounting Standards	88
Secretary of Defense Views GAO Reports	89
International Journal of Government Auditing ..	89
JFMIP Awards	90
Textbook on Accounting for Public Administration ..	91
Controlling Meetings	91
Note From Sweden	91
GAO Assistance to General Assembly of Virginia ..	92
GAO Annual Report for 1973	92
Tom Gallagher Dies	93
U.S. Postal Service—Some 1973 Facts	94
Hearings and Legislation	95
GAO Staff Changes	99
Professional Activities	106
New Staff Members	116
Readings of Interest	
The Time Trap	119
Manpower Policy: Perspectives and Prospects ..	120
Readers' Comments	122

A Partnership Method for Project Management

How one management technique resulted in effective completion of a large, complex audit.

Timely reporting and management flexibility go hand in hand. The nature of the job to be done dictates the management technique to be applied—audit manager, project manager, or task force. The technique used should facilitate development and reporting of findings as quickly as possible.

We used a project manager partnership—Manpower and Welfare Division, the Denver regional office, and the Systems Analysis Group of the Financial and General Management

Studies Division—to review the effectiveness of social services provided to recipients of aid to families with dependent children. This partnership enabled us to develop a timely report which should have an impact on the administration of the social services program.

Objective

We wanted to assess the impact of social services in helping recipients to

Mr. Fogel, an audit manager with the General Government Division, has been with GAO since 1969. He was with the Manpower and Welfare Division when the social service review was made. His undergraduate work was at Cornell University, his M.A. degree in comparative politics is from the University of Sussex (England), and his M.P.A. degree is from the University of Pittsburgh. He is a member of the American Society for Public Administration and the American Political Science Association.

Mr. Hessek is an audit manager with the Denver regional office. He has been with GAO for 16 years and also had done financial management work with the Martin Company in Denver and the Atomic Energy Commission. His undergraduate work in accounting was at Franklin and Marshall College. He is an active member of the Institute of Internal Auditors and the Federal Government Accountants Association.

Mr. Martinson is an operations research analyst with the Systems Analysis Group, Financial and General Management Studies Division. He has been with GAO since 1964, beginning with the Los Angeles regional office. His undergraduate degree in business administration and mathematics is from Wisconsin State University. He attended the educational program in systems analysis at the University of California at Irvine during 1970 and 1971. He is a member of the Association for Public Program Analysis.

get off welfare—an assessment that had not been made by the executive branch, the Congress, or non-Government professionals. Neither the Congress nor the executive branch had developed criteria to make this assessment.

Could we say services were effective if 4 percent of recipients who achieved self-support or reduced dependency did so because of social services? Should the number have been 20 percent? No one could say. We decided, therefore, that our role should be to provide information on the program's impact. Using such information, the Congress, the executive branch, and the public could begin to develop criteria to assess the effectiveness of services.

Since there were many uncertainties to the job, we recognized that we would have to commit considerable resources to its planning. The Manpower and Welfare Division initiated the job, adopting the following strategy.

Management Technique

The survey included testing the audit program in one region before expanding the review to four more regions. Staff from the Denver region, where the pilot test took place, and from the Systems Analysis Group participated in developing the program to be tested.

As the pilot test evolved, we began to perceive the job's three basic components as (1) gathering empirical data on selected welfare recipients, (2) analyzing statistical data on recipients to support or contradict the

findings, and (3) consolidating and presenting the information in report format. During the pilot test it became apparent that even though the audit program would be fairly refined once the review began, specific problems in each location would demand quick response and resolution. Each component would demand constant attention to insure that data from all five regions would be comparable and could be gathered in the same time periods.

Once the three groups were satisfied that the audit program was feasible in the Denver pilot test, the review was expanded to the Cincinnati, Dallas, San Francisco, and Washington regions. Staff from the Manpower and Welfare Division, the Denver regional office, and the Systems Analysis Group each had specific knowledge or expertise concerning the job; the staff having the most expertise in each component of the review was to be primarily responsible for that segment of the work.

—The Manpower and Welfare Division project manager was primarily responsible for planning the job, developing the report theme, and preparing and processing the final report.

—The Denver project manager was primarily responsible for directing the fieldwork of the five regions and consolidating their work into a draft report.

—The systems analysis project manager was primarily responsible for gathering statistical data and making all quantitative analyses.

During the periods of primary re-

responsibility, each project manager devoted full time to the social services job. To insure continued familiarity with the job, all three managers were involved in resolving major problems throughout the work.

The Manpower and Welfare Division and Denver directorates were consulted constantly on the job but were considered by the project managers as resource personnel rather than as part of the operational staff. The project managers had primary responsibility for decisions made during the job. The willingness of the Division and Denver directorates to accept their roles and support the decisions of the project managers was crucial to the success of the job and reflected the type of management flexibility required to insure timely reporting.

The management techniques enabled key staff to devote the time needed to insure effective job management. But, by dividing primary responsibilities, the key staff could, as needed, concern itself with other jobs as the review progressed through its various stages. This partnership, therefore, did not unnecessarily tie up key management resources full time on one job.

Examples of how the partnership technique was implemented follow.

Implementation

Denver Manager

Because he had been involved with the job since its inception, devoted full time to it, and was accountable only to the regional manager, the Denver project manager could respond quickly to

assignment problems to insure effective direction, control, and coordination of review work at all five field sites. When necessary, he dealt with other regional managers or their assistants to resolve problems. He could communicate easily with other regional office managers because they knew he was primarily responsible for insuring that all fieldwork was completed accurately and within the expected times.

A site supervisor was responsible for the review work at Denver, so the project manager, although located there, was not involved in directing that site work and dealt with Denver as another audit site. This arrangement was made primarily to insure a prompt response to problems. For example, when several regions had difficulty obtaining correct samples of welfare cases, the project manager was able to visit them immediately to help resolve the problems. When participating regions needed data interpreted they could call the project manager to get answers.

Systems Analysis Manager

One objective of the review was to use certain analytical techniques to support our empirical findings. The systems analysis project manager was responsible for developing the approaches, supervising data collection, and analyzing and putting the results in a reportable format.

To accomplish this, he

—conducted a workshop, involving participating regions early in the review phase to set forth the data

- collection and analysis plans;
- supervised the data collection of the regions through site visits, telephone contacts, and correspondence; and
- secured the necessary technical guidance of the automatic data processing group of the Financial and General Management Studies Division in matters related to computer processing of collected data.

Two factors in particular led to the successful delivery of the system analysis services: (1) early staff involvement during the survey stage and (2) participation of the systems analysis staff in developing the audit program which provided the opportunity to design the field data collection around the analytic objectives of the review.

Although he informed the other project managers of his actions, the systems analysis project manager dealt directly with the participating regions on matters within the scope of his responsibility.

Manpower and Welfare Division Manager

This project manager was responsible for obtaining prompt agency comments. Frequent contact throughout the job with officials of the Department of Health, Education, and Welfare was necessary to achieve that goal.

The agency staff was briefed at the outset of the job, the end of the survey, during the review, and at its conclusion to completely familiarize it with our audit program and findings.

All three project managers participated in the briefings to more effectively present the results of our work. These briefings allowed us to exchange ideas with HEW staff about our audit program and to resolve any problems while the work was in progress.

HEW's familiarity with our work expedited receipt of its comments on the draft report. We requested a meeting with appropriate HEW staff 1 week after formally requesting comments to discuss their proposed response. Using the draft report digest as the primary basis for the discussions, HEW staff pointed out problems they had with certain language used and gave us a draft of their comments. After a week we agreed to make changes in the draft report to reflect the Department's concerns and they, in turn, agreed to drop certain comments. These agreements enabled us to begin incorporating the agency comments into the report and our observations on them one week before we formally received the comments. The Department gave us its formal comments 26 days after we requested them, and the report was issued 36 days later.¹

Results

What were the results of our re-

¹ Comptroller General's report to the Congress, "Social Services: Do They Help Welfare Recipients Achieve Self-Support or Reduced Dependency?" Social and Rehabilitation Service, Department of Health, Education, and Welfare (B-164031(3), June 27 1973).

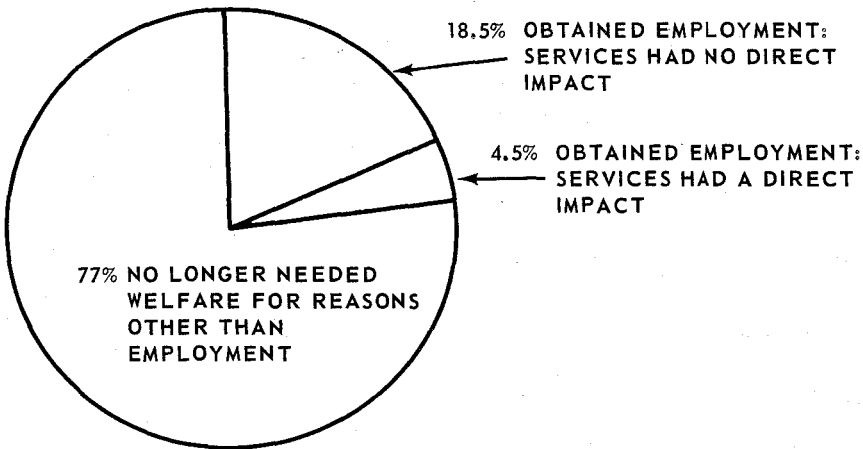
iew? The work showed that social services had only a minor impact on directly helping welfare recipients to develop and use the skills necessary to achieve reduced dependency or self-support. Therefore, one of the basic congressional goals for social services, that they help people get off welfare, had not been achieved.

It is unrealistic to expect services to play a major role in helping recipients achieve reduced dependency or self-support considering the nature of serv-

ices, the method for determining who should receive certain services and present economic constraints. Still, services helped many AFDC recipients cope with and overcome day-to-day problems, strengthen their family life, and increase their self-confidence.

The following chart shows the direct impact that services had on helping our sample of 750 recipients who no longer needed assistance under Aid to Families with Dependent Children to get off welfare.

RECIPIENTS NO LONGER NEEDING WELFARE



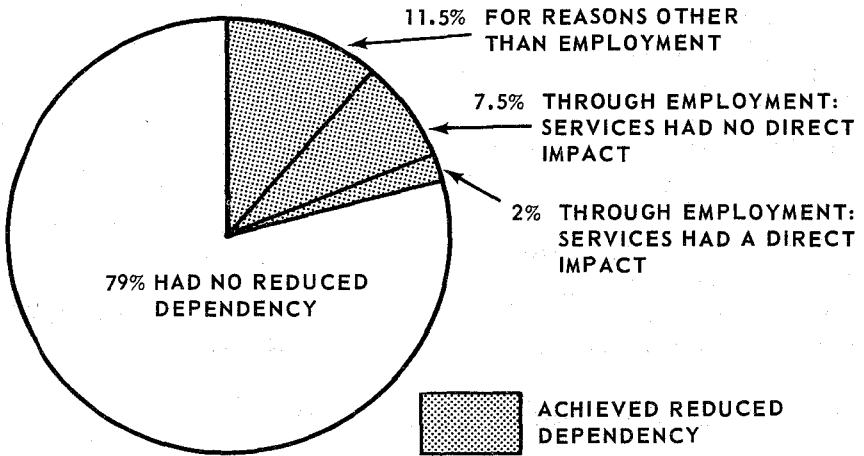
The chart on page 6 shows the direct impact that services had on helping our sample of 750 recipients still receiving welfare to reduce their dependency.

Conclusion

Was the effort worthwhile? We believe so. It was the first time anyone had assessed the impact of social services in helping people get off welfare.

It was one of the first times GAO had used analytical techniques to support empirical findings—greatly strengthening the basis for our conclusions and recommendations. HEW has distributed the report to all State welfare and manpower planning agencies. Moreover, the Chairman of the Senate Finance Committee wrote the Comptroller General to express his appreciation for the report and to note that it would be very useful to the Committee

RECIPIENTS RECEIVING WELFARE



in developing welfare legislation.

State and local welfare agencies have begun using the report to try to improve their operations. The Oakland welfare department held a seminar for its supervisors to discuss the report's findings and to try to determine how to better allocate department resources. California State manpower staffs are using the report to change the way they allocate manpower services. Denver social workers have used it to try to better define their goals. Colorado State welfare officials have used the report in attempts to improve the delivery of social services.

The job was a big one but it was done quickly. The pilot test in Denver began in January, the reviews at the other regions in July 1972, and the report was issued in June 1973. Of course, not all jobs require such a commitment of resources, but to suc-

cessfully assess the impact of a major program, extensive resources generally must be committed.

Personalities and capabilities have much to do with a job's success, but it also depends on certain conditions being present.

- Responsibility must be pinpointed so problems can be resolved quickly.
- Management must be willing to commit the necessary resources to insure prompt, effective reporting
- Communication among participating staff must be constant.

Although the project manager partnership is not a prescription for solving all audit managerial problems, willingness to be flexible and to break away from traditional GAO styles of managing got results in the social services job.

Federal R&D Programs To Achieve Water Quality Goals

A major GAO report submitted to the Congress in January 1974 reviewed in depth Federal water pollution research, development, pilot, and demonstration programs to determine whether they are producing the results necessary to help clean up the Nation's waterways. Congress in 1972 directed the study to be made. This article by the GAO project manager for the study summarizes the major conclusions and recommendations reported.

The Comptroller General was directed by the 1972 amendments to the Federal Water Pollution Control Act to study and report on Federal research and demonstration programs to find new ways to make the waters of the United States cleaner.

The Comptroller General was asked to determine (1) conflicts between, (2) coordination of, and (3) effectiveness of (i.e., the power to produce results) the various Federal programs.

Study Approach

The Resources and Economic Development Division of GAO was responsible for making the study. Because so

many agencies were involved and because the area to be studied was so complex, we divided the job into manageable review areas and, for each of the areas, assigned specific responsibility to the division staff at the Environmental Protection Agency and the participating regional offices. Five work areas and responsibilities were assigned, as follows:

- Program management and administration—Division and Washington regional office staff.
- Research programs to determine how pollutants get into the water, what happens to them, and what is their effect—Seattle regional office staff.

Mr. Kirk is an audit manager in the Resources and Economic Development Division. He spent 5 years in the San Francisco regional office before transferring to Washington, D.C., in 1968. He is a CPA (California), received the Career Development Award in 1971, and participated in the Intergovernmental Affairs Fellowship Program in 1972. Mr. Kirk is a member of the American Institute of Certified Public Accountants and the National Association of Accountants.



Comptroller General Elmer B. Staats signs the report to the Congress on Federal water pollution R&D programs.

With Mr. Staats are some of the key staff members who contributed to the study. Seated from left are: Henry Eschwege, director, Resources and Economic Development Division; A. T. Samuelson, Assistant Comptroller General; Mr. Staats; John E. Thornton, director, Field Operations Division (representing the participating regional offices); and Allen R. Voss, director, Office of Policy. Standing from left are: Edward A. Densmore, Jr., associate director; Bill Johnston, systems analyst; Bill Krueger, assistant director (Detroit audit manager during study); Thomas N. Medvetz, audit manager; Roy J. Kirk, project manager; and Philip Charam, deputy director. Key regional office staff members not present included Cliff Kuchinski and Joe Cohen, Boston; John Dial and William Haines, Cincinnati; Vince Phillips, Ronald Vieregge, and Dick Murray, Detroit; Gary McGill, Seattle; and Jim Bonnell and Warren Underwood, Washington.

- Technology to find new ways to treat municipal sewage—Boston regional office staff.
- Technology to find new ways to control pollution from industrial and other sources (called non-point), such as agriculture—Cincinnati regional office staff.
- A case study of water pollution R&D programs on the Great Lakes—Detroit regional office staff.

The project manager was responsible for providing leadership, coordi-

nating the review, and preparing the overall report. For each of the work areas, the staffs were to prepare detailed audit guidelines, program work in other regional offices, make supervisory visits, and prepare draft reports.

Systems analysis staff from the Financial and General Management Studies Division provided us with valuable help in making the review, and two editors from the Editing and Special Reports Section helped us edit the reports at the audit site, which expedited the report processing.

Scope of Study

To comply with the legislative provision, we undertook an extensive study of water pollution problems and Federal water pollution R&D programs to determine whether these programs were producing the results necessary to help clean up the Nation's waterways. We sought answers to three basic questions.

- What are the central issues?
- What has been accomplished?
- What needs to be done to achieve national water pollution control goals?

We concentrated on the program of the Environmental Protection Agency because it has the largest program and is primarily responsible for protecting the environment. We looked at other Federal agency R&D efforts to identify specific areas of interest and to determine the adequacy of interagency coordination.

To assist us in our study, we hired 12 experts in various disciplines of environmental science and engineering. We also sent questionnaires to the 50 States, 100 municipalities, and 74 national industrial trade associations.

Reporting

The results of our study are contained in a two-volume report with three supporting enclosures. Volume I summarizes the results of our study on a national basis, and volume II contains the results of our study of Federal R&D programs in a geographic area—the Great Lakes.

The report, which was submitted to the Congress on January 16, 1974 (B-166506), was printed in one bound document by the Government Printing Office. The following summarizes our findings, conclusions, recommendations, and matters we submitted for consideration by the Congress.

Findings and Conclusions

The 1972 amendments to the Federal Water Pollution Control Act established the goal of eliminating the discharge of pollutants into navigable waters by 1985 and an interim 1983 goal of providing water quality sufficient for protecting and propagating fish, shellfish, and wildlife and for recreation in and on the water. Attaining such goals will require an ambitious Federal water pollution R&D effort within a relatively short period of time.

Federal water pollution R&D activities are being conducted and/or supported by 12 departments and independent agencies. During fiscal years 1969-73, these departments and agencies spent about \$495 million for water pollution R&D. Of this amount, \$238 million was spent by the Environmental Protection Agency.

The Central Issues

Our review showed that, at the current levels of R&D funding, it is doubtful that the 1985 goal to eliminate the discharge of pollutants into navigable waters will be met. Furthermore, improvements are needed in the management and coordination of the R&D programs.

What Has Been Accomplished?

We found that Federal water pollution R&D programs have contributed to improving the quality of some of the Nation's waterways. For example, some of EPA's research results have contributed to the development of water quality standards which define acceptable pollutant levels and serve as a basis for enforcement. Also, EPA has obtained a better understanding of the causes of the premature aging process of lakes. Further, EPA has improved existing waste treatment processes for municipalities and has developed and demonstrated waste treatment control processes for some industries.

Furthermore, other Federal agencies' R&D efforts have provided basic information on the effects of pollutants on man and his environment; contributed to developing technology to control pollution from nonpoint sources, such as agriculture runoff; and assisted State and local agencies and private industry in their efforts to control water pollution. Our review showed, however, that much R&D remains to be done to achieve national water pollution control goals.

What Needs To Be Done To Achieve National Water Pollution Control Goals?

The 1972 amendments made several key changes to the Federal Water Pollution Control Act. Two significant changes included (1) the establishment of water quality standards for all navigable waters, which include intrastate as well as interstate and ma-

rine waters, and (2) the regulating of ocean dumping through an ocean dumping permit program.

We found that *important research needed to establish sound water quality standards required by the act remains to be done.* For example, scientific data for water quality standards in marine waters is either incomplete or nonexistent. Further, available scientific data for developing sound ocean dumping guidelines, required by the act, is inadequate.

Most States and municipalities rely on the Federal Government for financial assistance for constructing waste treatment facilities and for developing the technology necessary to solve municipal water pollution problems.

EPA's municipal technology R&D funding has decreased 64 percent over the last 7 years, while funding of its municipal waste treatment construction grant program has increased about 3,200 percent.

In 1967, when EPA obligated \$150 million for the grant program, \$26 million was applied to the technology development program. In 1973, about \$3 billion was obligated for the grant program compared to only \$9.5 million, or about 0.3 percent, for technology development.

In comparison, the Department of Transportation's Urban Mass Transportation Administration, which has \$1 billion for its annual capital grants program, is spending about 8 percent, or \$80 million, on research. Also, the national average of research expenditures by industry is about 4 percent of net sales.

EPA officials estimated that \$225

million was needed to meet municipal technology development objectives. At the present funding level of \$9.5 million, this would take about 24 years.

Our review showed that *EPA's program for developing municipal pollution control technology needs to focus on minimizing the cost of treatment processes by modifying existing technology or by developing new techniques.*

The technology development effort carried out by EPA has been directed primarily toward refining or modifying existing processes. This has resulted in higher levels of pollutant removal, but many municipalities consider the processes too costly to use.

In 1972 EPA estimated that it would cost about \$153.8 billion for municipalities to achieve zero discharge by the 1980s. The 1972 amendments authorized the appropriation of \$18 billion in fiscal years 1973 through 1975 for grants to help construct municipal waste water treatment facilities.

Huge sums of money are expected to be spent on constructing and operating municipal treatment plants. Even relatively small percentage savings, applied broadly, would result in (1) the increased probability of earlier construction because municipalities could more easily finance and operate new facilities and (2) wider distribution of Federal funds to construct more treatment plants.

With regard to controlling pollution from industrial and other sources, such as runoff from animal feedlots and acid mine drainage, the 1972 amendments established a goal of zero

discharge of pollutants by 1985. To help achieve this goal, the 1972 amendments provided for establishing limitations on the amount of pollutants in waste water that can be discharged from industrial sources. These limitations, which are called effluent limitations, will be based on technology developed over the next several years.

Measuring progress in developing technology to achieve zero discharge has been a problem because EPA officials are not fully aware of the R&D efforts of other agencies, private industries, and the States, except in those instances when EPA participated in funding projects conducted by others.

EPA officials, however, estimated that only 5 to 20 percent of the job was done in terms of the technology needed to achieve zero discharge of pollutants from industrial sources.

EPA officials also estimated that additional Federal funding of \$543 million would be needed to develop the technology to help control pollution from industry and other sources. If EPA's estimate is reasonable and if EPA's current R&D funding level of about \$12 million annually in this area remains the same, *it would take more than 45 years to control pollution from industry and other sources.*

Further, from 5 to 7 years may be required to allow for full technology implementation.

With respect to the management and coordination of R&D programs, we found that *EPA had not developed an R&D strategy setting forth its goals, objectives, and priorities since it was formed in December 1970.*

EPA told us that it had recently begun to develop an R&D strategy to implement the requirements of the 1972 amendments. We believe this strategy should provide R&D program managers with guidance on national R&D goals, objectives, priorities, and funding requirements.

Each year millions of R&D dollars are spent to solve the Nation's water pollution problems. For the most part such efforts have been fragmented and uncoordinated.

Besides Federal agencies' efforts, substantial R&D efforts were being undertaken by private industry, several of the States, universities, and others. However, no formal means existed for considering the ongoing and completed research of these non-Federal organizations in planning the Federal water pollution R&D effort. These organizations can and do contribute to solving water problems.

The Federal Water Pollution Control Act Amendments of 1972 directed EPA to establish, in cooperation with Federal and non-Federal organizations, a national program to promote the coordination and acceleration of water pollution R&D. We believe that *a national water pollution R&D plan—utilizing all available expertise and resources and aimed at improved coordination of R&D efforts—is needed if water pollution control goals are to be achieved most efficiently, economically, and effectively.*

In our opinion, EPA should develop such a plan in cooperation with Federal and non-Federal organizations and enlist their assistance in implementing the plan.

We found that *industry may be reluctant to furnish certain information relating to its R&D activities.* Representatives from industry and other organizations told us that industry might be reluctant to reveal to EPA the level of technology developed to control pollution, because, once EPA becomes aware of technological breakthroughs, it might speed up its enforcement action and cause industry to incur additional costs.

Within the Federal sector, EPA will have to rely on the voluntary cooperation and support of other Federal agencies in establishing and implementing a national water pollution R&D plan. We believe that *the support of the Office of Management and Budget is essential* if such a plan for improving coordination of water pollution R&D is to be successfully developed and effectively implemented.

We also found that *EPA needs to improve the management of its R&D program* to be more responsive to its operating programs and that Federal agencies had not coordinated their flow of R&D results to interested parties.

Recommendations

R&D Strategy

We recommended that the Administrator of the Environmental Protection Agency prepare an R&D strategy to carry out that agency's R&D requirements under the Federal Water Pollution Control Act Amendments of 1972, estimate the amount of money needed to meet these requirements, and pre-

sent this information in its annual report to the Congress.

Coordination

To improve the coordination of Federal water pollution R&D programs, we recommended that the Administrator

- develop, in cooperation with Federal and non-Federal organizations, a national water pollution R&D plan, and
- seek the cooperation and support of these organizations in implementing the plan.

In view of the role of the Office of Management and Budget in promoting efficiency and economy in Federal Government operations, we recommended that the director of that agency participate with EPA in obtaining the full cooperation of all Federal agencies engaged in water pollution R&D in the development and implementation of a national water pollution R&D plan. We also recommended that he designate a Federal agency as a focal point to coordinate and promote the dissemination of water pollution R&D information.

Matters For Consideration By The Congress

Funding

Attaining the water quality goals established by the 1972 amendments will require an ambitious R&D effort within a relatively short period of time. At the current funding levels for water pollution R&D, it is doubtful

that these goals will be achieved within the time period established by the Congress. We therefore suggested that the Congress consider the current and planned funding levels for water pollution R&D, in relation to research needed, to determine if increased funding is warranted.

Legislative Goals

The 1972 amendments established the National Commission on Water Quality to study the technological aspects of achieving the effluent limitations and goals set forth in the act, as well as all aspects of the total economic, social, and environmental effects of achieving or not achieving these limitations and goals. The Commission is required to report to the Congress by October 1975.

If, on the basis of the Commission's study, the Congress finds it necessary to reassess and revise legislative goals, we suggest that the Congress determine the direction of Federal R&D programs—in terms of priorities and funding levels—to meet the revised goals.

Information From Industry

EPA relies on industry's voluntary release of information on its R&D efforts and results in deciding which R&D water pollution projects to pursue. As previously stated, we became aware of some reluctance by industry to provide such information.

A free and full exchange of such information—under proper safeguards to avoid public disclosure of proprietary information and under assurances

that such disclosure will not adversely affect the industry's pollution control program—should be of mutual benefit to industry and EPA and should help avoid unnecessary duplication of

R&D.

We suggested that the Congress may wish to explore with EPA and industry whether procedures for exchanging such information can be strengthened.

Management by Objectives

Increasing the effectiveness of individual programs is another essential step in improving overall governmental performance. During the past year the Administration has launched an intensive effort to strengthen the management of major Federal activities. The emphasis in this management initiative is not on producing a great display of activity, nor on merely rearranging work processes; the emphasis is on producing significant *results*. To help keep a constant focus on program results, each major department and agency has worked out with the President a set of specific objectives to be achieved during 1974. Further objectives are being identified as 1975 approaches.

More than 200 such objectives have been established, ranging from international monetary reform to improvement of opportunities for minorities and women. These objectives will not be simply identified and then filed away. Specific results are to be achieved by specific deadlines.

*The United States
Budget in Brief,
fiscal year 1975*

Art of Dictation

Do you seem to be doing more writing lately? Do you have less time for other important parts of your work because of the time you spend writing? Since your time is critical, maybe you should learn the art of dictation.

The art of dictation capitalizes on the fact that people can talk much faster than they can write. Studies have shown that GAO auditors usually can write about 15 to 17 words a minute. On the other hand, the average person can say between 150 to 175 words a minute. Of course, a person cannot dictate as fast as he can talk in normal conversation, since thoughts have to be more carefully organized. Even so, a Navy study found that people can dictate using dictation equipment at a rate of 60 to 80 words a minute. The study also found that typists can type faster from dictation than they can from longhand drafts. On the basis of this study, both GAO auditors and support services personnel using dictation would have more

time to devote to other aspects of their work.

To take advantage of this potential savings of time, the Office of Personnel Management developed a new communications course on the art of dictation. This is a 6-hour course given over 3 days designed to teach auditors how to use dictation equipment. During this course, the class discusses some of the principles involved in good dictation and good communications. The major part of the workshop is the practice that the auditors get in dictating. For example, the auditors are given actual case problems which they are asked to read, break down into outline form, and then reconstruct in practice dictation exercises. The classes are limited to 10 people so the

Mary Anna Culkin is an employee development specialist in the Office of Personnel Management. She is in charge of the career development program for support services personnel in GAO. During the past 2 years she has conducted the "Art of Dictation" workshop in a number of the regional offices and for the European Branch. Miss Culkin received her Bachelor of science degree in education from the University of Arkansas and her Master's degree in business education from the University of Colorado.

Gregory Low is a management auditor in the Washington regional office. He joined GAO in June 1972 after obtaining his Master's degree in business administration from the University of Virginia. He received his undergraduate degree in economics at the University of North Carolina in 1967.

instructor can give individualized instruction and critique each person's dictation.

Several problems arise in learning this new skill.

1. *Writing habit*—"I need to see what I write" or "The material is too complex to be dictated" are frequent reactions to why people do not want to dictate. Since the habit of writing is a longstanding one, it takes time to develop this new skill of training the ears to do a job the eyes have been doing.

2. *Organizing before dictating*—Many people organize *during* writing rather than *before*. Organizing materials should be done before and not during dictating or writing. While

organizing is time consuming, it pays off in the quality of any communication.

3. *Practicing to "perfect" the skill*—Many facets of work in GAO can be dictated much faster than they can be written, but this does not happen immediately. Through practice and more practice, this skill becomes natural.

One Staff Member's Experience

The first classroom presentation of the art of dictation was given in August 1972 at the Washington regional office. Gregory Low, first-year management auditor, relates his actual experience with dictation.

"At first, during the practice sessions, I



Teamwork in action.

was somewhat nervous about using dictation equipment. It was a strangely uncomfortable situation—sitting there holding that tiny black box with my usually strong voice wavering a bit and my mind racing to organize thoughts. Even though I began to feel more comfortable as the training progressed, by the end of the final session, it was still awkward for me to use the machine.

“The day after the workshop ended, I attempted to dictate my first real interview. Not surprisingly, it took me much longer to complete and edit the dictation than it would have to write out the interview. Our instructor had said that our dictation would improve with practice, but I still doubted whether dictation would ever save any time.

“The next day when I received the transcribed interview from the typist, I didn’t know whether to laugh or cry. My dictation was a fiasco. With my Southern accent ‘oil’ came out ‘all.’ With my slight problem in pronouncing ‘l’s,’ ‘lease sale’ was transcribed as ‘re-sale.’ ‘And’ became ‘an’ since I didn’t clearly pronounce word endings; and there were a host of other problems, including an entire sentence which the typist could not understand because I had slurred my words.

“It seemed the best step to take at this point was to talk with the typist to see what had gone wrong. She encouraged me to spell out any words that might not be clear, to talk a little slower, and to pronounce my words more carefully. Fueled with this advice, I was determined to make my next attempt a successful one.

“After my next interview with an agency official, I went into seclusion with my notes and the dictation equipment. First, I spent a few minutes organizing my notes. I found it easier to block my notes into numbered sections as I wanted to present them in the working paper. Then I began dictating. This time I stopped frequently to reorganize my thoughts, check on the clarity of my dictation, and reword phrases that were not clear. It still took me some time to do a good job—much less, however, than with my first attempt. I felt much more comfortable with the equipment.

“When the typed interview came back, I

was generally pleased with the result. There were only a couple of errors in my dictation, and the typist even stopped me to say that I had done a good job. With a new sense of confidence and workable technique, I was ready to start polishing my skill.

“Over the last few months, I had had a chance to dictate about 10 more interviews. Dictating was especially helpful for recording several interviews where it would have been necessary to write out the titles of many agency reports and comments on these reports by congressional committee staffs. I also found that each round of dictation was easier than the one before, even though there was a period of several months in which I did not have occasion to dictate. By the last attempt, I was able to dictate in 1 hour an interview that would have taken me about 3 hours to write. In addition, I discovered an excellent fringe benefit: no more numb



Practice makes perfect.

fingers, sore neck, and cramped hands from writing out interviews all afternoon.”

More Training Wanted and Needed

Since the success of the pilot program at the Washington regional office, interest in the course is increasing. Requests for the course have come in from Frankfurt to Seattle and from 12 regional offices. Invitations have been received to return to some of the same regions to train more of their auditors.

Many changes have occurred within GAO during the past few years, and

the pace of change may well quicken in the future. Change is good for any organization, and the challenges it brings can be rewarding. Sometimes, however, there is a natural resistance to new ideas and techniques. Therefore, some people might question the value of dictation to GAO auditors, since it represents a departure from the old method of writing out all work. However, with increasing pressures of the job and the emphasis on producing more timely products, perhaps the time has come to ask ourselves: “Can we afford to ignore the necessity of changing old habits in order to use our limited time more effectively?”

Rubber Hose Theory of Bureaucracy

To combat bureaucracy, society needs a strategy of anti-organization. What is needed is some independent ombudsman, unfettered by organization, who can restore an ancient and forgotten principle—that those who propagate and execute the law should suffer its effects.

Occasionally an agency adopts the doctrine. During World War II, flight mechanics of the Army Air Force were required to fly in the planes they had just repaired. An obvious incentive for good work, and a clever response to the Peter Principle. But it was an isolated case.

The modern victim of bureaucracy needs a similar self-executing device which can level suffering upon governmental clerks commensurate with the outrages of their offices; some simple instrument which directs bureaucrats to do the things they should have done without being reminded—a truncheon to clout clerks out of their impassiveness and dispel the busy activity of bureaucracy that counsels these functionaries to believe that their work is more important than the human purposes it serves.

Howard E. McCurdy

Associate Professor,

The American University
The Bureaucrat, Spring 1973

Package, Package, Who Has the Package?

A most important development in recent years that has provided auditors with an efficient and effective means of auditing computerized records is the audit retrieval package. It usually consists of a series of prewritten computer programs that can be linked together and readily adapted by the auditor to the requirements of a specific situation. What are the characteristics and guidelines to be considered in the choice of such packages?

In today's automated environment, the computer is impacting more and more on the overall audit process. Files are becoming larger, processing more sophisticated, and additional applications more automated. Access to these data bases is necessary to facilitate the decisionmaking process as well as the audit.

In the past, the auditor has been faced with either accepting information presented in routine reports or requesting that information of interest to him be obtained through specially written programs. Usually, the routine reports either contained more information than was of interest to the auditor or lacked certain information required by the auditor's investigations. In

many cases, the information was needed on short notice and preparation of special purpose programs for use by the auditor was difficult to justify economically. Once these programs were developed, they usually required extensive modification for further applications.

This situation led to the development in recent years of audit retrieval packages that provided auditors with an efficient and effective means of auditing records maintained by computers. These programs or systems permit the auditor, usually on short notice, to retrieve a wide variety of information from computerized records and to perform different auditing procedures.

Mr. Clark joined GAO in 1970 and is a supervisory auditor in the Financial and General Management Studies Division. He is a graduate of Middle Tennessee State University with a B.S. degree in management and The George Washington University with a Master's degree in ADP. He is a member of the Data Processing Management Association.

Audit retrieval packages usually consist of a series of prewritten computer programs that can easily be linked together and readily adapted by the auditor to the requirements of a specific audit situation. Such names as Audex, Auditape, CARS II, EDP-Auditor, and System 2170 fall under this heading.

Some of the uses include:

- Search and retrieve.* The auditor can search large computerized files and retrieve items that have audit significance.
- Selection of samples.* The computer can be instructed to select samples using systematic random-sampling techniques or to calculate and select a sample necessary to satisfy desired statistical confidence levels.
- Mathematical computations.* The basic mathematical operations of addition, subtraction, multiplication, and division can be performed.
- File comparison, merges, and sorts.* Input files can be merged or sorted in ascending or descending sequence. Files can be compared with an option to print either matched or unmatched records.
- Summarizing and reporting.* Large volumes of data on tape or disk can be easily and quickly summarized to satisfy audit requirements.
- Printing and punching.* Desired output can be punched into cards or printed in almost any desired order with descriptive headings over columns of data.

Objectives

To appreciate the variety and diversity of the audit retrieval package it is necessary to recognize the complexity of the design and the multitude of computer systems configurations with respect to hardware and software. Most of these packages were designed either primarily or exclusively for audit purposes, with the following objectives in mind.

- Provide computer-based audit independence.
- Facilitate access to data generated by a variety of computer systems and stored in computer-readable formats.
- Utilize the speed and accuracy of computer systems for audit purposes to reduce clerical analyses.
- Facilitate the execution of the major audit functions in a general and modular fashion by means of computers.
- Improve the range of analytical techniques available to auditors.
- Minimize the requirement for computer-technological expertise on the part of the auditor.

Implementation Philosophy

An article entitled "A Survey of Audit Software" by Donald L. Adams and John F. Mullarkey which appeared in the September 1972 issue of the *Journal of Accountancy* presented three methods of implementing an audit retrieval package.

Use of Packages by Auditors or Accountants

An auditor is expected to use the

ackage on the agency's system with title or no help.

Use by ADP Auditors

After an auditor or accountant completes the information request, an ADP auditor would then review and run the request. The information may actually be processed on the agency's system or at a central location.

Central Processing by the ADP Staff

This would require the forwarding of requests for information to a central location for processing.

Basic Applications

Using the audit package, the auditor can search a file of records of extremely large size in a very short time and identify for detailed followup those items that have particular audit significance. For example, an inventory file of 100,000 items can be searched completely by the computer and inventory items meeting specified criteria listed in the printout for audit followup. Such items might be those which have (1) particularly high unit costs, (2) greater-than-average risk of obsolescence, (3) slow turnover, or (4) unusual cost/price relationships. To perform a similar procedure manually could be very expensive because of the substantial time and cost involved.

Selection of Samples

Manually selecting statistical random samples from a universe can be quite time consuming. To aid the audi-

tor, the audit package can be used to generate random numbers very rapidly, to determine what sample sizes satisfy desired statistical confidence levels, and to print lists in numerical sequence of the records to be audited. Use of such an audit package through a terminal has been found convenient and economical for this application. The auditor may have a terminal in his office or he may bring a portable terminal to the agency's premises. The sampling information is printed out on the terminal in a few minutes.

Mathematical Computations

Many of the auditor's tests involve mathematical computations such as multiplying a unit cost or unit price by a quantity; adding long columns of figures; determining averages and ratios; and verifying extensions, additions, and other calculations. The audit package makes it feasible for the auditor to increase the extent of his testing and include larger volumes of data than would have been practicable in the past because of time and/or cost limitations.

The auditor is now able to develop a much greater variety of ratios and averages from financial and operating data. Such measures focus attention on deviations and thereby identify items to which the auditor should devote his attention. Here again, the package is used to assist the auditor in identifying those specific areas of a company's operations or accounting systems which require review, thus reducing the time spent on areas in which there is greater assurance that results are fairly presented.

File Comparisons and Identification of Exceptions

Another broad area for the package in auditing is in the comparison of two or more files. In observing a physical inventory, for example, the auditor will usually make test counts of a sample of items and subsequently compare his counts with the agency's inventory records to identify discrepancies. If the auditor's counts are translated into a machine-readable form, such as punched cards, he can use the computer to sort his minifile and then match it against the agency's complete file. Quantity differences are identified and cost and price extensions made at the same time. Discrepancies which exceed a predetermined range of acceptable variation are then listed for the auditor's attention.

Other similar applications could include: (1) comparing current and prior-year expense account records, (2) matching standard cost records against engineering material, and (3) matching confirmation replies against the accounts receivable files.

Summarizing and Reporting

Large-volume data files, when in machine-readable form (e.g., magnetic tapes, disks, punched cards), can be easily summarized to satisfy audit requirements. The results, in detail or summarized as desired, can be printed out in the format most useful to the auditor—i.e., by account number, financial statement line number, vendor code, customer code, etc.

Benefits

There are numerous advantages to

the use of audit retrieval package. Some of these have been alluded to above, but are listed here for easy reference.

Enhance Audit

By harnessing the speed and accuracy of the computer, the auditor can do more in less time. For example, manually selecting a sample from a large number of accounts receivable would be fairly time consuming. Audit packages can make this selection quickly and accurately.

Improve Reliability

It is possible to achieve greater reliance in a certain aspect of the audit through the use of an audit package. For example, rather than relying upon test footing of the agency's receivable trial balance, the auditor can use an audit package to foot the receivable file completely.

Cost Savings

Through the use of the computer in areas of volume, the auditor can reduce the time devoted to that area without lessening reliability.

Improve Morale

Through the use of an audit package, some of the traditionally mundane audit tasks might be delegated to the computer. Involvement in the dynamically growing data processing area may stimulate staff interest.

In summary, substantial amounts of audit time can be saved by using a generalized program, especially if it

used on a recurrent basis on the same audit application. Even if first-time savings cannot be achieved, the automated approach may result in benefits, such as better audit coverage, better documentation, and a better understanding of agency computer systems. In some cases, the generalized programs permit the auditor to retrieve data which, as a practical matter, could not have been obtained manually.

Input File Processing

In the design of an audit retrieval package there are three basic approaches to the problem of accessing a variety of data file formats. One approach calls for the audit package to extract or define a selected portion of the data file and reformat the file into a standard format which is understandable to the package's processing programs. When exceptionally large files must be reformatted, this approach tends to require a considerable amount of processing time. Audit packages with this approach are Audassist, Audex, and Auditape.

Another approach requires the establishment of a data element dictionary through which all the characteristics of an entire data record are described. The auditor defines, in a one-time task, those files which he expects to present to the system. The auditor assigns English language names to each file and field to be used.

These names are used in all subsequent selection and reporting specifications. This approach tends to be cumbersome with files that are frequently changing and with frequent modification of the audit program. An example of this type of package is the Arthur Young/Audit Management System (AY/AMS).

Another approach which combines simplicity with maximum flexibility is the direct approach. Audit packages with this approach pass all computerized files directly and no conversion or conditioning is necessary. Examples of this package are Computer Audit Retrieval System (CARS), EDP Auditor, and System 2170.

Coding Specification Sheets

Listed below are three general methods for coding specification sheets. This information has been adapted from the Adams-Mullarkey article cited earlier.

Require Some Coding by Auditors

An auditor should be able to define his request more exactly and should understand better computer auditing and data processing techniques, if he does some programming himself. A form of abbreviated English, which can be translated into a computer object program language, is used in this method. The following chart gives an example of the steps involved.

<u>Function to be performed</u>		<u>Location of items to be performed</u>	
<i>Narrative</i>	<i>Program language</i>	<i>Narrative</i>	<i>Program language</i>
Move total to section of computer which will be used for printing	MOV	When all detail items have been processed, move the running total (final) to an output area	A/R-TOTAL
Print the total of the accounts receivable open item file	PRINT	Print the contents of an output area	OUTPUT-AREA-1

Reduce Coding via a Checklist

If a structured checklist, similar to an audit program is used, the auditor needs little ADP background. The auditor reads the checklist and decides (usually giving a yes or no answer) whether to analyze through computer

assistance a certain area of machine-readable records. Material is coded by answering questions or filling in boxes on a narrative form designed for the purpose. An auditor employing this way of coding might read forms and fill in information as shown below:

<i>Function</i>	<i>Information requested</i>	<i>Explanation</i>
Audit title	Survey	Established name of job to be performed.
Test audit	0100	If test audit desired, enter number of records to be processed.
Extract information	I	Extract data from individual records enter (I) or for summary records enter (S).
Output requested	Y	If the auditor wanted reports he would specify (R), for output files (F), or for confirmation (C).
Bypass information	Y	The auditor would specify data to be bypassed.

Eliminate Coding by Using Predefined Functions

This requires the auditor to specify areas needing analysis and to choose a predefined system for summarizing

and reviewing this information. The information is coded by making the request using parameter sheets designed for the purpose, as shown in the following charts:

Summary form

Explanation

<i>Identification</i>	<i>Name</i>	
SUM	Unit cost	Any items inserted into the form will be summarized.

<i>Report form</i>	
Unit cost (SUM)	This form usually has 132 boxes. The auditor inserts the name to be printed within the boxes. The auditor must state where the function to be printed was performed. In this example, SUM would be inserted (summary form area 1).

The chart below ranks the audit retrieval package based on coding specification sheets.

Coding specification sheets

<i>Attributes</i>	<i>Some code</i>	<i>Checklist</i>	<i>Predefined functions</i>
Level of simplicity	3d	2d	1st
Degree of flexibility	1st	2d	3d

Selecting a Package

There is no one retrieval package that can be rated as a best buy. Adams and Mullarkey suggest that, as an overall approach in determining which package is best, the following questions should be answered:

1. *What computer audit applications will be processed?* Obviously, the first question should be, is there a good computer audit application? If not, there is no reason to become involved with a software package. This may seem like a silly question, but it is not. * * * The initial foray into the world of computer audit will cost time and money. It should not be undertaken lightly. In most cases, a client with a computer application in accounts receivable, inventory, or fixed assets which represents a material dollar value of the firm's assets would pre-

sent an opportunity for use of the computer.

2. *What computer resources are available?* Because of the wide variety of computers available, and the fact they are largely incompatible, hardware resource considerations are vital. If the auditor has his own computer or access to some particular machine, obviously he should look for a package that can be run on the available equipment. Perhaps machine time will be available from a client (an agency under audit). If so, the package should be one that can be processed by the particular equipment involved. In some cases, computer time might be rented from a service bureau. Again, hardware considerations must be investigated. Should none of these sources be available, a package which offers remote processing at a central data center should receive serious consideration.
 3. *What data media must be processed?* The particular client (agency) data to

be processed must be evaluated in terms of the media used to record the data. If the records are on a disk pack, the package selected must be able to handle disk. An accounts receivable or inventory file on a data cell cannot be audited using a package designed to process cards and tape. These media considerations must be fully explored and evaluated. Such questions can be quite subtle. It is possible for the records to be on disk and for the package to be capable of disk processing, and still the two are not compatible. This can be caused by the particular file organization technique used to maintain the file.

For example, a disk file organized by a data base management system would probably not be compatible with the disk access method in the audit package. Since this problem can become quite technical, the developer of the package would be final authority on whether or not a package can handle a specific file media and/or organization. In many cases, the developer may have special conversion programs available or may be able to suggest utility programs that can be used for the conversion. However, the auditor should try to avoid any situation that will require a special program which must be written to process the conversion. Such programs seem relatively simple, but can become quite complex. If at all possible, the auditor should attempt to avoid conversion problems by selecting a package that can handle the required media and/or organization.

“4. *What level of data processing expertise is available?* The auditor must make a realistic evaluation of his available resources. If he is very knowledgeable, it would be a good idea to select a package that offers a great deal of flexibility to allow for the efficient handling of a wide variety of applications. In those cases where the auditor does not have a technical background, but can call on someone else for assistance, he should consider using a package that achieves a balance between flexibility and ease of use. If no help is available, the audi-

tor should lean toward a more rigid package that offers the maximum simplicity.

“5. *What training is required?* After determining what level of expertise is available, the auditor must try to achieve a match between his current level of knowledge and the extent and depth of the training required to use a particular package. * * * After the possible choices have been narrowed, the auditor should obtain from the developers a more detailed outline of training requirements and methods available for meeting these requirements.”

Survey Available Packages

Surveying involves narrowing the available packages to a few that will be investigated in detail. For making this survey, the use of reference services will be most helpful. Some of these would include, ICP Quarterly Datapro, Infosystems Information Service, Auerbach Software Notebook System Interaction's Software Package Guide and GSA's Automated Data and Telecommunications Service. Leads can also be found in advertisements and writeups in trade publications such as *Computerworld*, *Datamation*, *Modern Data*, *Software Age*, and *Software World*.

The goal of this step is to identify all the possible packages that might apply to the situation, perform a preliminary analysis, and narrow the list to the most likely packages. The preliminary analysis can be performed using published characteristics of the packages. It also may be necessary to write to some suppliers to get details on packages not covered in depth in the reference services.

evaluate Suppliers

The auditor should be concerned with the availability of the package when he is evaluating the vendor. Some of the packages covered in a study are not available to outside users or their use is restricted.

If the package is already operational, the supplier should be requested to provide the names of several users who can be contacted and asked about the performance of the package and the reliability of the supplier. With certain packages, it may prove desirable to visit one or more user sites to see the system in operation and perhaps witness some form of demonstration. If such an onsite visit is arranged, the purchaser should request an opportunity to talk with operations personnel who have a "hands-on" feeling for the performance of the system.

Of course, if a package is still on the drawing board and is not yet operational, the risk for the purchaser is much greater with respect to both installation leadtime and the capability of the package to meet design specifications.

Another factor which should be considered in making a selection would be the level of support available. Several kinds of services can be identified under this category of package support.

Installation. The extent and quality of installation and conversion support can be of vital importance. If a purchaser is paying a substantial amount for a package, say more than \$10,000, he should expect a reasonable amount

of initial onsite installation support. The extent of the onsite support included in the purchase price should be clearly spelled out, and any charges for additional services should be identified in advance. An unequivocal understanding is especially desirable when there are modifications to be made before the package can be installed. The availability of qualified personnel on the supplier's staff to provide installation support should also be established.

Training. This is an important element in the successful installation of a package. Training may be required at several levels—clerical, operational, programming, systems, and management. Because of the importance of training, the purchaser should require the package supplier to spell out the training included in the purchase price.

The need for installation assistance can, of course, vary greatly from case to case, both from the standpoint of the nature of the package and the level of sophistication of the purchaser. It is obviously unrealistic to expect the package supplier to assume the entire burden of a successful installation. But a reasonable amount of onsite assistance can do much to prevent customer dissatisfaction with a package.

Maintenance. Besides allowing for installation support, the acquisition terms for a package should provide the purchaser with assurance of error-free operation for a reasonable period of time. Ordinarily, this might take the form of the commitment by the supplier to fix all "bugs" identified within some minimum period of time.

It is important to determine exactly

what maintenance services will be provided by the supplier and at what price. The prospective purchaser should also undertake an evaluation of the capability of the supplier to perform long-term maintenance.

Enhancement. It is not uncommon for the supplier of a package that has gained good acceptance to produce versions of the package, either in its entirety or at the subsystem or module level. The new version of a package may or may not be compatible with the original and, consequently, the purchaser of the original version may or may not have an interest in the package enhancement which the supplier has achieved. In any case, it should be determined beforehand whether package improvements will be made available to the purchaser and on what basis. These may represent items beyond the initial purchase price, but it may be possible for the original purchaser to obtain favorable terms and conditions on items that will be made available later.

Documentation. A packaged program is no better than the documentation that accompanies it. If the purchaser is not to be dependent on the package seller for modifications of the package throughout its normal life, he must expect and demand complete documentation, including narrative descriptions at both the system and run levels, system and run logic flowcharts, input/output and file descriptions, layouts, operator instructions, keypunch source data preparation instructions, etc. The amount of documentation required can vary according to

the type of package under consideration. Certain utility packages or application-independent packages, such as those for program flowcharting, may not require the detailed documentation that is appropriate to an accounting application such as payroll. Moreover a package supplier may consider a certain package to be proprietary and agree to provide only an object deck and operating instructions in an effort to prevent outsiders from determining the way in which the package is structured.

Cost. This is one of the major criteria to be used in evaluating any package. There are wide variances in package costs, even for the same application and a low priced package may turn out not to be such a bargain when its overall quality and the supplier's capability to support it are taken into consideration. On the other hand, paying a higher price doesn't necessarily guarantee a better quality package or a greater degree of user satisfaction. Package costs may be subdivided further into direct and indirect costs.

Direct. The direct cost of a package is represented by the purchase or lease price if the package is available on a lease basis. This is the most easily determinable cost. Many packages however, are priced in a manner analogous to hardware pricing, with numerous extra cost options and special features. The labor distribution subsystem of a payroll accounting system might, for example, cost an additional amount above the basic package price.

Indirect. There are many hidden costs associated with package acquisition that may have to be incurred by the

purchaser. Among these are the costs of

- making modifications,
- training technical and operations personnel,
- installation and conversion,
- establishing control and clerical procedures, and
- maintenance.

Evaluate Packages

Each package to be investigated in detail should be evaluated in accordance with the stated mandatory and desirable requirements. One method of collecting detail information to evaluate each package is to mail a comparative analysis questionnaire to competitive vendors. Once this information is collected, each competitive package should be grouped and ranked according to its limitations in meeting the requirements. The categories could include: portable packages, resident packages, and report generators. Report generators are separated from other packages because they have no random sampling capability and require extensive user coding. Generally, portable retrieval packages have less capability than resident retrieval packages, but they can make use of the operating systems already generated.

After the characteristics have been evaluated a validation test should be performed. The purpose of a validation test is to determine whether a particular package can substantially perform in accordance with the requirements. Each package should be validated on the same computer at the same location.

The package should also be evaluated in a live environment for a short period. It should be tested on a full

range of current and past applications. This would indicate any unusual problems with the package.

In summary, selection should be based on the results of evaluating characteristics of the package, validating the capabilities, and environmental testing.

Conclusion

This paper has presented both an overview of existing computer audit program packages and a summary of their characteristics. This should prove useful to the reader wishing to analyze the packages in more detail. Since most of the packages were developed primarily for in-house use by national CPA firms, their conceptual and technical diversity is not too surprising.

The CPA packages are usually less costly and probably will be maintained because they are used by their owners. However, the CPA firm packages are generally designed for public accounting type applications. Still, there are special data management packages which can be usefully applied for routine or demand reporting as well as for internal auditing.

The use of audit retrieval packages in auditing some of the more sophisticated ADP systems that exist today is still in the early stages of research. Much remains to be done to provide the auditor with the computer tools necessary to allow him to satisfactorily audit a real-time computer system such as an online bank system. What may be needed in these situations are special-purpose equipment and computer programs to serve the auditor which are made an integral part of the system design itself.

Revenue Sharing and the General Accounting Office

The background of GAO's role in general revenue sharing and some of the auditing problems associated with this program are discussed in this article.

The enactment by the Congress of the State and Local Fiscal Assistance Act of 1972 represented one of the most significant steps in the evolution of fiscal relationships between the Federal, State, and local governments in America. At the same time, the act gave impetus to an extremely broad-based effort to evaluate its impact.

The National Clearinghouse on Revenue Sharing recently published a preliminary listing of 38 separate governmental, educational, corporate, church, foundation, research, labor, and public interest organizations and groups currently involved in monitoring, evaluating, and reporting on general revenue sharing.

Evolvement of GAO's Role

The role of GAO in the general revenue sharing system has an interesting history. The concept of general revenue sharing has received considerable

attention since the early 1960s. Various groups, including the National Governors' Conference, the Council of State Governments, the U.S. Conference of Mayors, and the National League of Cities, supported revenue sharing. Congressional interest was high, with over 140 bills being submitted during the 89th and 90th Congresses; however, all these bills died in committee. The President, in February 1971, submitted a revenue sharing proposal which would have distributed to State and local governments each year an amount of Federal funds equivalent to a specified percentage of the Nation's taxable personal income.

After much compromise on the part of both houses of the Congress, the State and Local Fiscal Assistance Act of 1972, as signed into law, was quite different from the President's original proposal. In testimony before the House Committee on Ways and Means in June 1971, the Comptroller General expressed the following concerns re-

Mr. Hair, an assistant director in the General Government Division, is in charge of intergovernmental relations, revenue sharing, and statistical studies. Before joining GAO in 1973, he served for 16 years in the field of city management.

arding the provisions of the act proposed by the President.

- Accountability to the Congress, other than through oversight hearings, would rely on reports designed and submitted by the Secretary of the Treasury who also was to have the responsibility for administering the program at the Federal level.
- The Congress would not have the benefit of independent evaluations as to how effectively the Federal funds were spent.
- It was expected that the Secretary of the Treasury would rely on audits conducted by State and local governments and outside sources which generally are limited to fiscal examinations and do not often include reviews of the compliance, economy, or efficiency aspects of operations.
- GAO did not have the right of access to pertinent information for the purposes of review and evaluation.

The President's proposal contrasted significantly with the proposal submitted 5 months later by the Chairman of the House Ways and Means Committee in November 1971. The House version not only authorized GAO audits and reviews but also assigned GAO numerous administrative responsibilities.

These administrative responsibilities included determining eligibility of local governments to receive funds, prescribing certain regulations, and withholding payments when localities failed to comply with the act.

Assigning administrative responsi-

bilities for the revenue sharing program to GAO would have been inconsistent with its normal function of independently and objectively auditing and reviewing the administration of Federal programs. This inconsistency was eliminated in the final version of the Revenue Sharing Act.

The act provides for the distribution of \$30.2 billion to about 38,000 State and local governments over a 5-year period. The principal characteristics of the program are (1) distribution on the basis of a need formula and (2) few Federal restrictions on how recipients spend their entitlements. The Treasury Department is responsible for distributing funds, establishing overall regulations and guidelines, and reviewing and auditing expenditures to insure compliance with the act.

As finally signed into law, the act assigned two basic tasks to GAO:

1. To provide consultation to the Treasury in establishing fiscal, accounting, and audit guidelines to be followed by recipient governments.
2. To review the work done by the Treasury, the State governments, and the units of local government to assist congressional evaluation of compliance and operations.

GAO carried out its assignment on the first task through close coordination and involvement with the Treasury in the accounting and auditing sections of the final revenue sharing regulations which were published in April of 1973.

Accountability

Some critics have stated that, by placing the responsibilities for raising revenues (i.e.; taxing authority) and approving expenditures at different levels of government, revenue sharing will tend to make public officials less concerned about their accountability to their constituency. However, certain provisions of the act—specifically those requiring the preparation and publication of annual reports on the recipient governments' planned and actual uses of revenue sharing funds and those relating to audits by Treasury and GAO—were designed to promote citizen awareness of the activities of the State and local governments that received revenue sharing funds. Several of the organizations evaluating revenue sharing have indicated a special interest in attempts to evaluate the effectiveness of the act in promoting public awareness and interest.

During a speech on June 4, 1973, before the Municipal Finance Officers Association in Kansas City, Missouri, Comptroller General Elmer B. Staats commented on the importance of auditing the general revenue sharing program:

"All of us—but particularly Government officials—need to do all we can to assure the public and the Congress that, on the basis of our observations, Federal funds are spent in accordance with the regulations, as well as economically and effectively. This is of vital importance, not only because of revenue sharing, but because the Federal Government can and should rely more heavily on State and local government in administering all Federal assistance programs. Revenue sharing is being viewed by many as a test of the integrity and responsibility of State and local

government, and the experience of this program will no doubt have a direct impact on the success or failure of future attempts to place greater reliance on State and local administration of Federal assistance programs.

"I believe that the audit is one technique which can go a long way toward assisting State, local, and Federal officials in their attempts to insure that revenue sharing is properly managed. We need carefully planned and executed audits which will (1) produce information to evaluate revenue sharing and (2) indicate whether the funds are being used economically, efficiently, and effectively."

The Treasury Department has announced that its Office of Revenue Sharing will include only a small audit staff of approximately 25. With approximately 38,000 State and local governments receiving funds under the program, it is obvious that only a limited accountability effort will be possible by the staff. The Treasury intends to rely on existing State and local audit programs to perform the necessary compliance audits. The Treasury has established the criteria by which existing or expanded audit programs at the State and local level can be qualified to meet the needs of the Office of Revenue Sharing. GAO is responsible for studying and evaluating how well the planned system results in competent and adequate audits.

GAO envisions submitting a steady flow of information to the Congress on State and local government uses of general revenue sharing funds. The first of these reports, entitled "Revenue Sharing: Its Use By and Impact On State Governments" (B-146285) was submitted to the Congress on August 2, 1973. A report covering use by and impact on 250 selected local governments is planned for early

1974. Subsequent reports are planned to update these reports through the 5-year duration of the act. Reports focusing on particular issues arising out of the administration and performance under the act are also planned. Some compliance audits probably will be conducted to test the audits made or accepted by the Office of Revenue Sharing.

The requirement by the Congress that GAO make studies which will enable the Congress to evaluate compliance and operations under the act would seem to require an attempt to evaluate the actual impact of the program on the States and localities. This will be a very difficult task.

Determining Impact

It has been said that evaluation of revenue sharing will be a lesson for the Nation on the nature and structure of State and local governments. It will also be a lesson on accounting and auditing. The actual impact of revenue sharing on a State or local government may be quite different than indicated in the financial records and reports of the recipient government. Should the recipient use revenue sharing funds to replace its own funds previously used for a particular program, then the task becomes that of determining the use made of the replaced funds.

An example of this problem would be a State using its revenue sharing funds for support of local schools. A few of the possible impacts would be (1) increased per pupil expenditures to provide more teachers, supplies, or

salary increases, (2) reduced property taxation by the local school boards in some or all the localities, (3) replacement of existing State revenues by revenue sharing funds with subsequent use of the replaced funds for one or several new or existing State programs, or (4) a combination of the above.

This example of the fungible nature of revenue sharing funds illustrates the difficulties which will be encountered in attempts to assess the actual impact of the program. GAO envisions detailed examination of several State and local expenditure programs in an effort to determine actual impact beyond that indicated in the financial records and reports. It is anticipated that in many cases it may be possible to determine actual impact only by studying the recipients' full fiscal programs.

Some of the other significant facets of revenue sharing being examined by GAO and the many organizations evaluating the program are the effect on State and local property taxation, the possibility of race and sex discrimination in the use of the funds, the effect of the funds on intergovernmental cooperation and substate regionalism, and the appropriateness and effect of distributing revenue sharing funds to very small governments providing only very limited services.

As the 5-year program draws to a close, the Congress will be faced with many conflicting pressures about continuation in the future. Among the possible pressures will be efforts to (1) remove the relatively few restric-

tions in the present act, (2) increase the appropriation level, (3) add greater restrictions and requirements on the use of the funds, (4) change the distribution formula, and (5) eliminate the program completely. The Congress will need all the objective

evaluative data on the effectiveness and results of the program that GAO and others can supply. The entire effort will represent a very significant test of a nation's ability to evaluate performance under a major public program.

Use of Productivity Indices

We believe that the most important use of productivity indices is in analyzing the causes of productivity change and in taking management action, when possible, to correct conditions that are causing productivity to lag. It is also apparent that we should expect fluctuations both up and down among Federal activities from year to year as a result of numerous factors, only some of which are controllable by Federal managers. Because of these characteristics and the limitations of productivity indicators, we believe that the analysis of Federal productivity should deal with trends in cross-cutting functions rather than with agencies as a whole. The agencies themselves should use the individual data in assessing their own performance and in reporting on that performance to OMB and the Congress, as appropriate.

Elmer B. Staats

Comptroller General of the
United States before
Joint Economic Committee,
December 17, 1973

Applying a Systems Approach to Payroll Auditing

Annual expenditures for pay and allowances of the 2,700,000 civilian Federal employees amount to about \$35 billion.

Because of the size of these expenditures and the increasing sophistication of agency payroll systems, improved audit methods have become necessary. This article describes how a systems approach to such audits can be applied.

Payroll auditing has entered the systems age. Green eyeshades have been replaced by computers, and the auditing of pay and allowances of Federal employees now tests an auditor's ability to deal with sophisticated ADP systems and programs. The changes in approach to this traditional audit function have been dramatic and may surprise those who still view a payroll audit as a tedious manipulation and checking of countless pieces of paper.

The Traditional Approach

Under the traditional approach to civilian pay audits, GAO auditors made extensive reviews of installations' manually prepared pay records.

Using a "block technique" the auditors examined an entire group of individual pay transactions.

More recently, this approach was modified to a statistical basis in accordance with the Comptroller General's letter to the heads of the Federal agencies establishing audit guidelines for settling accounts (B-161457, Aug. 1, 1969). By selecting a statistical sample of employee pay records, the auditors could evaluate the entire system by testing all pay transactions relating to the selected employees over a given time.

The statistical selection was not always adequate because certain types of pay transactions—such as promotions, within-grade increases, etc.—sometimes did not appear in the statis-

The authors are supervisory auditors in the Atlanta regional office. Mr. Primm holds a B.S. degree from Tennessee Polytechnic Institute. He is a member of the Federal Government Accountants Association and received the GAO Meritorious Service Award in 1971.

Mr. Smith received a B.S. degree from Auburn University in 1970. He attended ADP training at the Wharton School of the University of Pennsylvania in 1973.

tical sample. Therefore, auditors selected additional pay accounts to satisfy themselves of the propriety of these types of compensation payments.

Although statistical selection provided the auditor with a more efficient and timesaving means of accomplishing what remained essentially a manual effort, the conversion by agencies to computerized payroll and leave accounting systems had an increasing impact on the auditors' work. In addition to the sheer volume of transactions, the inaccessibility of information, the elimination of many hard-copy records, and the manipulation of data by the computer were all major factors which led to adoption of the systems approach to auditing pay and leave records.

Applying the Systems Approach

In the Atlanta region, we first applied the systems approach in March 1973 during our evaluation of the Third U.S. Army's civilian pay system. We made the evaluation in two phases—at the system design center and at a field installation that processed its civilian payroll using the centrally designed system.

Our objective at the design center was to determine the adequacy of controls that had been provided to insure complete and accurate processing of data and to prepare sufficiently detailed guidelines to perform effective reviews of the system in operation at user activities.

At the user activity our objective was to test the system in operation to



Auditors examine disk drive used in processing civilian pay and leave records. From left Charles Rucker, also of Atlanta staff, and author James Primm.

ascertain if it was performing as designed.

At the System Design Center

The first step in evaluating a computerized pay system is to acquire a good understanding of how the system was designed and how it is supposed to operate. A review of system documentation, when available, can go a long way toward achieving this objective. The quality and amount of documentation may vary for each system reviewed. In our particular case the documentation was limited. We had to rely a great deal on knowledge gained during previous reviews of civilian pay to determine whether the computerized system adequately provided for calculating compensation entitlement.

After we acquired a good working knowledge of the system at the design center, we organized the detailed tes

ng of the system in operation essentially as follows.

1. *Selection of computer programs to test*—We selected the key programs used to compute compensation entitlements. This included one edit program and five calculation programs.
2. *Preparation of test transactions*—To identify programmed controls and calculation procedures designed into the system, we reviewed individual program flowcharts provided by programmers at the design center. We then prepared test transactions (in the form of regular payroll input) that would demonstrate whether the programmed controls and calculation procedures were working properly. We also prepared transactions for programmed controls that we felt should be included in the system, but were not.
3. *Selection of master employee record files*—To test a particular control or condition, we selected employees whose master files met our evaluation criteria. For example, temporary employees working under the general schedule employment category are not authorized to receive within-grade pay increases. To determine whether the system was programmed to preclude such actions, we prepared a change notice granting a temporary employee a within-grade pay



Author Richard Smith observes as computer operator prepares magnetic tape for processing our test deck.

increase and tried to process it through the system. Similar actions were tried on other conditions being tested, using a different employee on each test.

4. *Processing the test deck*—To process our test deck against the civilian pay programs, we devised, with assistance from agency programmers, a job-control procedure which provided step-by-step instructions to the computer. Using this job-control procedure we were able to select only the programs we wanted to process.

For example, to process our test deck we needed only 6 (one edit and 5 calculation) programs from among the 79 computer programs required to

process the agency's civilian pay and leave accounting transactions. By applying the job-control procedures, we selected the six programs needed to test the system in operation plus additional print programs required to obtain visual results of the tests conducted.

Processing the test deck against the selected programs disclosed whether the programmed controls were functioning properly and whether the calculation programs were computing pay and leave in accordance with applicable regulations for civilian employees.

In our particular review we found that, although some controls had been automated and were operating properly, other controls were not automated and erroneous payments would result unless manual procedures were interposed to prevent such errors. We also found that sufficient capacity existed in the agency's computer system to permit additional automation of the needed controls.

At the User Activity

For the most part, our work at the user activity was aimed at determining whether the centrally designed civilian pay and leave accounting was being operated as intended. A significant part of this work concerned the proc-

essing of our test deck against the computer programs then in use and comparing the results with predetermined solutions that we computed at the system design center. This enabled us to see whether the user activity had altered the standard civilian pay and leave accounting system without approval of the design center.

In addition, we evaluated the adequacy of internal controls being maintained by the user activity over payroll and leave documents during their preparation, movement between organizational units, and final processing.

Conclusion

The GAO auditor has always been concerned about the adequacy of the system(s) adopted by agencies to compute the pay and allowances of civilian employees, but the dimension of his concern increases when he is required to evaluate a centrally designed computerized system in use at several locations. The importance of evaluating the system is multiplied several times in these circumstances.

The challenge to perform a traditional review function in a more sophisticated environment is likely to confront auditors in many other contexts as the work of the Federal Government becomes increasingly complex.

Labor Standards and Federal Procurement— The Comptroller General's Role

A review of the Comptroller General's decisionmaking role in procurement cases involving labor standards disputes.

Competition has been long regarded as the touchstone of Government procurement. The concept of competitive procurement, which is adopted in the procurement statutes, is based on the belief that only through such competition can the Government reasonably obtain quality products and services at the least cost.

Other Policies

In purchasing these goods and services, however, Government procurement officials frequently must take into account not only cost, but also certain needs and policies which go beyond the specific items being procured. Sometimes the policies are those of the procuring agency.¹ Other times they

¹ For example, the Navy, in procuring ship maintenance services, requires the work to be performed in the ship's home port in order to promote crew retention by minimizing separation of crew members from their families. (B-176949 and B-177228, Aug. 17, 1973.)

are policies mandated by law or regulation which seek to use Government contracts to foster a variety of social and economic goals. The promotion of small business, the alleviation of localized unemployment, the elimination of job discrimination, and the furthering of equal employment opportunity are but a few of the Federal policies which are reflected in Government contract clauses and solicitation provisions. The policy that has been most extensively advanced through Federal procurements, however, has been that of establishing labor standards. Such statutes as the Davis-Bacon Act, the Walsh-Healey Public Contracts Act, and the Service Contract Act have imposed upon Government contractors a variety of requirements relating to minimum wage levels, overtime work, and working conditions.

These acts require that contractors pay not less than the minimum wages determined by the Secretary of Labor. Those wages are set forth in a Depart-

Mr. Berger is an attorney-adviser in one of the procurement law sections of the Office of General Counsel. He is a graduate of the Yale Law School and came to the General Accounting Office in 1971 after a 4-year tour of active duty with the Air Force.

ment of Labor wage determination and are included in solicitations and resulting contracts. A contractor's failure to pay its employees in accordance with an applicable wage determination could result in default termination of the contract, debarment, assessment of liquidated damages, and withholding of amounts due the contractor for the benefit of (and possible direct payment to) unpaid or underpaid workers. Obviously, when the Government imposes conditions of this kind, it will frequently, if not always, have to spend more procurement dollars than it otherwise would to obtain the goods or services it needs.

The Comptroller General's Role

On occasion, the Comptroller General is called upon to resolve disputes involving the labor standards provisions. In deciding such disputes, he obviously must be concerned not only with the principles of competitive bidding but also with the requirements of the various labor standards acts. Since these acts give to the Secretary of Labor the authority to interpret them and to promulgate implementing regulations, the Comptroller General has recognized the Department of Labor's primary interest in this area and carefully considers that Department's position.² On the other hand, when the

matters brought before the Comptroller General involve private parties or other Government agencies which do not agree with the Department of Labor's position, the Comptroller General seeks ways to resolve the disagreements so as to accommodate, within the statutory and regulatory framework, both competitive bidding principles and the furtherance of labor standards.

In doing so, he relies not only on the Office of General Counsel, which advises him on the legal questions involved, but also on the efforts of the GAO audit divisions which review from time to time the administration of the labor standards acts. In addition, when individual cases raise issues that go beyond the confines of a specific procurement so that their resolution would have a significant effect on Government procurement, the Comptroller General may try to use his good offices to arrange meetings at which representatives of the major procuring agencies can exchange views and suggest possible solutions.

Recently, the Comptroller General decided three relatively complex cases involving the Service Contract Act. Two were bid protest cases, and the third resulted from a contracting agency's request for a Comptroller General decision. These cases provide some indication of the types of labor standards disputes that are brought to GAO and of how the Comptroller General responds to them. What follows,

² Although the Comptroller General recognizes that the Department of Labor is the final arbiter of minimum wage levels, he does not always agree with the Department of Labor's interpretation of the laws pursuant to which the wage determinations are issued. For example, see 47 Comp. Gen. 192 (1967)

and 49 Comp. Gen. 186 (1969). For another type of case involving Comptroller General disagreement with the Department of Labor's view, see 52 Comp. Gen. 633 (1973).

therefore, is a brief examination of these cases and of the statute involved.

The Service Contract Act

The Service Contract Act (41 U.S.C. 351 *et seq.*) was enacted in 1965 to give the same measure of protection to Federal service contract workers that was afforded construction workers (Davis-Bacon Act) and employees of contractors engaged in manufacturing and supply (Walsh-Healey Act). The act requires that Federal contracts in excess of \$2,500, "the principal purpose of which is to furnish services * * * through the use of service employees," contain provisions specifying the minimum wages and fringe benefits to be paid to employees. The Secretary of Labor is to determine what those minimums are, based either on the "prevailing rates for such employees in the locality" or on the rates called for by a collective bargaining agreement if there is such an agreement which "covers any such service employees."³ The regulations promulgated under the act require contracting officers to notify the Department of Labor of their intent to award service contracts at least 30 days prior to the issuance of solicitations leading to the award of contracts "which may be subject to the Act." The Department of Labor then informs the contracting agencies of any minimum wages and fringe benefits applicable to the contracts, and those

³ The requirement to consider collective bargaining agreements was added in 1972 by Public Law 92-473 (86 Stat. 789).

minimums are incorporated into the solicitations and resulting contracts.

Case 1

In the first of the three cases to be decided by the Comptroller General, involving a negotiated procurement for an indefinite quantity of ADP key-punching and verification services,⁴ the Service Contract Act clauses were protested on two grounds. First, it was claimed that the Service Contract Act was not intended to apply to the type of services being procured. Second, the Department of Labor's use of prevailing wage rates in the locality of the Government installation being served, rather than the locality in which the work was to be performed, was challenged as contrary to the act itself.⁵

Recognizing that the issues involved were not limited to the bid protest case alone and that any decision would have ramifications Government-wide, the General Counsel first arranged for an informal meeting that was attended by representatives of the major procurement agencies (Department of Defense, General Services Administration, the National Aeronautics and Space Administration), the Department of Labor, and the GAO audit and legal staffs. The respective posi-

⁴ 53 Comp. Gen. (B-178400, Nov. 28, 1973).

⁵ The protester would have performed the contract by picking up cards at installations in the Washington, D.C., area and taking them to its facilities in Delaware for processing. The Department of Labor wage determination was based on wages prevailing in the Washington area.

tions of the Department of Labor and the various agencies were discussed in depth, problems with proposed approaches were pointed out, and a general exchange of views took place as the GAO representatives sought to find possible realistic solutions to the problems posed by the protest. Further detailed discussions were held during subsequent meetings between Department of Labor and GAO representatives.

Armed with the information obtained from those meetings and aware of the difficulty of the problems involved in the case, the Comptroller General, after reviewing the legislative history of the Service Contract Act, concluded that "the scope of the 'service employee' concept was intended to be limited" to "blue collar" employees while, under the contract, services would apparently be performed by clerical, "white collar" workers. This conclusion was based in part on a report originated by the GAO Manpower and Welfare Division.⁶

He also concluded that the term "locality" in the act "has reference to the place where services are performed." However, although viewing the Department of Labor approach as "subject to serious question," the Comptroller General denied the protest because he could not conclude that what the Department had done was "prohibited by the language of the Service Contract Act." He did note that "these practices have an adverse

impact upon the Government's procurement of services" and that they "increase the cost of procuring services," and strongly recommended that the Department of Labor "present these matters to the Congress with a view toward obtaining clarifying legislation."⁷

Case 2

The second case involved a protest against the Air Force's failure to include provisions applying the Service Contract Act in a solicitation and contract for modification and programed depot maintenance of Special Air Mission aircraft (including the Presidential fleet).⁸ The Air Force asserted that this type of procurement was, and always had been, treated as subject to the Walsh-Healey Act and that, therefore, the Service Contract Act did not apply.⁹

The Department of Labor, asked by GAO to comment on the protest, reviewed the contract specifications and concluded that the contract was principally for services and therefore sub-

⁷ The Assistant Secretary of Labor For Employment Standards, by letter of December 19, 1973, informed GAO that the recommendation was being given "serious consideration" and that it would submit "appropriate written statements" to the proper congressional committees. It subsequently did so on January 28, 1974.

⁸ 53 Comp. Gen. (B-178773, Dec. 6, 1973).

⁹ Section 7 of the Service Contract Act exempts from its provisions "any work required to be done in accordance with the provisions of the Walsh-Healey Public Contracts Act." (41 U.S.C. 356.)

⁶ Propriety of Minimum Wage Determinations For Clerical and Other Office Employees Under The Service Contract Act, (B-151261, Nov. 30, 1973).

ject to the Service Contract Act. It urged GAO to uphold the protest. The protester, the previous contractor, claimed that, since the Department of Labor had determined that the contract was subject to the Service Contract Act, it was therefore illegal on its face and should be canceled.

The Comptroller General did not decide the issue of whether the Service Contract Act was applicable to the procurement. Instead, noting that the applicable regulations envisioned "an initial determination by the procuring agency as to whether a proposed contract 'may be subject to the Act,'" he said that the legality of the contract would depend on "whether or not the Air Force contracting officer had a reasonable basis for believing that the procurement was not one that 'may be subject to the Act.'" If the Air Force belief was reasonable, then it was under no duty to include Service Contract Act provisions in the contract or to notify the Department of Labor of its intent to award a service contract prior to the issuance of the solicitation.

After looking at various judicial and Department of Labor decisions and the history of Labor's position with respect to aircraft modification contracts, the Comptroller General concluded that the Air Force did not act unreasonably in regarding the procurement as not subject to the Service Contract Act. Therefore, since the contracting officer acted in good faith and did not arbitrarily ignore the Service Contract Act, the "contract was not awarded illegally." The Comptroller General also pointed out that the De-

partment of Labor's subsequent determination that the act did apply to the contract did not render the contract void because the absence from the contract of Service Contract Act provisions was not due to "misfeasance or nonfeasance on the part of the Air Force."

The Comptroller General then denied the protest, but noted that he shared Labor's "obvious concern with respect to affording service contract workers the protection envisioned by the Service Contract Act." He therefore suggested to the Secretary of Labor that a regulation be developed which would protect workers and "provide for the orderly resolution of the type of dispute involved" by providing for the inclusion in contracts of wage determinations issued after contract award as a result of Labor's disagreeing with an agency's good faith decision that the Service Contract Act did not apply.¹⁰

Case 3

The third case involved a challenge by several unions to a wage determination based on their own collective bargaining agreements with an incumbent contractor on the grounds that their union wages were too low.¹¹

The dispute arose under a cost-reimbursable Air Force contract for the

¹⁰ By letter dated December 28, 1973, the Acting Secretary of Labor advised GAO that consideration was being given to GAO's suggestion.

¹¹ 53 Comp. Gen. (B-179871, Dec. 3, 1973).

operation and maintenance of the Eastern Test Range (Cape Kennedy) in Florida. Pursuant to regulations which treat the exercise of a renewal option as a new procurement for purposes of the Service Contract Act, the Air Force notified the Department of Labor of its intent to exercise an option to renew the current contract. The Department of Labor then issued a wage determination based on the wage rates called for by collective bargaining agreements entered into by the contractor and the unions. The unions claimed that those wage rates were lower than those prevailing in the locality and requested a formal hearing pursuant to the recently added section 4(c) of the act.¹² A hearing was conducted, the unions' position was upheld, and a new wage determination setting forth higher wages and fringe benefits and purporting to be applicable to the contract was issued.

Prior to issuance of the new wage determination, however, the contract option had been exercised, so that there was already in existence a formal contract which called for payment of wages in accordance with the wage determination originally issued. The Air Force, claiming that the Depart-

¹² Section 4(c) was added to the basic Act in 1972 by Public Law 92-473 (86 Stat. 789). Section 4(c) provides that a successor contractor must pay his service employees not less than the wages and benefits to which they would have been entitled if they were employed under the predecessor contract, except that "such obligations shall not apply if the Secretary finds after a hearing * * * that such wages and fringe benefits are substantially at variance with those which prevail for services of a character similar in the locality." (41 U.S.C. 353(c).)

ment of Labor was improperly and illegally applying the Service Contract Act, requested the Comptroller General to decide the propriety of making contract disbursements in accordance with the new wage determination.

The Comptroller General began by recognizing that the correctness of a Department of Labor wage determination was "not open to review," but that he could "consider whether that determination was issued in accordance with the applicable statutory and regulatory provisions so as to warrant its inclusion in a Government contract." He then analyzed the Service Contract Act and its legislative history in significant detail and upheld the position of the Department of Labor. In doing so, he agreed with the Air Force "that the primary purpose of section 4(c) was to require successor contractors to honor collective bargaining agreements in effect at a particular work site unless those agreements contained unreasonably high rates," but found that the language of section 4(c) "clearly permits the actions taken in this case." Thus, the Comptroller General interpreted the act as allowing a section 4(c) challenge to wage rates that are allegedly lower, as well as higher, than those locally prevailing. He also held that section 4(c) applied to a situation in which the predecessor contractor and successor contractor are one and the same.

Having held that the new wage determination was issued in accordance with the Service Contract Act, the Comptroller General had to consider its applicability to the contract. Wage

determinations generally had been regarded as inapplicable to previously awarded contracts, and the Comptroller General had often held that there was no basis for modifying a contract so as to increase the cost to the Government in the absence of some consideration flowing to the Government in return.¹³ Nevertheless, the Comptroller General held that "it was the clear intent of Congress that any revised wage determinations resulting from a section 4(c) proceeding were to have validity with respect to the procurement involved," and that therefore he "would not view as improper the inclusion of the revised wage determination in the current contract." Once again, however, he recommended that the Secretary of Labor promulgate regulations, this time to specifically provide for the application to existing contracts of revised wage determinations resulting from a section 4(c) proceeding.¹⁴

What the Cases Reflect

These three cases clearly indicate that the Comptroller General is vitally concerned with obtaining the best buy for the Government through competitive procurements, albeit within the framework of the labor standards mandated by the Congress. In the first case, he not only questioned whether

Labor's approach was within the statutory framework, but specifically pointed out the adverse cost impact of that approach.

On the other hand, when the statutory standards clearly compel higher costs in the interest of furthering a national policy, the Comptroller General will adhere to these standards in his decisionmaking, regardless of the cost impact of his doing so. This is exactly what happened in the Eastern Test Range case. Even in that case, however, the Comptroller General noted that he was dealing with a situation that was unlikely to arise again. There, the low union rates had been agreed to some time previously to allow the contractor to submit a competitive proposal. The proposal was accepted and resulted in the contract in question. However, by the time the option was exercised, the prevailing rates in the area climbed above the agreed-to rates, and the unions thus sought to compel an increase in their own rates. The Comptroller General noted that the low rates had been agreed to prior to the 1972 amendments to the Service Contract Act, which added the successor-contractor doctrine in section 4(c). With section 4(c) in effect, there would be no reason for a union to agree to lower rates, since a successful competitor would have to pay the predecessor's rates. Therefore, for all practical purposes the decision's overall cost impact on Government procurement may not be as significant as it first appears to be.

The aircraft modification case falls somewhere between the other two. The

¹³ See, e.g., 20 Comp. Gen. 418 (1941); 40 Comp. Gen. 309 (1961).

¹⁴ By letter of January 11, 1974, the Acting Administrator of the Department of Labor's Wage and Hour Division informed GAO that the recommendation would "receive priority attention."

cost impact of Labor's advocated position was not discussed, apparently because of how the protest was resolved. However, the Comptroller General did not question, as he did in the first case, Labor's classification of the contract as one subject to the Service Contract Act. Thus, while the protested procurement was not subject to increased costs as a result of the decision, future Air Force aircraft modification contracts may well be treated as service contracts and will most likely be subject to higher labor costs. It is also interesting to note that had the decision gone the other way, the procurement might have become significantly more expensive. This is so because the new contractor (located in a relatively low wage area) would have been required by the Service Contract Act to pay wages not less than those paid by the predecessor contractor (located in a high wage area), unless the new contractor could show that the predecessor rates were substantially at variance with those prevailing in the "locality."¹⁵

These cases also reflect the Comptroller General's sensitivity to and appreciation of the concerns of both the Labor Department in administering the statutes and the procuring activities in purchasing goods and services while complying with labor standards requirements. Thus, before rendering

¹⁵ It is not clear what "locality" would have been used to determine prevailing rates. The successor contractor was located in Texas. However, under the approach taken by the Department of Labor in the first case discussed in this article, the locality would have been that of the procuring installation, which was in Oklahoma.

decisions in the aircraft modification and Eastern Test Range cases, the Comptroller General requested the written views of the Department of Labor on the issues raised in those cases, and carefully considered them along with the views expressed by the Air Force (and the other parties in the aircraft modification case). In the ADP case, of course, he went even further and arranged for representatives of the Government agencies most affected by the issues of the case to get together with GAO to explain the problems with the existing approach and to offer possible alternatives. Obviously, while it would be difficult to hold such meetings in all cases, it seems clear that when it is particularly appropriate to do so the Comptroller General will do everything possible to take into account the practical concerns of the agencies to be affected by his rulings.

Conclusion

It remains to be seen, of course, whether the procurement process is truly effective as a vehicle for accomplishing economic and social goals or whether it is "perhaps overrated."¹⁶ Certainly, as has been recognized elsewhere, the utilization of the procurement process to further unrelated goals makes the process "more costly and time consuming."¹⁷ Until some comprehensive reexamination of this use of Government procurement takes

¹⁶ "Report Of The Commission on Government Procurement," vol. 1, p. 111.

¹⁷ *Ibid.*

place,¹⁸ the Comptroller General can be expected to continue his efforts in his area. These efforts,¹⁹ ranging from

¹⁸ *Ibid.*, p. 118 (see recommendation 43).

¹⁹ For an example of these efforts, see Comptroller General's Report, "Need for Improved Administration of the Davis-Bacon Act Noted Over a Decade of General Accounting Office Reviews," (B-146842, July 14, 1971). See also 53 Comp. Gen. (Feb. 28, 1974) and B-129501, Feb. 28, 1974, two significant bid cases decided after this article was written.

periodic audit reviews of how the various programs are administered to rendering formal decisions in response to bid protests or requests for advance decisions, will continue to reflect Comptroller General and GAO attempts to facilitate resolution of conflicts among the administrative agencies and procuring activities so as to further both the spirit of competition and the social and economic goals which have become an inherent part of the procurement process.

Attack on Overhead

Today's budget realities present the most sobering and intense challenge the U.S. defense establishment has faced in a quarter of a century. The Department of Defense has laid down a sound foundation for meeting that challenge. The time is ripe to make a concerted attack on that hidden one-half to two-thirds of R&D and procurement costs: OVERHEAD!

General George S. Brown

Chief of Staff, U.S. Air Force
In address to National Security
Industrial Association,
September 13, 1973

The President's Executive Interchange Program

What is it like to work in private industry? This article describes the author's experiences as a participant in a program designed to give Government and industry executives an opportunity to change places for a half-year assignment in "the other sector."

From September 1972 to August 1973, I was on leave of absence from GAO and became an employee of the American Telephone and Telegraph Co. (AT&T). At about the same time, an executive of the Memorex Corporation left his position with that company and became an employee of GAO. This exchange between Government and industry took place as part of the President's Executive Interchange Program.

The Interchange Program was established by Executive order in January 1969 and is designed to provide an opportunity for potential top executives of business and Government to change places temporarily to gain a better understanding of how the other sector works.

The program's goals and objectives are unique among Federal programs,

and its criteria for accepting candidates is very selective. Participants are recommended by their "parent" agency or company and undergo a rather thorough screening process by the President's Commission on Personnel Interchange, which oversees the program, and the "host" agency or company. A major program objective is to develop a core of business executives, with Government experience, that can be called upon as needed to serve in the Government. The program serves as a basis for developing future high-level Government executives. At the same time, it develops, within the Government, a core of executives or potential executives with an understanding of industry operations and the relationship between industry and Government.

I participated in the third year of

Mr. Fee is an assistant regional manager in the Philadelphia regional office. He joined GAO in 1963 after graduating from Villanova University with a B.S. degree in economics. Just prior to participation in the Interchange Program, Mr. Fee was assigned to the Department of Transportation audit staff in the Resources and Economic Development Division. He received the Career Development Award in 1972 and the Special Education Award in 1973.

he program together with about 60 executives from private industry and 15 from Government. The industry executives represented such firms as:

- United Telephone of Ohio
- General Electric Company
- Esso Standard of Thailand, Ltd.
- Girard Bank, Philadelphia
- Sears Roebuck & Co.
- Mitre Corporation
- Illinois Bell Telephone Co.
- International Business Machines
- Kaiser Broadcasting
- Smith, Kline & French Laboratories

Government executives came from the:

- Department of the Interior
- United States Postal Service
- Department of Defense
- National Aeronautics and Space Administration
- Department of Commerce
- Department of Agriculture
- Department of Labor
- General Accounting Office

The background of the participants consisted of a wide variety of professional disciplines, such as accounting, public and personnel relations, personnel management, budgeting, systems analysis, banking and finance. The participants brought to their host organizations the expertise acquired in their fields throughout their careers. Aside from the learning aspects of such a program, each participant is expected to become involved in the operations of the host organization. Assignments are interesting, challenging, and of sufficient importance to insure that the participants' abilities and skills are used to the fullest.

In most cases, participation in the program requires relocation—I moved from Washington, D.C., to New York City. Other Government participants moved from Washington to Chicago, Seattle, Atlanta, and San Francisco; one even went to New Zealand for a 2-year assignment. Executives from private industry came from all over the United States to Washington, D.C., except for a few who received assignments in other cities. Participants' salaries, travel, and educational costs were paid by the host organization. The actual salary level of each participant was a matter of negotiation during the initial interview process. Although Government participants were placed in a leave of absence status by their agencies, little or no retirement credit was lost as a result of participation in the program. Other benefits, such as health and life insurance, as well as retirement contributions were paid by the participant's agency.

The Year's Activities

Participation in the program began with an intensive 1-week orientation program, presented by the Brookings Institution, on the organization and operation of the Federal Government. The program, primarily geared to industry executives coming to Government, involves discussions with top level officials of most of the Government agencies, usually at the Secretary or Under Secretary level. Although not specifically geared to Government executives, the orientation program was a worthwhile experience for them as well. It gave the participants

an unusual view of Government activities.

Throughout the year, regular educational and training activities were planned for those participants in the Washington, D.C., area which included group discussions between interchange executives and meetings with top congressional and Government officials. Following is a listing of 1 month's meetings:

May 1973

- May 1—Representative Philip M. Crane of Illinois
- 2—Senator Barry Goldwater of Arizona
- 8—EDP Subgroup—monthly meeting
- 10—Attorney General Richard Kleindienst
- 15—Roger Lewis, Chairman, AMTRAK
- 18—Chamber of Commerce, program on import legislation
- 22—Senator Strom Thurmond of South Carolina
- 24—Representative John Conyers of Michigan
- 30—The Japanese Embassy

The host company and the Brookings Institution provided the educational and training programs for the Government participants outside the Washington, D.C., area. Each host organization provided the participant with a thorough orientation of the company's activities, including a series of meetings with top company officials throughout the year. These meetings provided an excellent opportunity to gain the views and opinions of high-

level business executives on industry and Government relationships.

On a more formal basis, the Brookings Institution sponsored a 1-week seminar entitled "Conference for Federal Executives on Business in Contemporary Society." The conference was attended by Federal executives, including interchange participants. The conference I attended was held in New York City and included discussions with top officials of the Equitable Life Assurance Society of the U.S., Metromedia, American Telephone and Telegraph Co., First National City Bank of New York, General Electric Company, Exxon Corp., Philip Morris Corp., and IBM. This conference gave the Government executives a somewhat different view of how industry operates and its relationship with the Government.

This past year was the first year of what hopefully will be an annual trip to a foreign country to observe and discuss the relationship between government and industry abroad. We visited the United Kingdom for a 1-week program sponsored by the Central Office of Information of Great Britain. The program was outstanding and included discussions with Members of Parliament and the House of Lords as well as the top officials of British industry, including the nationalized industries. The British program provided still another view of the relationship between government and industry and how each sector carried out its activities.

The year's activities concluded with a 3-day meeting at Airlie House in Warrenton, Virginia, a Federal con-

ference center. The objective of the meeting was to reflect on the year's activities and to discuss with each other the year's experiences. In my opinion, one of the most valuable benefits of the program was the opportunity to discuss with executives from both industry and Government their views on how to improve Government operations.

My Specific Assignment

During the year I worked with AT&T's Corporate Planning Organization—a staff function reporting directly to an executive vice president. The organization studies specific issues that are of concern to AT&T's top management and reports the results of its studies to an executive policy committee. This committee, the policymaking management group of AT&T, is made up of the chairman and vice chairman of the board, the president, two executive vice presidents, and the general counsel of AT&T.

The tremendous impact of AT&T's policy decisions can best be illustrated by citing a few statistics on the size of AT&T. AT&T employs over 1 million people; has operating revenues in excess of \$20 billion; has a net income of about \$2.5 billion; and has more stockholders than any other company, about 3.6 million. AT&T is the parent company of the vast Bell Telephone network, which includes 24 separate independent operating telephone companies of which 22 are wholly owned by AT&T. Also included in the corporate structure are the Bell Telephone laboratories and the Western Electric

Company. Contrary to most people's beliefs, not all telephones are owned by the Bell System—about 10 percent are owned by independent telephone companies operating mostly in rural areas. However, because of the Bell System's size, its policy decisions also affect the independent telephone companies. In fact, few decisions are made by anyone in the entire communications area without soliciting AT&T's position.

The issues to be studied by the Corporate Planning Organization are determined either by the executive policy committee or suggested by the organization and concurred in by the executive policy committee. The resultant reports assess the current status or situation on a given subject and suggest alternative future courses of action for consideration of the executive policy committee. The main thrust of most reports is toward long-range planning versus the solution of current operating problems, although these are considered and commented on. Some of the issues studied during the year, which I assisted in, concerned management of research and development in the Bell System, organization of the associated telephone companies, competition, and the allocation of costs and revenues of interstate and intrastate telephone calls.

The organization performs its studies much the same way GAO performs its audits and investigations. The organization investigates the way AT&T carries out its activities and GAO investigates the way the executive branch of Government carries out its activities. There are, of course, differ-

ences in the methodology used by the organization and GAO. Some of those used by the organization could be helpful to GAO and vice versa. For example, in carrying out its studies, the organization uses a multidisciplinary team. The team I was working with consisted of a physicist, economist, accountant, statistician, writer, and documenter. The team worked very well together and gave me some thoughts on how to make better use of other disciplines in our work at GAO.

The timeframe for doing the studies and reporting on the results is much shorter for the organization than for GAO. There are many reasons for this, but the primary reasons concerned the amount of documented support obtained during the studies and the size of organizations. The organization gathers very little support, compared to GAO. Also, the organization is relatively small and reports directly to the top management of AT&T. GAO is significantly larger, has much more responsibility, and issues audit reports that are usually made public. The size, responsibility, and public nature of GAO make issuing reports a lengthier process than would be required in issuing an internal document.

In general, the industry operations I observed were similar to those of the Government. Both have hard-working, dedicated, and capable people working on the same type of projects and operations. One of the real benefits of the program was the realization by industry executives that Government employees were as well qualified as those they worked with in industry—a belief many of them did not hold before the

program. The major difference between industry and Government, of course, is the profit motive and the associated concern over cost relationships. Industry employees are acutely aware of costs. All their actions consider cost first and their activities sometimes are modified because of the cost factor.

There is a commonly held belief that industry is more efficient than Government. This is not always the case. My work experiences, as well as numerous discussions with people from industry, point out that both are efficient at some things and less efficient at others. One of the benefits of the Interchange Program was to highlight the efficient aspects of each sector's operations for their mutual benefit.

Conclusions

Perhaps the most important part of the Interchange Program was the opportunity for all participants to meet with and associate with executives at every level of both industry and Government. The program provided the participants with a view of the relationship between industry and Government that can only be obtained by working in the opposite sector and by associating with those responsible for getting things done.

For my part, my year's experience of participating in the program and working in private industry was extremely rewarding and satisfying. It gave me a greater appreciation for and a better understanding of industry's operations and its point of view.

in industry and Government relations. The program also enabled me to get a better understanding of Government operations, their impact on private industry, and the thoughts and opinions of many people on how to improve the relationship between the two sectors. The knowledge gained and the associations made will enable me to do an

overall better job. The interchange program is just one part, however, of a never-ending process of career development. All aspects of career development including formal and informal training are necessary to enable us to continually apply a fresh perspective to our work and the work of GAO.

GAO's Reputation

GAO is one agency for which I have developed a great respect because of its integrity, the gifted leadership that it has, the dedication of its staff and the high skills of the men and women who work there. I think that they have one of the finest reputations in the Federal Government today. I think that opinion is shared not only by Congress, but by the executive branch as well.

When a report comes out by GAO we just know that it is objective, and although it certainly is made by human beings, they are able to remove their human bias and prejudice in their internal systems so as to establish procedures for conducting studies of audits, research and analysis.

Certainly there has been no taint of partisanship in any report or activity which I have seen conducted by GAO. They let the mustard be cut, as it is. They call the shots as they see them. They do not try to cover up anything and there has never been any hint of that.

Senator Charles H. Percy

Hearing of Senate Committee
on Government Operations on
Improving Congressional
Control of the Budget,
August 1, 1973

A Year With a Major Oil Company During the Energy Crunch

A 1973 Presidential Interchange Executive describes his assignment and offers his enthusiastic support of this unique program.

In September 1973, I moved to Houston, Texas, to become an employee of Shell Oil Company for 1 year under the Presidential Interchange for Executives Program. Since Mr. Fee's article (see p. 48) introduces the reader to this program, its objectives, and its background, I will limit my remarks to some interesting changes in program direction that were or are being sought during this year, based on the first 3 years' experiences. None of these alter the basic objectives or character of the program, and all are sound, in my judgment.

Four New Objectives

The President's Commission of Personnel Interchange had four significant objectives this year.

—A better balance in the number of participants from the public and

private sector (i.e.; more Federal participants).

—Separate orientation program for participants from each sector.

—Concentration of Federal participants in seven or eight major metropolitan areas to increase the opportunities for contact among participants.

—An expanded educational program for Federal participants to more nearly parallel the program available to private sector participants while they are in Washington, D.C.

The first two changes were achieved the third was partially achieved, and progress is being made on the fourth. The overall impact of these changes is an improved program, especially for Government participants.

In the first 3 years of this program the maximum number of Government participants in any one year was 15

Mr. O'Connor has been with GAO since 1963. He has served in the Chicago regional office, International Division, European Branch, and from 1969-71 in the ADP group in the Financial and General Management Studies Division. He holds a B.A. degree in accounting from St. Ambrose College (Iowa) and will receive a Master of Arts in Public Administration from the University of Oklahoma in May 1974. He is a previous contributor to *The GAO Review*.

the number from the private sector was always much higher. In contrast, this year's group of 80 participants includes 35 Federal executives. Although still not quite half of the total, the ratio is closer to 50 percent than in any previous year.

Before this year, a single orientation program was held in Washington, D.C., for all participants. Because this approach probably benefited more private sector participants than Federal participants, a decision was made to offer a separate orientation for each sector.

Federal participants spent the first week of October in New York City at a business orientation program developed by the Brookings Institution. We had stimulating sessions with representatives of multinational corporations, the Federal Reserve Bank of New York, Chase Manhattan Bank, and the New York Stock Exchange; a deputy mayor of New York City; a union leader; and the dean of business administration of a major university.

In past years, Federal participants often did not see much of each other during the year, partially due to the small number involved but also because some were in isolated geographic locations. The pattern changed some this year; many participants were in the New York, Detroit, San Francisco, and Los Angeles metropolitan areas, and at least two participants each were in the Seattle, Chicago, Pittsburgh, and Houston areas. I understand that attempts are being made to move further toward this concept in future programs.

The opportunities for an educa-

tional program for private sector participants, all conveniently together in Washington, D.C., are obviously greater than the opportunities to develop a business education program for Federal participants, dispersed across the country. The Commission recognizes this and is actively encouraging participating private organizations to improve this component so that Federal participants would receive an average of 2 hours of "education" weekly. Progress is being made; Federal participants are now getting more opportunities to learn about their adopted communities and local governmental and industry problems.

My Experience

Now I would like to turn to my own experiences in the program to date—the psychological impact, the technical nature of my assignment, reactions of fellow Shell employees, and the additional interest I have in the energy situation as a result.

"To Be or Not To Be?"

The prospective participant and his family should be ready to live with uncertainty for several weeks. I recall thinking in terms of four questions: Will I be selected by GAO? By the Commission? By *any* private sector organization? If so, which one? I found that the mental adjustment to this period of uncertainty became easier by keeping in focus the great opportunity which might lie ahead and staying cautiously optimistic.

I had two interviews, and the Com-

mission said that more could have been arranged. However, two factors accelerated my final decision. I had decided that I should first know where I would be going by June 30 since I was carefully planning to transfer my ongoing projects to other staff in GAO at the end of August. More importantly, in late June I received from Shell Oil Company a job offer that appeared very attractive in most respects, such as the type of work, people with whom I'd be working, kinds of support promised, and compensation.

The job would be in Houston, where neither I nor my wife had lived or even visited extensively. We had very few contacts in the area and knew it would be a completely new life for both of us. Our 3-year old had happy visions of cowboys and horses, while his 1-year-old brother was silent on the matter. We all agreed that it would be an exciting year, and in late August we departed.

"Go West, Young Man!"

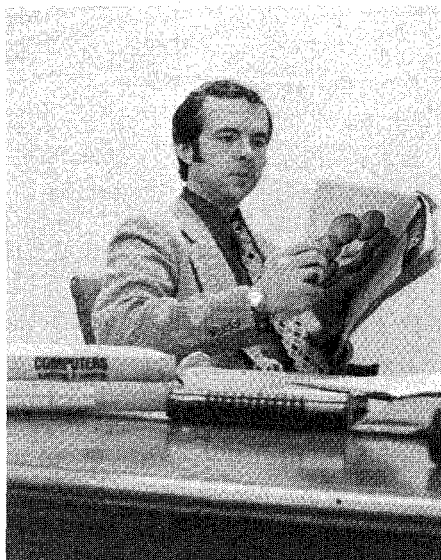
On September 10, I reported to the Corporate Audit and Audit Planning Staff of the Head Office of Shell Oil Company in Houston. I must admit to feeling somewhat disoriented that first morning, especially when I reflected on being one of over 30,000 employees—and I knew only a couple! But, within a day or so, I was sitting in a staff meeting, my name was placed on the payroll, an employee badge was issued, and the informal orientation process was well underway. The schedule has been demanding since then, and the sensation of time passing is

magnified whenever I realize that I have only a year.

My basic mission is to review the internal auditing function as it is related to Shell's business computer environment and to suggest improvements. This is no small task in that the basic hardware and software consists of four large, sophisticated computers linked to hundreds of terminals throughout the country, using over a hundred major systems and thousands of computer programs. Needless to say, this involves playing some real "catch-up ball," but the support I have been receiving to do this has been excellent—in terms of management attitudes, cooperation from fellow employees, and training opportunities internal and external to Shell.



The author and a fellow Shell auditor work with computer terminals as part of the overall approach to computer auditing.



A great wealth of reading material on the energy "picture" crosses the author's desk.

To my satisfaction, there is considerable stress on my achieving identifiable and useful results before my year is completed. I have already been the coauthor of a "white paper" outlining a recommended conceptual approach. Currently, I am drafting audit guidelines for Shell's internal audit staff to use in reviewing internal controls and security in the particular computer environment. Other projects are on the drawing board.

Opportunities are also being provided for me to gain insight into the broad dimensions of Shell Oil Company and the oil industry in general. This has been particularly interesting to me during the energy crisis which has dominated national attention for the past few months. Reading material which crosses my desk daily, discussions with other Shell employees, and

some special activities all have contributed to a much better awareness and understanding of this national issue.

We have also discussed some promising ideas for an educational program that would go beyond Shell's walls. However, because this is Shell's first year in the program and because there are only two Federal executives in Houston (both at Shell), progress has been limited. Nevertheless, on the basis of the company's positive attitude toward this program, I am optimistic about the future.

As a family, we are finding that the Houston area has much to offer. We are enjoying the milder winter, Mexican and seafood restaurants, and other local attractions, such as the Alley Theatre, Gulf of Mexico, and an occasional rodeo. We are also finding that apartment living, with its attendant reduction in household concerns, is a plus for this type of temporary status (and Houston is "apartment city").

Spreading the Word

One of the biggest challenges and potential satisfactions in this program is the opportunity it provides to blunt some of the cynicism so rampant in our society today. During the normal course of work, there are many opportunity moments to refute, clarify, or confirm conceptions and views about the Government. Unfortunately, because I am in some sense "alone," it is generally not possible to assess my effectiveness in this regard.

It sometimes takes a rather significant effort just to adequately explain

the nature of the Interchange program itself. Once having done that, I can begin explaining what GAO is and what it does. ("No, not GSA . . . GAO! We're not part of IRS! Office of Federal Elections is part of GAO, not vice versa," etc.) Discussions often go beyond that to the Government in general, and the perspectives gained from 10 years of varied experience in GAO are very useful. Occasionally, someone thinks that, because I work for the Government, I will know *everything* about the Government!

I very much enjoy this "missionary" aspect of the program, and like to think that, in some small way, I am improving people's grasp of governmental workings and reducing their worst fears and suspicions. Of course Shell employees also have many opportunities to straighten out any misconceptions or unwarranted attitudes which they suspect I have.

Conclusion

Being a Presidential Interchange

Executive has been particularly stimulating, challenging, and rewarding to me because:

- The overall program changes have improved the program, particularly from the Federal participants' viewpoints.
- In a year in which sensational computer-related frauds have dramatized the urgent need for auditors to improve their computer auditing techniques, my assignment has me deeply involved in such techniques.
- In a year when the energy crisis has been the focus in some way of nearly everyone's interest, I am employed by a major oil company with an obviously strong interest in the energy picture.
- I have a long-standing and deep commitment to erase some of the cynicism in our society, and this program seems like an excellent vehicle for doing so.

It should be obvious that I am indeed grateful for the opportunity to participate.

The Professional Man

Francis Bacon wrote: "Reading maketh a full man; conference a ready man and writing an exact man." And of any professional man it can be said that without these three things, so closely correlated, he is less than true to his profession.

Accountants' Journal (New Zealand)
April 1971

In the Backyard of Congress

Not as well known as many other activities of GAO is the extensive assistance provided to the Congress in its administrative operations. Such assistance takes the form of recurring audits of Capitol Hill activities, making special studies of administrative procedures, and providing advice on management problems or desirable improvements. The author of this article has been in the forefront of these activities for many years.

GAO plays a unique role in the housekeeping functions of the Congress, since it is an agency of the legislative branch. Our minimum role is set by legislation, but there are other necessary duties of the Congress which require our continuing presence and attention. These duties have in recent years been highlighted by special projects requested by committees and officers of the Congress. This article describes some of the principal projects in which GAO assisted the Congress in its housekeeping activities over the last 15 years.

Evolution of GAO's Site Audit Office

The author was assigned to a two-

man group known as the Capitol accounts audit staff headquartered in the GAO building in June 1959. Additional staff was acquired when audits were requested or performed by law. Space was provided for the audit staffs in the 5 Capitol Hill buildings which housed the 10 operating units under audit:

- Senate Recording Studio
- Senate Employees Barber Shop
- Senate Office Beauty Shop
- Senate Restaurants
- House Recording Studio
- House Stationery Room
- House Disbursing Office
- House Restaurant
- House Sergeant at Arms
- Joint Committee on Atomic Energy

At that time, original fiscal documents

Mr. Brady, who joined GAO in 1947, is a supervisory auditor in the General Government Division. He is a Certified Public Accountant (District of Columbia and Virginia) and a member of the Federal Government Accountants Association, the National Association of Accountants, the American Institute of CPAs, and the District of Columbia Institute of CPAs. He received the GAO Meritorious Service Award in 1962 and 1971.

of the legislative agencies (except the Government Printing Office) were being submitted to GAO for centralized offsite audit.

The Legislative Branch Appropriation Act, 1965 (Public Law 88-454, approved Aug. 20, 1964) made the Office of the Architect of the Capitol subject to GAO site audit.

Also, in fiscal year 1965, we were assigned audit responsibility for the Government Printing Office and the Library of Congress.

In June 1965, the Librarian and the Comptroller General entered into an agreement under which the Library would retain its original fiscal documents for site audit effective July 1, 1965.

We began negotiations with the new Clerk of the House in March 1967 which resulted in an agreement whereby original fiscal documents of the House of Representatives would be retained for audit at the site effective July 1, 1967.

The Legislative Reorganization Act of 1970 (Public Law 91-510, approved Oct. 26, 1970) requires GAO to audit any private organization doing business in the Capitol buildings or on the Capitol grounds. The passage of this act increased the number of our annual audits to 18. By this time our audit staff consisted of a minimum of 10 and we had audit staffs in 11 buildings.

In the GAO reorganization of 1972, audit responsibility for the financial statements of the Government Printing Office was transferred to the Washington regional office staff and responsibility for review of other activities of

the Government Printing Office was assigned to the Logistics and Communications Division. Audit responsibility for all other legislative agencies was assigned to the General Government Division.

Commercial Reporters

On March 18, 1960, the Committee on House Administration, the so-called "housekeeping" committee for the House of Representatives, requested GAO assistance on a study of commercial reporting practices. The commercial reporting firms had requested an increase in the rates paid by the House of Representatives for reporting the hearings of committees of the House.

The author was assigned to the Committee to conduct this study. Prior to this study the House required billings from the commercial firms on the basis of a 100-word folio. Commercial billing was on the basis of a 25-line page. As a result of our study, the basis of payment for House billings was changed to the commercial page-rate basis, and a more equitable rate structure was approved.

Foreign Travel

The Legislative Branch Appropriation Act, 1961 (Public Law 86-628, approved July 12, 1960) required the reporting of (1) foreign travel by each individual employee, member and committee and (2) the use of counterpart and appropriated funds. Both the Committee on House Admin



House Sergeant at Arms, Kenneth R. Harding, left, discusses The Mace, the symbol of the power of his office, with the author.

istration and the Legislative Subcommittee of the Senate Appropriations Committee requested GAO assistance in designing a form for reporting such expenditures. The author was able, through cooperative effort of those concerned, to produce a comparatively uniform reporting form for both bodies. These forms are still in use although minor changes have been made over the years.

Restaurant Accounting System

Public Law 87-82, approved July 6,

1961, transferred the management of the Senate Restaurants from a concessionaire to the Architect of the Capitol effective August 1, 1961. The Architect installed an accounting system which was substantially the same as that used in the House Restaurant since 1940, when there was only one unit in operation. During our audit for fiscal year 1962, we convinced the accountant for the Architect of the need for a new accounting system. Our suggestion was adopted and we designed a new accounting system for both the Senate and House Restaur-

ants which was installed during fiscal year 1963.

House Employees Position Classification Act

On August 15, 1963, the Committee on House Administration began a survey of some 500 positions under the four elected officers of the House Clerk, Sergeant at Arms, Doorkeeper, and Postmaster. The survey was made by three individuals loaned to the Committee by the Civil Service Commission with participation from GAO.

The procedure, at that time, was for an employee desiring a raise to get his Congressman to introduce a House resolution to authorize the increase. The resolution required floor action for approval. In surveying and classifying the positions, we found some people in the lower level 2 position receiving more money than some people in the higher level 7 position. We devised a new pay system based on the classification of the positions and prepared a pay table providing for 10 longevity steps.

The survey culminated in the passage of the House Employees Position Classification Act, Public Law 88-652, approved October 13, 1964.

One of the most satisfying moments in my experience was reading the Committee Chairman's letter of March 18, 1965, to the Comptroller General wherein he commented about the author as follows.

"I want to add that his knowledge and guidance in completing this difficult and lengthy project has been invaluable. He had a ready and logical answer to the many

problems confronting the committee. He has worked diligently not only in getting these long-needed changes enacted, but also in following through to help place the program in effective operation. Our Committee is grateful for his outstanding efforts in this project."

Restaurant Pay System

On April 21, 1964, the Chairman of the Subcommittee on the Restaurants, Senate Committee on Rules and Administration, requested us to review the operations of the Senate Restaurants for specific areas of weakness or lack of adequate control, including supervision and manpower utilization. A private firm was engaged as our consultants.

In our report (B-114871, Oct. 23, 1964) we discussed the inappropriateness of the legislative pay system where time reporting is imposed. The legislative pay system was based on a 1906 law which was applicable to all Federal employees until the Classification Act was passed. Under the old law employees were paid on a 30-day month and were docked for time not worked. Since legislation was not necessary, we recommended that restaurant employees be paid biweekly on the basis of the actual time worked. The recommendation, however, was not adopted by the Subcommittee on the Restaurants.

When the Subcommittee on the Restaurants failed to take action to change the pay system, the author was called to testify on June 15, 1965, before the Legislative Subcommittee of the Senate Committee on Appropriations. As a result of this testimony

\$100,000 was included in the appropriation for implementation of the pay system if approved by the Senate Committee on Rules and Administration (S. Rept. 89-424, pp. 7 and 8). On September 24, 1965, the Chairman of the Subcommittee on the Restaurants approved the wage board system for restaurant employees.

On February 26, 1966, the Speaker of the House of Representatives approved the wage board system for employees of the House Restaurant.

Accounting System for Committees

After the congressional investigation of Congressman Adam Clayton

Powell, Chairman of the Committee on Education and Labor, in December 1966, the Committee on House Administration tightened its regulations governing committee funds. The new regulations required the use of travel orders, transportation requests, budgets, and monthly statements of expenditures. These requirements made an accounting system for each committee mandatory.

At about the same time, we had almost completed an accounting manual for committees which we intended to issue as a suggestion from the Comptroller General. This manual was developed in response to requests from several Senate committees to design an accounting system for them. We



The author discusses a GAO report with W. Pat Jennings, Clerk of the House of Representatives.

turned our draft over to the staff of the Committee on House Administration. The Committee published it in July of 1967 as an accounting manual for committees, to be used in conjunction with the Committee's regulations.

Financial Management Improvements in the House of Representatives

On January 10, 1967, W. Pat Jennings, a former Congressman, became Clerk of the House of Representatives. In addition to our audit of the transfer of the accountability from his predecessor, we reviewed each of his operating units. In accordance with his standing request, we made suggestions for improvements in operations whenever we encountered situations needing improvement. Our recommendations were included in 16 reports issued over a number of years.

Practically all of our suggestions were adopted; these included mailing of pay checks, obtaining a private storage area for paper, combining the House Library and Clerk's Document Room, eliminating the Manual Typewriter Unit, and routing vouchers for approval and payment.

Early in his first term as Clerk, Mr. Jennings acquired a small computer for processing his 6,500-man payroll. As time went on, another computer was acquired and additional functions were converted to computer operations. Among the other functions converted was the recordkeeping for (1) the inventory of equipment located in each office of the House of Represen-

tatives and (2) six types of expense allowances that are provided to Congressmen. Beginning with the 92d Congress, each Member's voting record was recorded in the computer and a copy of the printed record was sent to the Congressman periodically.

In a report to the Committee on House Administration, we recommended procedures for (1) eliminating the requirement that vendors be required to certify to the correctness of vouchers for goods or services and (2) making payments to vendors for goods and services on multiple payment vouchers. The Clerk supported our position and sought Committee approval of the new procedures. Our final report was dated June 29, 1967 (B-114864), and the new procedures became effective July 1, 1967.

In August of 1971, the Committee on House Administration took over the Clerk's jurisdiction of the computer facilities.

Transfer of Accountability to New Committee Chairman

On January 24, 1967, the new Chairman of the House Committee on Education and Labor requested us to inventory the furniture, office equipment, and funds for which he was assuming responsibility and to design an accounting system for the Committee's funds. The information requested was presented in a letter to the Chairman (B-157010, May 31, 1967).



The author discusses the reorganization of the House Beauty Shop with Congresswoman Martha W. Griffiths, the Madam Chairman of the Select Committee on the House Beauty Shop.

Reorganization of the House Beauty Shop

On October 30, 1967, the Madam Chairman of the newly established Select Committee on the House Beauty Shop requested GAO assistance in the reorganization of the shop.

The owner was in poor health and decided to sell her shop. She could not reach an agreement with the Select Committee which had been established to look into the matter. As a result, on December 3, 1967, she removed all of her equipment from the premises.

On December 6, 1967, the House approved House Resolution 1000, 90th Congress, giving the Select Committee \$15,000 to equip the shop. The Committee hired a manager, acquired equipment, and reopened the shop on December 11, 1967. We furnished management advice and accounting as-

sistance to the Committee in the reorganization of the shop.

We were able to install an accounting system providing adequate control of funds, establish a revolving fund in the Treasury, and provide for excess earnings to be deposited in the General Fund of the Treasury. By 1970 the Committee had repaid the amount appropriated and began depositing excess funds in the Treasury. In May 1973 \$6,000 was transferred to the Treasury.

Management Improvement in the House Restaurant

In reporting out the Legislative Branch Appropriation Bill, 1969, on June 20, 1968, the House Committee on Appropriations announced concern about the increasing subsidy for the

House of Representatives Restaurant. The Restaurant incurred an operating loss for fiscal year 1967 of \$243,500. The operating loss increased to \$367,000 in fiscal year 1968 and was projected to increase to \$536,000 for fiscal year 1969. The Committee directed the Architect to take whatever measures he felt proper to minimize the anticipated loss and to operate on the \$175,000 provided. The Committee also requested GAO to launch a full-scale study of all phases of the Restaurant's operations.

We engaged a consultant to provide technical assistance. Our report was issued on February 19, 1969 (B-114891), and was accompanied by the report of our consultant. In July the House created a five-man Select Committee on the House Restaurant to oversee the daily operation of the Restaurant.

The Restaurant operated at a loss of \$172,300 for fiscal year 1969—within the Appropriations Committee's directive. The loss increased to \$298,700 in fiscal year 1970 and \$340,700 in fiscal year 1971. On March 25, 1971, the House approved House Resolution 317, 92d Congress, transferring the management of the House Restaurant from the Architect to the Committee on House Administration, effective April 1, 1971. The Committee designated the Clerk of the House to be its fiscal agent.

The Committee on House Administration requested that we assist the Clerk and make special studies of operations to pinpoint specific actions which should be taken. We issued four reports to the Committee, two of which

were published as Committee prints. As a result of many actions taken by the Committee (those contained in our reports and those developed from their own studies), the Committee succeeded in reducing the loss to \$73,700 for fiscal year 1972. In 1973 all units other than the dining rooms made a profit and overall operations resulted in a profit of \$18,800.

Bulk Mailings

On July 2, 1968, GAO issued a report (B-164163) to the Committee on House Administration entitled "Opportunity to Improve Service to Members of the House of Representatives Through Centralization of Printing, Addressing, Folding, and Inserting Operations."

This report included pictures of the congested conditions in corridors of the House Office Buildings caused by the storage of unmailed newsletters or blank franked envelopes. There were also charts showing the present and proposed systems for processing bulk mailings. The main theme of this report was that procedures should be revised to eliminate the necessity for 435 Members of Congress to stock supplies of blank-franked envelopes for future mailings of newsletters. Our proposal was that the envelopes be franked at the time they were addressed. The addressing would be accomplished on the basis of computer-produced labels of the Congressman's mailing list.

A study group, which the Committee later organized to pursue the devel-

opment of a computer program for the House of Representatives, included our charts of the present and proposed bulk mailing systems in their December 1970 special report on a computerized addressing and mailing system for the House of Representatives.

The study group's computer program also provided a system for electronic voting. This system was placed into operation during the 1st session of the 93d Congress (Mar. 1973). We also understand that the calendars of bills before 10 House committees are now produced by the computer.

Semiannual Clerk's Report

In March 1970 the Clerk of the House decided that, with his computerized payroll system, he was in a position to comply with a 1964 law which requires the Clerk of the House to publish semiannually a detailed listing of his receipts and expenditures. The semiannual report is required to be printed as a House document, which is available to the public.

At the request of the Clerk we verify the accuracy of each semiannual report. The first two schedules in the semiannual reports are in the same format as those included in our annual report on the audit of the Finance Office of the House of Representatives.

Management Improvement in the Senate Restaurants

On October 26, 1970, the Chairman of the Subcommittee on the Restaurants requested GAO to assist the man-

ager of the Restaurants in making changes in certain operations of the Restaurants. A cigar stand was being opened to relieve the congestion in the carryout facilities. A temporary cigar stand was set up in a storeroom off a corridor in the New Senate Office Building until a permanent stand could be provided.

In addition to this change, the manager of the Senate Restaurants wanted GAO to make cost studies for each item on the menu. Food cost studies, as a continuing program, had long been recommended by GAO. In fulfilling this request, GAO developed costs for each item on the menu. It was our understanding at that time that these studies would be updated periodically by the accounting staff of the Restaurants. However, such updating was not done.

Again, on September 28, 1972, the Chairman of the Subcommittee on the Restaurants requested GAO assistance in appraising the adequacy of the Restaurants' accounting system. Since we initially designed this system the assistance of the GAO Financial and General Management Studies Division was solicited for this work.

As a result of their review, suggested changes in financial reporting, inventory controls, payroll processing, and other accounting operations were presented to the Committee staff on February 26, 1973. The Restaurant manager has adopted some of our suggestions. On September 27, 1973, the Committee staff stated that they would implement our recommendations and asked our assistance in getting the new procedures into effect.

Committee Funding

In January 1971 the Committee on House Administration expanded its staff to consider, in greater detail, the requests of committees for operating funds. We were requested to examine the records maintained by each of the 22 committees and to reconcile those records with the official accounts maintained in the finance office. This request has been renewed each year since 1971.

Parking Problems

Our most recent project came on March 16, 1973, from the Chairman of the Select Committee on Parking, House of Representatives, who requested our assistance in a staff study of parking problems confronting the Committee. We orally presented our suggestions to the staff director, who asked us to draft regulations for the Committee to implement our suggestions. The draft regulations were submitted to the staff director for his consideration on June 4, 1973.

The Chairman asked the General Services Administration to assist us in reviewing the parking layout. Based on suggestions made by the General Services Administration representative, we measured each floor of the garage and suggested new floor plans which provided 699 additional parking spaces.

On September 18, 1973, the Committee staff advised us that they were adopting the rules and regulations we had prepared for them and were planning to revise the parking floor plans

at the earliest convenience. The Committee also adopted our suggestion for a new pay system for garage employees. Language authorizing the new pay system was included in the Supplemental Appropriation Act, 1974, Public Law 93-245, approved January 3, 1974.

GAO Decisions

The law requires that committees and officers of the Congress transfer their files to the National Archives at the end of each Congress. Consequently, there are no permanent files on the Hill. One of our recurring duties is furnishing advice and prior GAO decisions on questions of procedure and administration which are brought up in each new Congress.

Assistance to Other GAO Offices

In recent years the legislative branch audit group has provided increasing assistance to other GAO groups. For example, in 1970 we obtained some old volumes of statutes from the Clerk of the House for the GAO Library.

In 1970, the Legislative Reference Service requested us to act as a receiving station for financial disclosure statements of Senators and Senate employees. The statements are required to be filed with the Comptroller General and can be released only to the Senate Select Committee on Standards and Conduct or to the employee upon

termination of employment. We receive about 1,000 statements a year.

Because of the time required to obtain documents directly from the Government Printing Office, the Legislative Digest Section, Office of General Counsel, other divisions, and audit sites requested our assistance in obtaining official Government documents on an expedited basis. We receive about 500 requests a year for documents.

Conclusion

Many other things happened during the years reported on and many things are left to be done. For example, the Senate still submits its original fiscal documents to the legislative branch audit site for offsite audit. I believe, however, that the examples cited illustrate the significant contribution that the legislative branch audit group has played in improving congressional housekeeping functions.

Oversight

Oversight, in the best sense of the word, should be an essential congressional activity—constant study of whether programs are doing the job they were supposed to, money is being spent the way Congress meant it to be, statutory deadlines are being met, waste and inefficiency are too great.

* * * * *

Truly productive oversight can be dull, time-consuming thankless work, disregarded by colleagues, press, and public. A thorough study of the shortcomings of an agency or a program may even make a Congressman many more enemies than friends.

Alan L. Otten
Wall Street Journal,
 September 6, 1973

A Fed Works And Learns at City Hall

A Federal auditor learns about city hall while helping a major city improve its accounting system.

The Intergovernmental Affairs Fellowship Program is an annual 3-month program that provides Federal, State, and local government careerists a firsthand opportunity to learn about intergovernmental problems and to assist agencies at other levels of government. The program consists of 10 weeks of individual work/study at a host agency at a different level of government and 2 weeks of group academic exchange. The primary objective of the program is to share professional talent among government agencies in the solution of intergovernmental problems. It is also aimed at broadening the perspective of the Fellows and promoting intergovernmental understanding.

Program Management and Participation

The Intergovernmental Affairs Fellowship Program was started in 1969

and is managed by the Civil Service Commission's Bureau of Training. Until 1973 only Federal employees were eligible to participate and a total of 55 had participated. The 1973 program included 6 participants from State and local governments along with 15 participants from Federal agencies. Six of the Federal participants were from GAO.

Host Agencies and Subject Areas

Host agencies may be within Federal, State, or local governments. Matching of participants and hosts is a joint effort of the participants, potential host agencies, and the Civil Service Commission. Work/study subject areas are selected by the host agency and the participant. During the work/study phase, the participant provides technical and administrative assistance to the host government and learns firsthand the host government's

Mr. Cox is a supervisory auditor in the Atlanta regional office. He is a graduate of Delta State College and joined GAO in 1963. He is a CPA (Mississippi) and a member of the American Institute of Certified Public Accountants. He was a Fellow in the Intergovernmental Affairs Program during March through June 1973.

methods and problems in administering Federal programs.

My Work/Study Experience

My host agency was the finance department of a major southern city.

When I arrived, the finance department was attempting to upgrade its accounting system and to centralize control over the city's Federal grants. Control had been decentralized through various departments, and the first task given me was to help identify the total number of grants and the amount of money involved in them. Through discussions with department officials and review of their files, we found that the city had about 60 grants totaling \$55 million.

Achieving centralized financial control over the grants was important for several reasons:

—There was a need to provide direct accounting control over all grant receipts and disbursements. The need for such control had recently been highlighted by the loss of a grant reimbursement check for over \$1 million.

—The city had to comply with various Federal agency accounting and reporting requirements so that receipts and expenditures under each grant could be monitored and audited. The consequences of not providing an adequate audit trail had recently been felt when State auditors attempted to audit some Federal grants that had been channeled to the city through the State and were unable to do so because of

inadequate city records. The State suspended all payments on the grants until the city assembled adequate records for the audit.

—The existing accounting system did not provide the financial information needed for effective management planning and evaluation of Federal grants. The need for such information had become more critical as the city moved from administering federally controlled categorical grants to planning, administering, and evaluating locally controlled programs funded by Federal revenue sharing funds.

—The city needed complete financial information on Federal grants so that it could compute a departmental indirect cost rate to apply to the grants. The city estimated that it would recover an additional \$2.5 million annually if it could apply a standard indirect cost rate to its Federal grants.

Overcoming Organizational Problems

Centralized financial control over Federal grants was clearly a desirable objective, but the principal obstacle to its achievement was the independence of city departments.

The city had a "weak mayor" form of government. The mayor lacked legal authority over the city's administrative affairs. Administrative authority was in the hands of aldermanic committees operating in functional areas (e.g., police, parks and recreation, water) cor-

responding to the city departments. Each committee and its related department was largely independent of the mayor and of the other committees and departments as well.

Within that management environment, 12 city departments had Federal grants, and there was no central point of administrative authority to require centralized accounting control over the grants. Grant records were scattered among departments, and decisions regarding grants were not adequately communicated among responsible officials. In at least one department, grant-funded projects were completed and expenditures were reimbursed by Federal agencies before the grants were recorded in the city's accounting system.

In the absence of administrative authority to require centralized accounting control over the grants, our effort was to sell the idea of centralized control as a service that would be beneficial to all departments. A new accounting section was established to inventory Federal grants and to maintain a central filing system. Each department was requested by the finance department to cooperate in the exchange of information on grants. This was essential to the centralization of accounting control. Initially, some departments were reluctant, but we gradually obtained their cooperation.

Improving Grant Accounting

In addition to the need for better



communication between departments, centralizing financial control over grants required upgrading the city's accounting system. There had to be assurance that transactions relating to each grant would be properly recorded in a separate account, and the reporting system had to be programed to produce periodic financial reports on each grant. During the course of my assignment, improvements were being made in recording grant transactions, but programing the reporting system to report on each grant separately was estimated to be months away.

Since the city's accounting system did not separately account for each grant, I assisted the new grant accounting section in their completion of an inventory of all grants, in reconstruction of grant expenditures, and in the design of a temporary accounting system and a central filing system.

Future Grant Control

Under a new city charter effective in January 1974, the mayor's position is strengthened and he assumes legal authority over the administrative affairs of the city. He can then require all departments to participate in such interdepartmental efforts as centralized financial control over grants. Hopefully, use of such authority will not be necessary. The finance department is gradually convincing other departments that centralized financial control of grants is a worthwhile service, and is thus improving interdepartmental cooperation and grant administration at the same time.

Summing Up The Program Benefits

Federal grants are an important source of revenue as the city continues to face more demands for services than it can meet. Centralized financial control of Federal grants will enable the city to better control and evaluate the use of that revenue. The city's use of Federal funds will still be influenced by the same local political debate and backstage negotiation that influences the use of local funds, but at least the debate and negotiation regarding the use of Federal funds can be from an informed position.

So while helping the city upgrade its accounting system for Federal grants, I had an opportunity to study the overall impact of the grants and gained a much better appreciation of the social, economic, and political factors that affect city government.

Work/study experiences reported by other Fellows at the end of the program showed that they too gave needed assistance to their host agencies and developed a much better understanding of how their counterpart governments function.

In summary, the Intergovernmental Affairs Fellowship Program offers its participants an excellent opportunity to provide active, meaningful assistance to another government agency, to improve intergovernmental communication, and to gain personal and professional enrichment. And those benefits continue after each annual program ends.

Rockefeller Service Awards

Phillip S. Hughes, Assistant Comptroller General and formerly director of the GAO Office of Federal Elections, received one of the five Rockefeller Service Awards for 1973. His award was in the category of administration.

These awards are the most lucrative and prestigious given each year to Federal career employees and include a tax-free \$10,000 cash grant. The awards are financed by John D. Rockefeller, 3rd, and are administered as a trust by the Woodrow Wilson School of Public and International Affairs at Princeton University.

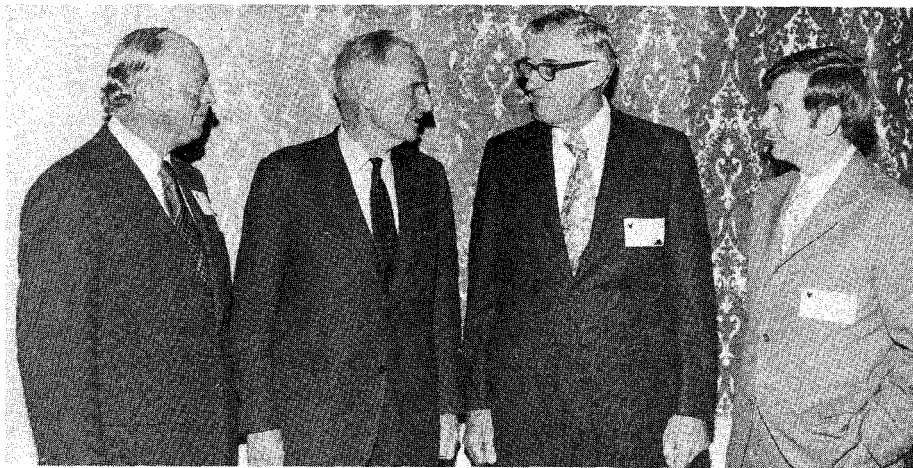
The 1973 awards were presented at a luncheon ceremony on December 5, 1973, at the Shoreham Hotel, Washington, D.C. The principal speaker

was the Honorable Earl Warren, former Chief Justice of the United States, whose remarks on the career public service are printed below.

Mr. Hughes is the second GAO employee to receive one of these awards in the 20 years since they have been made. *Robert F. Keller*, Deputy Comptroller General, received one in 1965, when he was General Counsel. The Comptroller General, *Elmer B. Staats*, received one in 1961 when he was in the Bureau of the Budget as Deputy Director.

Before coming to GAO, Mr. Hughes had a long career in the Bureau of the Budget, serving under 11 Budget Directors and 5 Presidents.

He had left the Government and was Director of Public Management Stud-



At Rockefeller Service Award Ceremony, December 5, 1973. From left: Elmer B. Staats, Comptroller General; John D. Rockefeller, 3rd; Phillip S. Hughes; and William G. Bowen, President of Princeton University.

ies at the Brookings Institution when he was appointed in April 1972 to head the new GAO Office of Federal Elections.

He describes himself as

"a somewhat off-beat bureaucrat for this city. I went to the wrong school (University of Washington from which he graduated in 1948) and got the wrong degree (B.A. in Sociology). I'm post-New Deal, but not New Era."

He arrived in the District in 1949 after working with the War Manpower Commission and the Veterans Administration in Washington State. He was born in Chicago but grew up in Washington, attending high school in the little town of Sprague (pop. 600). During World War II, he served both with the U.S. Army as an enlisted man and later as an officer in the Navy.

"I came out of the military service with two firm resolutions: (1) I was not going to be in the government again, and (2) I was not going to leave Seattle. It took me six months to violate the first one—I went to work for the VA—and three years to leave Seattle. By then I'd decided that if I wanted to be in government, there was no use being out there on the end of the pipe line. So I bought a round-trip coach ticket here—the trains were still running in '49—and came to Washington to work in the Bureau of the Budget."

He began as a budget and program analyst, and by 1958 was named Assistant Director for Legislative Reference, a position he held under Presidents Eisenhower, Kennedy, and Johnson. In 1966 he was appointed Deputy Director by President Johnson. He stayed through the first 6 months of the Nixon administration, then left the government and went to work for the Brookings Institution.

Remarks by the Honorable Earl Warren, Chief Justice of the United States (Retired), at the Rockefeller Public Service Awards Luncheon, Shoreham Hotel, Washington, D.C., December 5, 1973.

The achievements of those whom your Selection Committee has chosen for these awards certainly stimulate a sense of humility. At the same time, they also stimulate a sense of pride that our government has the benefit of such talent and dedication.

I am especially happy to be a part of today's awards ceremony because I believe it has never been more important to recognize the value and the quality of the career public service!

To recognize the high competence, the outstanding achievement, and the continuing devotion of the five persons chosen by the Selection Committee is, in itself, a significant act. But these ceremonies, in a very real sense, honor all public servants. These five are the symbols of hundreds, probably thousands, who *almost* won. They are the manifestation of tens of thousands who are hard and faithfully at work in many places—not just in this city, not just throughout our land, but also in outer space and under the sea, on peaks, in valleys, on frozen wastes and hot deserts.

Those who have chosen to direct their lives and their skills to the service of their fellow citizens, and of their neighbors in this world community, merit our thanks. And we are grateful to you, Mr. Rockefeller, for the opportunity, through the recogni-

tion of these five, to renew our faith in the whole pursuit of public service.

Scandals and witch hunts directed at the career public service were rampant when Mr. Rockefeller initiated these awards nearly 20 years ago in the midst of what we sadly call the McCarthy period. His action then helped to restore the morale and the reputation of government service. We owe it to him, as well as to ourselves, to hope for a similar reaction from the recognition extended here today.

Last summer, a U.S. Senator asked a bright, earnest young man who had come to Washington to serve his country what, in the light of his experience, he would advise other young people interested in working for their government.

"My advice," he replied, "would be to stay away."

In a period that has saddened us all, this was, to me, one of the most tragic episodes.

To serve the public, to serve the people, to serve the government they have chosen to represent them, should always be among the highest aspirations of all our citizens, and it should most especially be among the highest aspirations of our young people.

When we denigrate the public service, we demean the capacity of free people to manage their own affairs. When we frustrate idealism, we cripple the capacity for greatness and even for effectiveness.

The respect and appreciation due the career public servant should not hide the fact that the role of the career official in a representative government will always be somewhat uncertain

and even somewhat uneasy. We need the vitality and initiative, the "freshness from the people" of the in-and-outer; just as we need the experience, professionalism and impartiality of the career public servant. Indeed, this is one more of the checks and balances that have been built into our system.

When James Madison wrote that the "accumulation of all power in the same hands, whether of one, of few, or of many * * * is the very definition of tyranny," he was not thinking of the need for diffusion of power within the executive branch. But as government has grown, the diffusion of power not just *among* the executive, legislative and judicial branches, but even *within* the executive branch—must be looked upon as one of the safeguards of our freedoms.

Of course, a bureaucracy unresponsive to the voice of the electorate would be intolerable. But that is not the current problem. Some of the major maladies of American government arise not from an excessive bureaucratic posture and resistance to innovation; but rather from non-professional behavior, from action without authorization, or from action without adequate respect for the law.

As an elected public official, I have not been able to share in the often expressed fear and suspicion that the career official is not sufficiently responsive to the changes called for by the ballot box. And, as a non-elected official, I have sadly observed attempts by some elected to public office to use excessive rhetoric and later abandonment of the people's mandate to intrude upon and even to subvert the

process of fair and honest administration.

This is not a new problem. However, accelerating change has made it more intense. And the growth in the power of government has made it vastly more important. Huge stakes become involved in the vague and shifting inter-relationship between policy determination by the elected public official and program implementation by the career public servant.

There is no simple answer to the problem of making the permanent career employee more responsive to changes in the larger political system. But one thing is certain: *direct control* over the far-flung activities of some three million civil servants is not feasible, even if it were desirable. No matter how large the staff of White House supervisors might be, or how many Congressional committees might be set up to act as watchdogs, the essential elements of the answer must be based upon leadership and honesty from the policy making authority.

We must become far more serious than we have ever been about establishing, maintaining and respecting a responsible and responsive career public service if our system is going to be adequate to the needs of our time.

This means a clear recognition of the civil servant's obligation to execute the policies of the elected official. But it also means an equally clear recognition of the elected official's obligation to respect the civil servant's responsibility for the processes of even-handed administration. When there is such a great need for bringing new talent, new enthusiasm, new dedication into

our public life, it is vital that we recognize, promote and protect the role of the disciplined professionals.

There must also be clear recognition that the career public servant does not exist to serve party or personality, but to serve policy and process.

Nothing is more destructive of good government than the confusion of personal loyalty with institutional loyalty. No less than with other citizens, the political preferences of career public servants are their own private concerns. The loyalty of a career public servant belongs not to any holder of public office, but to the standards of his profession and to the institutions of our Nation.

As with all good public servants, a distinguishing characteristic of today's winners is their commitment to institutions rather than to individuals. Each has served several Presidents—served them loyally and well; not because of personal loyalty to any one President, but because of loyalty to the Presidency, to the government, and to the nation. It is our duty to make the meaning of their example ring out loud and clear.

Failure to understand the proper placement of loyalties breeds suspicion and distrust. Creating conditions in which trust and confidence can grow is a central task of leadership at all levels of government. Trust is the very lifeblood of a society that aspires to be strong and just.

Today, trust, like energy, appears to be in short supply. But, happily, cynical acceptance of the status quo has never been one of our national characteristics.

We have never blamed our institutions for the manner in which they have been administered. We have followed the wise injunction not to destroy good buildings because we have bad tenants.

The public service that survived the brutal assaults of the McCarthy period two decades ago has produced the type of public servant we honor here today. This should inspire confidence that the current difficulties in making government work will be faced resolutely, creatively, with fidelity, and with success.

Shortly before his death, the late Whitney Young made a statement which I think is worth repeating in relation to our current concerns. Out of the depths of his often bitter struggles, he said:

"I do have faith in America—not so much in a sudden upsurge of morality nor in a

new surge toward a greater patriotism. But I believe in the intrinsic intelligence of Americans. I do not believe that we forever need to be confronted by tragedy or crises in order to act. I believe that we as a people will not wait to be embarrassed or pushed by events into a posture of decency. I believe that America has the strength to do what is right because it is right. I am convinced that given a kind of collective wisdom and sensitivity, Americans today can be persuaded to act creatively and imaginatively to make democracy work. This is my hope, this is my dream, this is my faith."

I share these convictions. Therefore, Mr. Rockefeller, to you and to you winners of the Rockefeller Public Service Awards let me express our thanks for giving new strength to our faith in our public service. Let these awards and this occasion be the inspiration for rekindled faith in our system of government, in our country, in ourselves as free people.

Value of Reading

Through reading, today's executive can fight obsolescence day by day. All the formal efforts that organizations make to develop their executives will fail if the executives themselves do not carry this development into their personal lives. There is no better, more personalized way to do this than by reading.

B. J. Hodge and John W. Lee

Florida State University

Management Review, December 1973

The Watchdog Reports

The following items from past issues of The Watchdog, the monthly newspaper of the GAO Employees Association, Carl C. Berger, editor, are republished for the benefit of GAO's present staff.

GAO Draws Praise of Congress

April 1955

The General Accounting Office received high praise from congressional leaders as a result of Comptroller General Joseph Campbell's testimony before congressional committees on different legislation.

The report of the Comptroller General on Atomic Energy Commission contracts for electric power drew this comment from Senator Clinton P. Anderson of New Mexico:

"I must say that his [Mr. Campbell's] report is a very interesting and enlightening one, and promises very fine things for Mr. Campbell's administration of his high office * * *. In the summary and conclusions the General Accounting Office reached a decision which I think is a commendable one * * *. If this is a forerunner of future work that will be handled by his department, we shall look forward to succeeding documents with great interest."

Concerning testimony on the Administration's Highway Program, Senator Harry F. Byrd of Virginia Noted:

"The statement made by Comptroller General Campbell is accurate, is fundamental, and, coming from such a high authority, deserves the fullest consideration of the Sen-

ate. I desire to compliment the Comptroller General on the very splendid presentation he has made on this legislation."

Mr. Campbell also testified before a committee on the Independent Offices Appropriation Bill. Of this, Representative Charles W. Vursell of Illinois stated:

"I was particularly impressed with the alertness and the ability evidenced by those in charge of the General Accounting Office. This Office appears to me to be doing a most excellent job. Their services are of untold value to our Government from the standpoint of efficiency which they are able to bring about by better accounting practices and by the tremendous amount of money they have been able to collect for and to save the Federal Government."

K. A. Brasfield Promoted

July 1955

Karney A. Brasfield has been appointed as an assistant to the Comptroller General, according to a recent announcement made by Joseph Campbell, Comptroller General of the United States.

Mr. Brasfield leaves the position of Deputy Director of the Accounting Systems Division of GAO to assume

his new duties. Now in his 25th year of Government service, Mr. Brasfield came to GAO in 1952. Prior to that he served as Controller of the Commodity Credit Corporation and Comptroller of the Farm Credit Administration.

A native of Missouri, Mr. Brasfield is a graduate of Washington University, St. Louis. He is a certified public accountant and a member of the American Institute of Accountants and other professional organizations.

Mr. Brasfield will work with Robert F. Keller, Assistant to the Comptroller General since 1950, on congressional and interagency relationships of GAO.

During the period 1931-45, he figured prominently in the leadership under which a modern accounting and financial reporting system for the multimillion dollar family of corporations making up the Farm Credit Administration was developed. He was Comptroller of FCA in 1938.

In 1945 Mr. Brasfield assisted in overcoming the tremendous accounting and financial problems facing War Food Administration and Commodity Credit Corporation resulting from wartime operations involving billions of dollars of transactions.

From 1947-52, he directed the accounting and financial activities of the Commodity Credit Corporation and Production and Marketing Administration, USDA.

L. J. Powers

July 1955

Lawrence J. Powers, Associate Director of the Accounting Systems Divi-

sion, has been named Deputy Director of that division by Walter F. Frese, Director. He replaces Karney A. Brasfield who has been appointed an Assistant to the Comptroller General.

**R. E. Casey Resigns
For House Committee**

August 1955

Ralph E. Casey, Associate General Counsel, Office of the General Counsel, has resigned to become Chief Counsel of the House Committee on Merchant Marine and Fisheries. In his resignation to Comptroller General Campbell, Mr. Casey stated that the decision to accept the new position was the toughest decision he ever made. Mr. Campbell accepted the resignation with deep regret, and commended him for the fine record he accomplished while with the General Accounting Office.

"Russ" Young Retires

September 1955

Russell G. Young, special assistant to the General Counsel, has retired after 38 years of Government service. Commendation by the General Counsel and his staff bore witness to the high esteem and affection in which he was held.

Following 2 years in the Army, he began his career as a civilian Government employee in 1919 with the Treasury Department in the Office of the Auditor for the War Department. He transferred to GAO in 1936.

The establishment in 1942 of an index-digest section in the Office of the General Counsel was one of the ac-

complishments of Mr. Young. The operating procedure and publication format which were established under Mr. Young's direction are still being followed.

In addition to his duties as special assistant to the General Counsel, Mr. Young was the security officer for the Office of the General Counsel. He served as a member of the Performance Rating Panel and as a member of the Incentive Awards Committee. His latest achievement was the inauguration of a recruitment and training program for attorneys in GAO.

Dekker & Lang Reassigned

October 1955

Matthew A. Broughton, Investigator in Charge, Dallas, will retire October 31. He entered Government service in July 1922, came to Investigations in 1928, and has headed field work in New York, New Orleans, Philadelphia, and Dallas.

Deon H. Dekker, Investigator in Charge, Denver, will succeed Mr. Broughton as head of the Dallas office. He holds an A.B. degree in business administration from Hope College, Michigan, and received his L.L.B. from DePaul University, Chicago, in 1940. He was admitted to the Michigan bar in 1940.

Mr. Dekker served as an investigator with the Farm Security Administration in Chicago and Milwaukee and also served with the Farmers Home Administration and the Atomic Energy Commission. He joined GAO in 1952

and became head of the Denver office in 1953.

Elmer P. Lang, of the Seattle field office, has been named to succeed Mr. Dekker in the Denver office. He was born in Wisconsin, attended schools in Minnesota, and received his L.L.B. from Creighton University, Omaha, in 1928. There he was mentioned for All-American in football. Mr. Lang was admitted to the Nebraska bar in 1928.

He coached football for four years after college and then was employed by International Harvester and Allis-Chalmers. He entered Government service in 1942 as an investigator with the Farmers Home Administration in California. Mr. Lang joined GAO in 1954.

R. Jordan To Retire

November 1955

Robert Jordan is the first employee to retire from the Accounting Systems Division. Mr. Jordan came to GAO in 1938 as an investigator, Office of Investigation. He also served as investigator in charge, Denver, and in the Corporation Audits Division and was transferred to the ASD in 1950. His most recent assignment was the revision of the internal accounting system of GAO.

Mr. Jordan has been in the accounting field for 51 years, since 1904. He headed his own public accounting firm in Roanoke, Virginia, and was Deputy Auditor of Public Accounts for the State of Virginia in charge of accounting systems and procedures for the

State and Director of Finance for the Virgin Islands Government in the Emergency Relief Administration and revision of its accounting system and Works Progress Administration for was commended by the Governor for the State of Virginia. He also assisted his work.

Easing Retirement Trauma

Retirement need not be a total termination of the interests of a lifetime. But to provide for the continuity that can result in benefits to both the individual and the organization, good mechanisms for communication are required. A person who is retiring can be very agreeable and supportive of the change in his relationship to the firm if he is kept informed of what is happening. Organizations cannot afford to take the attitude that "when he's gone, he's gone; he doesn't have a right to know about things after he leaves." Such an attitude is unhealthy both for the retired person and for the company that wishes to make the best use of his talents.

James L. Hayes
President, American
Management Associations
Managers' Forum,
January 1974

The amendment to the Defense Production Act of 1950 passed in August 1970 which provided for the establishment of the Cost Accounting Standards Board designated the Comptroller General as Chairman and authorized him to appoint the other four members. The law further specified that two of the additional members are to be from the accounting profession; one is to be representative of industry; and one to be from a Federal department or agency.

On January 21, 1971, the Com-

Accounting Standards Board (Public Law 91-379) was passed by the Congress following an 18-month study by the General Accounting Office undertaken by previous direction of the Congress. In this study, GAO found that such standards were both feasible and desirable. The new law establishing the Board was then incorporated in the amendments to the Defense Production Act, approved August 15, 1970. Funds for the establishment of the Board were approved recently by the Congress.

The Board will have the responsi-

On March 5, 1971, Mr. Staats, Chairman of the Board, announced that the Board had selected *Arthur Schoenhaut* as Executive Secretary.

Mr. Schoenhaut has served the Federal Government since 1950. Until 1964 he was with the General Accounting Office and served as Deputy Director of the Civil Division from 1964 to 1967. Since 1967 he has been Deputy Comptroller of the Atomic Energy Commission.

Mr. Schoenhaut received his B.B.S. degree from the City College of New York.

News & Notes

The Old Alaska Guide

The survey of the proposed Alaska pipeline described in the Winter 1974 issue of *The GAO Review* by *L. Neil Rutherford* of the Seattle regional office prompted *Irvine M. Crawford*, associate director of the General Government Division, to appraise Mr. Rutherford's abilities as a guide this way.

The Old Alaska Guide

When going to Alaska
And Seattle on the side,
The man to get in touch with,
Is the Old Alaska Guide.

He doesn't work for Gray Line
And he doesn't tote a gun,
But he knows his way around,
And he'll show you lots of fun.

Best of all, his services
Will be absolutely free,
If perchance you qualify,
Organizationally.

GAO Organizational Changes

On December 14, 1973, the Comptroller General, *Elmer B. Staats*, announced the following organizational changes.

—Designation of *Phillip S. Hughes*, formerly director of the Office of Federal Elections, to be Assistant Comptroller General responsible for the following organizational units:

- Office of Energy and Special Projects.
- Financial and General Management Studies Division.
- Office of Federal Elections.

—Transfer of Energy Projects Staff of the Resources and Economic Development Division to the new Office of Energy and Special Projects to which are assigned the following responsibilities to be

carried out under Mr. Hughes' immediate direction:

- Liaison and audit responsibility with respect to the newly established Federal Energy Administration and such statutory responsibilities as may be placed upon GAO with respect to energy data collection and analysis.
- GAO responsibilities under the Trans-Alaska Pipeline Act for reviewing the collection of information required by independent regulatory agencies and the approval of requests for collection of information proposed to be sent out by those agencies.

—Designation of *L. Fred Thompson* as director of the Office of Federal Elections.

In announcing these changes, the Comptroller General also stated:

"The Congress has under consideration major changes in its procedures for reviewing requests for spending authority. If this legislation is enacted, legislative budget committees and a central staff would be established to assist them. It is expected that the GAO will be assigned additional responsibilities and/or be requested to undertake economic, program evaluation, and other studies in support of the legislative budget committees. I have asked Mr. Hughes to advise me as to how we can best relate GAO's resources to assist the proposed committees and their staff."

Progress in Improving Department of Defense Accounting

On January 10, 1974, the statement

of accounting principles and standards for the Office of the Secretary of Defense and Defense agencies was approved by the Comptroller General. With this approval, accounting principles and standards for the entire Department of Defense now have been approved by GAO.

Mr. Staats commended the Department of Defense officials for (1) obtaining approval of the statements of accounting principles and standards and (2) assigning higher priority to efforts to obtain approval of the designs of all of the accounting systems in the department.

The Comptroller General also stated that he was pleased with the fine relationships that have developed between the department and GAO in carrying out the systems approval effort and that GAO would continue working with Defense representatives to complete the approval of all of their accounting systems.

The road to improving Defense accounting systems has been a long and arduous one since the enactment of the Budget and Accounting Procedures Act of 1950 that laid down the principle of GAO approval, rather than prescription, of accounting systems.

Until 1966, the only GAO-approved accounting system of the Department of Defense was that for the civil functions of the Army Corps of Engineers, approved in 1955.

In recent years, particular stress has been placed by both agencies to increase efforts to develop systems which meet GAO standards. Eight systems designs have now been approved and 17 other systems now are being

evaluated by GAO. Twenty additional systems are expected to be submitted to GAO for approval by June 30, 1974. Since a total of 117 Defense accounting systems have been identified as subject to approval, it can be readily seen that much effort remains to be devoted to this work.

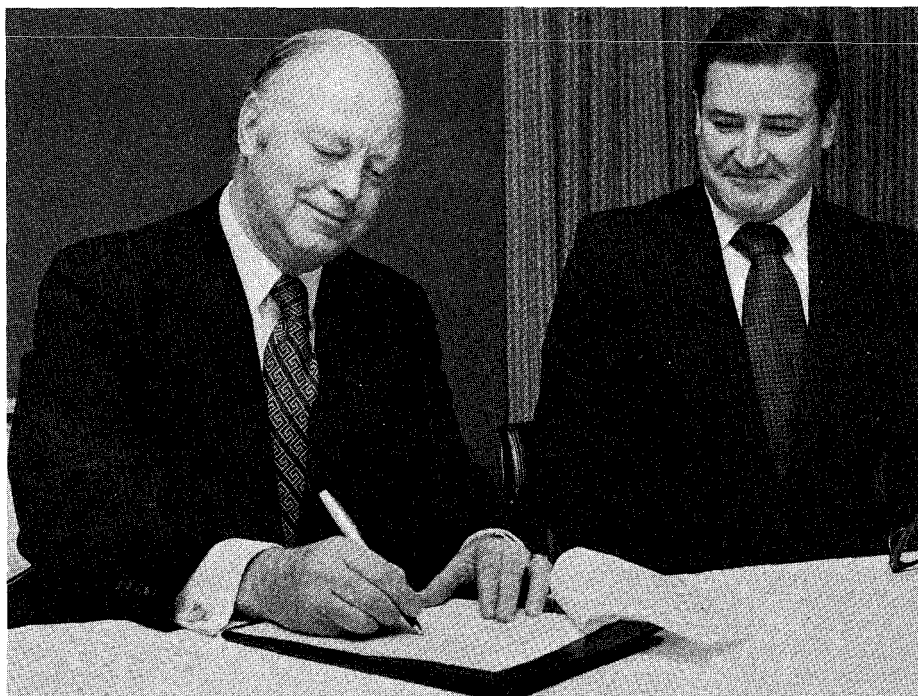
In completing GAO approval of the Department of Defense statements of accounting principles and standards, the Comptroller General expressed to the GAO staff his appreciation for the "leadership and the hard work which is reflected in this milestone on the part of our own staff." He also stated that "without their assistance and their initiative and their persuasive-

ness we would not have been able to recognize this milestone today."

GAO cooperative accounting systems development work is the responsibility of the Financial and General Management Studies Division under *Donald L. Scantlebury*, director. *Richard W. Maycock*, deputy director, is in charge of the accounting systems work. Key staff members engaged at the Department of Defense are *James P. Oliver*, assistant director; *Joseph J. Donlon, Jr.*; and *Robert F. McMican*.

Objective—Energy Independence

From President Nixon's message of



Comptroller General Elmer B. Staats signs last approval letter for the Defense Department's accounting principles and standards on January 10, 1974, as Assistant Secretary of Defense (Comptroller) Terence E. McClary happily looks on.

January 23, 1974, to the Congress on energy:

"The energy emergency has shown us that we must never again be caught so dependent upon uncertain supplies. It is a lesson the American people must and will take to heart. By 1980, if we move forward with the proposals I have outlined today, I believe we can place ourselves in a position where we can be essentially independent of foreign energy producers.

"America has half the world's reserves of coal. It has billions of barrels of oil in the ground, as well as convertible oil shale. It has vast natural gas reserves. We have the world's largest installed nuclear capacity and half the world's hydroelectric plants. This represents a truly enormous store of energy.

"The United States also has the largest pool of highly trained scientific talent in the world. Our managerial skills in the private sector are enormous. And our organized facilities for solving technical problems in universities, businesses, and government are unparalleled.

"I have no doubt that the bringing together of these natural and human resources can propel us toward an era of energy independence."

GAO Audit Saves Lives

The following note on this intriguing subject is from the December 1973 issue of the Seattle regional office newsletter:

"Surely a milestone in the evolution of GAO was an accomplishment report signed September 14, 1973, in which the accomplishment was measured in human lives saved rather than dollars saved. Because the once so ultra-conservative GAO had the courage and the determination to use human lives rather than dollars as a criteria, thousands of citizens who once were doomed to die on our highways are now going to live. The participating staff in SRO, the lead region, were

Bob Higgins, Joel Layne, Linda Rubin, Joe Gibbons, Joe Sears, and Rod Conti.

"We reported to the Congress that State highway departments tended to spend all available highway funds on new construction rather than spend part of the money on improving safety of existing highways. We said that each million dollars spent on highway safety would prevent 3.85 more deaths and 59.37 more injuries annually than the same amount spent on highway construction. Following issuance of the report in May 1972 and Mr. Staats' appearance before a congressional committee, the Congress earmarked \$375 million in the Federal-aid Highway Act of 1973 to improve high-hazard locations and eliminate roadside obstacles. Based on available statistics, use of the funds should save 1,450 lives and prevent 22,000 injuries annually over the capital life of the improvements. *That is social accounting!*"

Bid Protest Comment

An important activity of the GAO Office of the General Counsel is the consideration of protests by unsuccessful bidders of awards of Government contracts by Federal agencies. Under this procedure, GAO provides an independent forum for considering complaints of interested parties against agency procurement actions.

During the fiscal year 1973, a total of 1,096 bid protest cases were disposed of.

Protests sustained	40
Protests denied	542
Protests withdrawn	326
Other actions	188
Total	<u>1,096</u>

One unsuccessful bidder and protester recently wrote the Comptroller General:

"It is our sincere hope that all Government contractors will receive the benefit of your expeditious handling of protests and that as a result of your surveillance, the Government procurement system will be maintained on a highly professional, non-personal basis."

GAO Assistance to Architect of the Capitol

In May 1973, Architect of the Capitol George M. White requested GAO to evaluate a proposed price of over \$2.7 million submitted under a preliminary letter contract to furnish a portion of the security surveillance system to be installed at the United States Capitol buildings. He further requested that the results of the evaluation be furnished without a formal report and that the staff members working on the assignment be made available to discuss their work with representatives of his office.

Under the supervision of *Charles Weinfeld*, assistant director, Procurement and Systems Acquisition Division, the staff assigned to make the evaluation of the price proposal consisted of *Jack Dunwiddie* and *Melvin McComb* of the GAO Cleveland sub-office.

The Architect of the Capitol wrote to *Richard W. Gutmann*, director, Procurement and Systems Acquisition Division:

"Please accept my sincere appreciation for the excellent extensive efforts of your Division in pursuance of my request. I understand that we are particularly indebted to *Mr. Charles Weinfeld* of your Division and to certain other staff members of the General Accounting Office.

These efforts have enabled us to negotiate a very considerable reduction from the May

10 proposal * * * and we expect it to continue to be most helpful in ongoing negotiations for definitizing of the letter contract."

GAO Use of Agriculture Inspector General Reports

During hearings before the House Appropriations Committee on 1974 appropriations for agricultural programs involving environmental and consumer protection, the following exchange took place concerning GAO's use of reports of the Inspector General of the Department of Agriculture:

"Mr. WHITTEN. To what extent does the General Accounting Office utilize your findings as a basis for the reviews it makes of agricultural activities?"

"Mr. KOSSACK. By mutual arrangement, we routinely send GAO copies of all OIG audit reports except those involving small entities such as ASCS and FHA county offices, food stamp project areas, et cetera. However, these reports are available to GAO on request.

"Also excepted are audit reports being considered by legal officials for possible legal action; and those containing information restricted by laws or given under a pledge of confidence.

"We also furnish GAO, quarterly, a detailed listing, from our computerized information retrieval system, of all audit and investigative findings.

"We believe that GAO makes substantial use of OIG audit findings in determining what programs or activities, or parts thereof, to audit; and also what aspects or issues to focus on. GAO reports, when appropriate, acknowledge and/or accept previous OIG findings involving the same subject matter or general program area."

Goal Setting in Educating Indians

As brought out in the GAO report

on "Opportunity to Improve Indian Education in Schools Operated by the Bureau of Indian Affairs" (B-161468, Apr. 27, 1972), the Department of the Interior has had a major goal for years of closing the education gap between Indians and other Americans. The goal was to raise Indian students' academic achievement levels to the national average by 1976.

In the GAO audit, it was found that the programs of the Bureau of Indian Affairs had not been designed to achieve such a goal. In fact, officials at 5 of 12 schools visited by GAO auditors said they were not even aware of such a goal. The other schools had made no particular efforts to design their programs to reach this goal nor had they received instructions from the Bureau's central office to do so.

The subject came up for discussion during hearings on the appropriations request for fiscal year 1974. Senator Alan Bible of Nevada referred to the GAO report that was "highly critical of BIA schools" and asked the agency witness what was being done to correct the various deficiencies reported. In response, the agency supplied a lengthy written statement which included the following comments about the educational goal described above.

"The goal set in 1963 of reaching a level of academic achievement for Indians equal to the national average is no longer considered a desirable or satisfactory goal. It is based on a false premise that education should do the same things to or for all students. Moreover, the standard academic achievement tests used are commonly acknowledged to be culturally biased and, consequently, inaccurate instruments for measuring the quality of Indian education programs."

The statement then went on to describe the Bureau's future plans for assisting in the education of Indians under a program no longer geared to an overall long-range goal. The plan now

"* * * recognizes that the primary responsibility for the education of children rests with the parents of the children and the community in which they live. The Bureau of Indian Affairs proposes to respond to Indian requests for change and to make possible increasing acceptance of responsibility for the direction of their children's education by Indian people. The Bureau will offer assistance to the community in all phases of the development and implementation of education programs. This will include assistance in the assessment of needs, establishment of goals, objectives and priorities, and the evaluation of progress."

Benefits of Cost Accounting Standards

B. B. Lynn, director, Defense Contract Audit Agency, recorded the following comments on this subject in *The DCAA Bulletin* for October 1973:

"As we go about our job of reviewing Disclosure Statements, ascertaining compliance with Cost Accounting Standards, etc., we must bear in mind some of the benefits which have been promised and which should accrue to both the Government and industry as a result of P.L. 91-379. For example much good should come from reducing the numerous alternative cost accounting methods which may now be selected to record cost under Government contracts. The present opportunities for both sides to choose and defend various methods, most of which are not specifically precluded by generally accepted accounting principles, generate many controversies between the contracting parties. These disagreements continue through the various administrative levels and some culminate in quasi-judicial and judicial arenas."

All of this, of course, results in the expenditure of much needless time, effort and cost, and contributes to adverse and sometimes even hostile relationships.

"The Law envisions that the Standards shall be 'designed to achieve uniformity and consistency in the cost-accounting principles followed by defense contractors and subcontractors under Federal contracts.' It has been suggested that uniformity is a lateral concept, relating to two or more contractors, while consistency is a vertical concept, pertaining to the requirement for a specific contractor to apply the same accounting methods to like costs incurred in like circumstances. These provisions did not introduce innovative concepts, but they did establish something new in terms of formal requirements. There is good reason to believe that they should assist contract auditors and contracting officers in evaluating pricing proposals submitted by individual contractors and comparing the proposals submitted by two or more contractors for the same procurement.

"We hope that the work of the Cost Accounting Standards Board, with the cooperation of the Government, industry and the accounting profession, will contribute to sound contracting, reduce the time and cost necessary to achieve it, and promote better relations between the parties. Amidst our problems and difficulties in evaluating Disclosure Statements, and ascertaining compliance with P.L. 91-379 and DoD implementing regulations, we must be ever mindful of the benefits envisioned when the Law was enacted, and work cooperatively toward achieving them."

Secretary of Defense Views GAO Reports

James R. Schlesinger, Secretary of Defense, sent a memorandum to top officials in the Department of Defense a few months ago setting forth his views on GAO work and reports on Defense activities.

"In view of the changes in top officials of the Department of Defense, including the Military Departments, I wish to reemphasize the importance and usefulness of reports prepared by the General Accounting Office regarding activities of the Department of Defense.

"These reports have a substantial impact on congressional and public views regarding DoD activities, and merit prompt and careful DoD top management attention. They provide a valuable means of identifying problems that require corrective management attention.

"In commenting on GAO reports the Department should be objective, acknowledge problems when they exist, indicate what corrective actions are being taken, and point out judiciously any pertinent omissions or inaccuracies in the GAO findings and conclusions."

International Journal of Government Auditing

The first issue of the redesigned *International Journal of Government Auditing* was printed in January 1974.

This new magazine is sponsored by the Board of Governors of the International Organization of Supreme Audit Institutions (INTOSAI), which is made up of the top national auditors of the countries participating in the United Nations. The U.S. member of this organization is the Comptroller General of the United States, *Elmer B. Staats*.

The magazine is being launched on a modest basis in an effort to provide a useful medium for exchange of ideas and international communication in the field of auditing government operations. At present there is no journal filling this need.

In addition to an English language edition, separate editions will be published in Spanish and French.

The project is being financially supported by member countries of INTOSAI and by United Nations Development Fund. Copies are available for public subscription at \$2 a year.

Editorial services are provided by:

E. H. Morse, Jr. (U.S.)

Roland Sawyer (U.S.)

Renny Englebert (Canada)

An associate editor from Venezuela is also expected to be appointed.

The January 1974 issue contains articles on:

- GAO auditing, by *Allen R. Voss*, director, Office of Policy.
- Operational auditing for govern-

ment programs, by *Robert R. Ringwood*, State Auditor of Wisconsin.

- The operational audit, by *Desmond B. J. Morin* of *Coopers & Lybrand*, Toronto, Canada.
- Reform of the Peruvian Comptroller General's Office, by *James P. Wesberry, Jr.*, of the Institute of Public Administration of New York.

JFMIP Awards

Comptroller General *Staats* presided at the Joint Financial Management Improvement Award Program awards luncheon on January 28 at the Washington Hilton Hotel. These awards recognized government employees who



Comptroller General Elmer B. Staats and 1974 recipients of JFMIP awards, Edward W. Stepnick and Robert R. Ringwood (right).

have achieved significant economies, efficiencies, and improvements in Federal, State, or local government.

Winners of the 1974 award were Edward W. Stepnick, Director of the HEW Audit Agency, and Robert R. Ringwood, State Auditor of Wisconsin.

Mr. Stepnick was an assistant director in the former Civil Division of GAO before he joined the HEW Audit Agency in 1967. Mr. Ringwood, a member of the National Intergovernmental Audit Forum, has been State Auditor of Wisconsin since 1968.

Textbook on Accounting for Public Administration

Under the sponsorship of the Federal Government Accountants Association, Dr. Lennis Knighton of Brigham Young University is writing a college-level textbook on accounting for public administration. No satisfactory text on this subject has ever been published although there has been a crying need for one for years. In the light of the ever-growing expansion of Federal, State, and local government operations, their importance in our society, and the need for college graduates, irrespective of their career fields, to have an exposure to basic principles and concepts of good government financial management, the need for adequate text material for teaching purposes is apparent.

Dr. Knighton's book will be an initial effort to meet that need. The book will include major sections on these subjects:

- Accounting in the public sector.
- Budgeting in governments.
- The financial accounting process.
- Accounting for the cost and accomplishment of public programs.
- Fund accounting in State and local governments.
- Auditing in government.

Publication is expected in early 1975.

Controlling Meetings

R. Alec Mackenzie, management consultant, in an interview published in *U.S. News & World Report* (Dec. 3, 1973) says:

"A clergyman I know has set up these rules for meetings: Always start on the dot. Keep the agenda in view. Invite only those whose attendance is really needed. Encourage people to drop in when needed rather than stay the whole time. Stick to the agenda, resist interruptions, get your conclusions in writing and distribute them immediately with action assignments and steps to follow up. Have stand-up meetings whenever possible, to keep them short."

Note From Sweden

Last fall three members of the staff of the Swedish National Audit Bureau, Ake Sanell, Pehr Rosengren, and Alfred Bretschneider, visited the General Accounting Office in Washington. A note to the Comptroller General from the Auditor General of Sweden comments:

"The members of my staff who visited you are very impressed by your progress within the Auditing Fields. They found it particularly interesting to meet you, your directors and other members of your staff. I am not in the least astonished by their reactions. To me

you and your agency are second to none when it comes to auditing research and performance."

GAO Assistance to General Assembly of Virginia

Virginia delegate Edward E. Lane wrote recently to the Comptroller General about the assistance provided by *Mort Dittenhofer* and *Rodney Espe* of the Financial and General Management Studies Division in connection with efforts to organize Virginia's Joint Legislative Audit and Review Commission. He stated:

"We were frankly groping in the dark until we made our initial contact with your office. On two separate occasions Messrs. Dittenhofer and Espe enlightened us considerably as to the nature and scope of the top flight operational auditing systems throughout the United States. They provided us with the kind of meaningful information we needed to get our own endeavor off the ground.

"You can be proud to have two such capable and talented men working under you."

GAO Annual Report for 1973

The annual report for fiscal year 1973 was officially transmitted to the Congress early in January 1974. Again in a single volume after a 2-year experiment in publishing it in 2 volumes, the 1973 report is a document of 275 pages replete with summary information on GAO's wide-ranging activities and accomplishments.

From a sampling of acknowledgments from Members of Congress:

"I certainly appreciate receiving the report, and commend you and the General Account-

ing Office not only for the extensive and responsible work indicated therein but also for the format in which this important information is made available to the Congress and the American public."

*Howard W. Cannon, Nevada
Chairman, Senate Committee on
Rules and Administration*

"I find it an impressive and very helpful document."

"I would also like to take this opportunity to acknowledge the excellent, sustained assistance that GAO is giving to me and to other Senators who serve on this Committee. This list of projects on which GAO has helped or is helping the Senate Committee on Aging is a long one, and it is growing rapidly."

*Frank Church, Idaho
Chairman, Senate Special
Committee on Aging*

"I am delighted to have a copy of this report and I know I shall find it useful."

*John Sparkman, Alabama
Chairman, Senate Committee on
Banking, Housing and Urban
Affairs*

"This information is always a useful addition to the resource material in my office; and I shall look over it carefully as a report of the work being done by your office."

*Lee Metcalf, Montana
Chairman, Joint Committee on
Congressional Operations*

"You have always been most helpful to our Committee in connection with the many projects for which we have asked your assistance. The performance of your investigators has been outstanding, and on behalf of all Members of our Committee, I want to take this special opportunity to express my appreciation to you for their assistance."

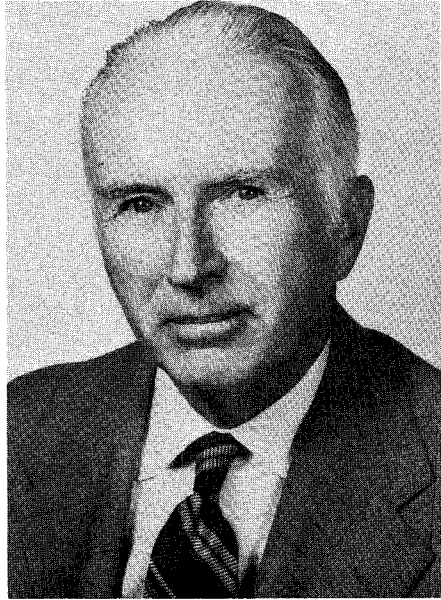
Thaddeus J. Dulski, *New York*
 Chairman, House Committee on
 Post Office and Civil Service

"I am very much aware of the broad spectrum of your operation, and I always marvel at the excellence with which you and your staff carry out your varied responsibilities."

F. Edward Hebert, *Louisiana*
 Chairman, House Committee on
 Armed Services

"I feel sure it will prove useful to us in the months ahead and your making it available is appreciated."

Wilbur D. Mills, *Arkansas*
 Chairman, House Committee on
 Ways and Means



Tom Gallagher Dies

The GAO Review records with regret the death on February 12, 1974, of Thomas J. Gallagher, assistant general counsel.

Mr. Gallagher joined GAO in 1936 as a contract examiner and reviewer in the Audit Division. After serving with the United States Army in World War II, Mr. Gallagher returned to GAO as a claims examiner. In 1948 he was admitted to the District of Columbia Bar and joined the Office of the

General Counsel. After holding the positions of senior attorney and deputy assistant general counsel Mr. Gallagher became, on July 1, 1973, an assistant general counsel. In that capacity he was responsible for matters relating to pay and allowances, retirement pay, transportation, and other rights and benefits of members of the armed services.

Mr. Gallagher received his LL.B. degree from Columbus University Law School. He was a member of the District of Columbia Bar and the Federal Bar Association.

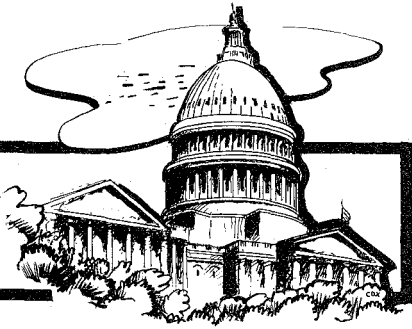
U.S. Postal Service, Some 1973 Facts

<i>Composition</i>	<i>Mail volume</i>	<i>billions of pieces</i>
Board of Governors	First class	50.9
Headquarters organization in Washington	Air mail	1.3
5 regions	Second class	9.7
85 districts	Third class	22.6
550 sectional centers	Fourth class	.9
31,300 post offices	Other	3.8
	Total	<u>89.2</u>

<i>Financial data</i>		<i>Composition of mails</i>	
	<i>billions</i>		<i>percent</i>
Revenues	\$8.50	Transactions	40
Government subsidy	1.36	Advertising	26
Expenses	— 9.90	Correspondence	22
Net loss	<u>\$-.04</u>	Newspapers and magazines	11
		Merchandise	1
Employees	\$701,000		<u>100</u>
Vehicles	230,000		
Net fixed assets	1.3 billion		

<i>Mail users</i>		<i>percent</i>
Originated by:		
Business		74
Households		20
Government		6
		<u>100</u>

HEARINGS *and* LEGISLATION



BY JUDITH HATTER

Assistant Chief, Legislative Digest Section, Office of the General Counsel

Functions of the General Accounting Office

At the suggestion of the Comptroller General, the provisions of H.R. 9091, and its companion Senate measure, S. 2049, to revise and restate certain functions and duties of the Comptroller General, were divided into two separate bills, one dealing with relatively straightforward provisions relating to largely routine changes in activities and one dealing with the more complex issues.

On December 21, 1973, Congressman Chet Holifield introduced H.R. 12113, General Accounting Office Act of 1973, containing the simpler provisions, and H.R. 12114, Accounting and Auditing Act of 1973, which contains the more complex provisions.

Health Maintenance Organization Act of 1973

Public Law 93-222, December 29, 1973, 87 Stat. 914, the Health Maintenance Organization Act of 1973, requires the Comptroller General to evaluate and report to the Congress on the

operation of at least 50 health maintenance organizations. Additionally, he is required to evaluate and report to the Congress on the operations of distinct categories of health maintenance organizations in comparison with each other, as a group in comparison with alternative forms of health care delivery, and the impact on the health of the public.

GAO is also to conduct a study of the economic effects on employers resulting from compliance with the requirement that employees' health benefits plans include an option of membership in qualified health maintenance organizations.

Energy Data Collection in the Federal Government

Assistant Comptroller General *Philip S. Hughes* appeared on January 17, 1974, before the Subcommittee on Activities of Regulatory Agencies Relating to Small Business of the House Select Committee on Small Business to discuss energy data collection in the Federal Government.

Mr. Hughes commented on various

legislative proposals and pointed out the need not only for specific statutory authority for energy data collection but also for systematic data verification. He suggested that GAO should be given access to the same records and documentation to which any agency given responsibility for energy data collection is provided access to insure that independent reviews can be made for the Congress. (Other participants: Messrs. *Peach, Duffus, and Fitzgerald.*)

Federal Energy Administration Act

The Comptroller General appeared before the Subcommittee on Legislation and Military Operations of the House Government Operations Committee on December 11, 1973, to discuss H.R. 11793 which would establish a Federal Energy Administration and provide in statutory form the general charter already provided by Executive order to the Federal Energy Office. It was suggested that the long-term organizational arrangements be approached cautiously and that the life of the administration be limited to 1 year. (Other participants: Messrs. *Eschwege, Peach, Moore, and Sperry.*)

Measuring and Enhancing Federal Productivity

On December 17, 1973, the Comptroller General appeared before the Subcommittee on Priorities and Economy in Government of the Joint Economic Committee to discuss efforts to

assess the feasibility of measuring and enhancing Federal productivity.

The Comptroller General addressed four main points: (1) Why are productivity measures important in the public sector? (2) To what extent is Federal productivity measurable? (3) What factors cause productivity change in the Federal sector? (4) Is enlightened manpower management a key factor in productivity in the Federal sector? (Other participants: Messrs. *Scantlebury, Moundalexis, Usilaner, and Fitzgerald.*)

Federal Paperwork Burden

The public law which authorizes the trans-Alaska oil pipeline (Public Law 93-153, November 16, 1973, 87 Stat. 576) contains a provision requiring that the Comptroller General review the collection of information required by independent Federal regulatory agencies to insure that the information is obtained with minimum burden upon small business enterprise. All existing information gathering practices of independent regulatory agencies are to be reviewed with a view toward avoiding duplication of effort and minimizing the compliance burden on business and other persons.

Congressional Control Over the Budget

The Comptroller General appeared before the Senate Rules and Administration Committee on January 15, 1974, to reiterate the strong support of GAO for the objectives of S. 1541,

proposed congressional budgetary control legislation. This was his fourth appearance before congressional committees to discuss the general subject. (Other participants: Messrs. *Scantlebury*, *Layton*, *Hunter*, *DeSanti*, *Sperry*, and *Fitzgerald*.)

Office of Federal Procurement Policy

The Comptroller General commented on the establishment of an Office of Federal Procurement Policy on November 15, 1973, before the Ad Hoc Subcommittee on Federal Procurement of the Senate Government Operations Committee. Mr. Staats articulated the belief that a clear congressional mandate for this recommendation by the Government Procurement Commission is essential and pledged a semiannual monitoring of executive branch action on the Commission recommendations. (Other participants: Messrs. *Demling*, *Morris*, *Gutmann*, *Hall*, and *Sperry*.)

Randolph-Sheppard Act Amendments of 1973

On October 13, 1973, Senator Jennings Randolph of West Virginia introduced S. 2581, the Randolph-Sheppard Act Amendments of 1973. In discussing the intent of the legislation, Senator Randolph pointed out that the bill was, in part, the result of a GAO study of the sources and uses of income from vending machines on Federal property.

Subsequently, on November 16, 1973, *Gregory J. Ahart*, director, Manpower and Welfare Division, discussed the results of the GAO study and commented on provisions of the bill at hearings before the Subcommittee on the Handicapped of the Senate Labor and Public Welfare Committee. (Other participants: Messrs. *Curtis*, *Solomon*, and *Bowlin*.)

Federal Disaster Assistance Program

In connection with hearings on comprehensive disaster assistance legislation on November 8, 1973, *Victor L. Lowe*, director, General Government Division, briefed the Subcommittee on Water Resources of the House Public Works Committee on two recent GAO reports concerning disaster relief. He pointed out that disaster benefits have not been made available on a uniform basis to disaster victims and better coordination of the various Federal programs is needed. (Other participants: Messrs. *Moore*, *Correia*, and *Griffith*.)

Weapons Acquisition System

On November 14, 1973, the Comptroller General appeared before the Subcommittee on Priorities and Economy in Government of the Joint Economic Committee to discuss GAO work involving procurement policies and practices in the acquisition of major weapons systems. (Other participants: Messrs. *Morris*, *Gutmann*, *Hammond*, *Stolarow*, *Rinko*, and *Fitzgerald*.)

Central Valley Project Power Rate Increase

On January 22, 1974, *Baltas E. Birkle*, deputy director, Resources and Economic Development Division, appeared before the Conservation and Natural Resources Subcommittee on the House Government Operations Committee to summarize the findings of the review conducted by GAO at the Subcommittee's request on proposed January 1974 power rate increase for the Bureau of Reclamation's Central Valley Project in California. Some of the points of contention in the rate and repayment procedure involved hydrology studies, earned surplus, replacement costs, and the no-deficit-year concept. (Other partici-

pants: Messrs. *Higgins, Gregory, Agnew*, and *Sperry*.)

Federal Regional Councils

The Comptroller General appeared on January 31, 1974, before the Subcommittee on Intergovernmental Relations of the House Government Operations Committee to provide an assessment of Federal Regional Councils, review work on the Planned Variations Demonstration Program (to demonstrate the feasibility of special revenue sharing for urban community development), and discuss the Joint Funding Simplification Act of 1973, H.R. 11236. (Other participants: Messrs. *Hair, Varholly*, and *Sperry*.)

The AICPA Committee on Relations With the GAO Says—

The members of this Committee agree with the philosophy and objectives advocated by the GAO in its standards and believe that the GAO's broadened definition of auditing is a logical and worthwhile continuation of the evolution and growth of the auditing discipline.

"Auditing Standards Established
by the GAO—Their Meaning and
Significance for CPAs,"
Committee Report—1973



Phillip S. Hughes

Phillip S. Hughes was appointed Assistant Comptroller General for Energy and Special Projects, effective December 23, 1973.

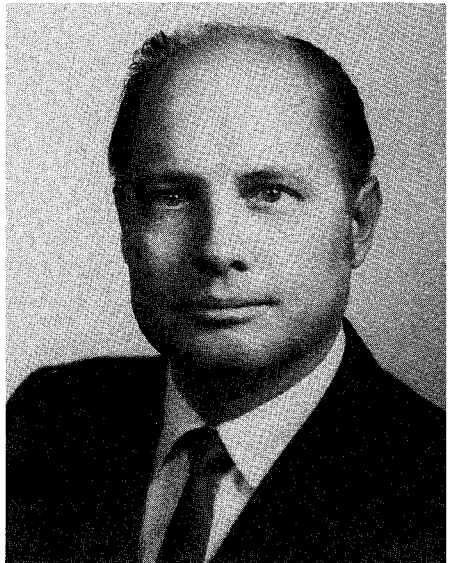
Mr. Hughes came to Washington, D.C., from Seattle in 1949 serving at that time as a budget and program analyst in the Bureau of Budget. He became assistant director for legislative reference in July 1958 and deputy director in 1966 under President Johnson. He was reappointed to this post in 1969 by President Nixon.

Mr. Hughes retired in October 1969 after 21 years of Bureau of the Budget service under 11 Budget Directors and 5 Presidents. He became Acting President of the National Institute of Public Affairs and a consultant to the Office of Management and Budget, the Ford Foundation, and other organizations. He joined the Brookings Institution in 1971, becoming Director of Public Management Studies.

Mr. Hughes received a B.A. degree in sociology from the University of Washington in 1938 and worked in the fields of management and statistics for Federal and State Governments and in private industry in the Seattle area from 1938 to 1949, interrupted by World War II military service.

He is a holder of the National Civil Service League Career Service Award and the Bureau of the Budget Award for Exceptional Service. Mr. Hughes received the Rockefeller Public Service Award in the field of administration on December 5, 1973 (see page 74).

L. Mitchell Dick



L. Mitchell Dick has been designated an assistant general counsel in the Office of the General Counsel on January 10, 1974. In this capacity he will be responsible for all matters involving transportation law.

Mr. Dick joined GAO in the Transportation Division in 1948 and has been on the legal staff of the Office of the General Counsel since 1960. On January 21, 1973, he was designated deputy assistant general counsel.

Mr. Dick served in the U.S. Navy from 1944 to 1946. He attended Hampden-Sydney College and received a Bachelor of Arts degree in economics from Princeton University. He received an LL.B. degree from the George Washington University and was admitted to the Virginia State Bar in 1959.

He is admitted to practice before the Interstate Commerce Commission, the United States Court of Claims, the Virginia Supreme Court of Appeals, and the Supreme Court of the United States. He is a member of the Association of Interstate Commerce Commission Practitioners, Phi Alpha Delta Legal Fraternity, the Federal Bar Association, and the American Bar Association. He received the GAO Meritorious Service Award in 1969.



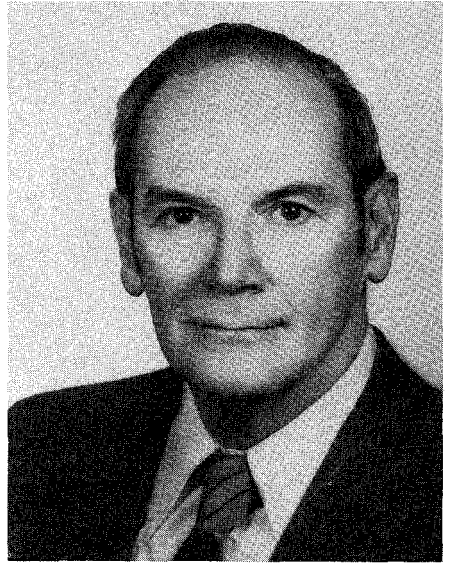
Donald C. Kull

Donald C. Kull was appointed in December 1973 as the first executive director of the Joint Financial Management Improvement Program. In this capacity, Mr. Kull will be responsible for developing and directing programs and projects relating to the improvement of financial management throughout the Federal Government. The JFMIP is a cooperative program sponsored by GAO, the Department of the Treasury, the Office of Management and Budget, the Civil Service Commission and the General Services Administration.

Mr. Kull comes to this position from the Atomic Energy Commission where he served most recently as deputy director, Division of Management Information and Telecommunications Systems. Previous positions have included executive assistant to the General Manager, AEC; deputy assistant controller for Budgets, AEC; and assistant to the Chief Budget Officer, TVA. Mr. Kull was graduated magna cum laude from Gustavus Adolphus College in 1942 with majors in economics and business administration and holds a degree of M.A. in Public Administration from the University of Minnesota.

Professional activities include membership in the American Society for Public Administration, Association for Computing Machinery, and the Federal Government Accountants Association. He is a former President of the East Tennessee Chapter of ASPA.

Matthew J. Nevins

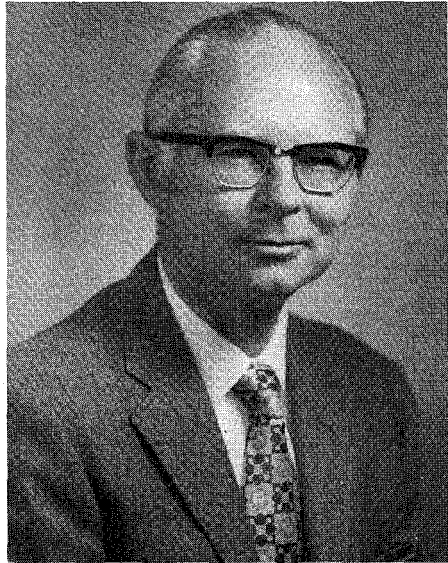


Matthew J. Nevins, assistant general counsel, retired from GAO in December 1973 after more than 38 years of Federal Government service.

Mr. Nevins attended the College of the City of New York where he received a Bachelor of Social Science degree. After completing considerable graduate work in education at Fordham University he attended law school at St. Johns University where he earned his initial professional degree, Bachelor of Law. Mr. Nevins also was awarded the advanced professional degrees of Master of Patent Law and Doctor of Juridical Science from National University, now George Washington University. He is a member of the bars of New York and the District of Columbia and is active in the American and Federal Bar Associations.

He has served in GAO since 1935, holding positions of increasing responsibility in the Claims Division from 1937 until 1947, when he transferred to the Office of the General Counsel as attorney. He received recognition for his outstanding performance under the Incentive Awards Program in 1952, and later that year he was reassigned as a reviewing attorney. Mr. Nevins was named assistant general counsel for civilian pay and miscellaneous matters in 1958, and in 1960 he was designated assistant general counsel in the area of transportation law.

With deep regret, the *Review* has learned that Mr. Nevins passed away on March 2, 1974, while on a vacation trip in Puerto Rico.

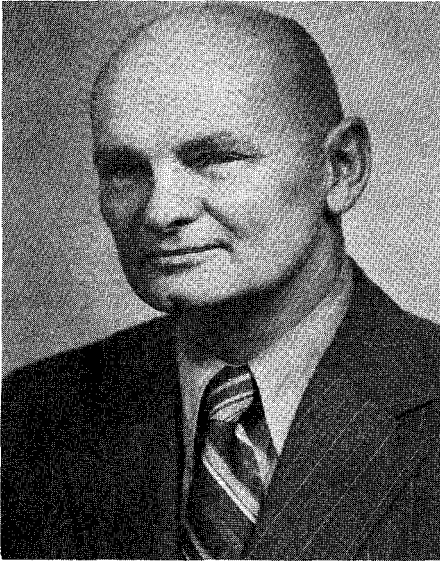
Robert G. Rothwell

Robert G. Rothwell was designated deputy director of Logistics and Communications Division on January 20, 1974. In this position, he shares with the director of that division responsibility for planning and directing GAO reviews of a variety of operations of Government agencies, including data management.

Mr. Rothwell served with the U.S. Army Counterintelligence Corps during World War II. He joined GAO in 1951 after working for 5 years in public accounting in New York City. He received Bachelor of Science and Master of Business Administration degrees from New York University and completed the Advanced Management Program at the Harvard Business School in 1966.

Mr. Rothwell has held numerous supervisory positions in GAO, most of which have involved directing audits, investigations, and management reviews of the procurement and management of equipment, supplies, and real property. With exception of 3 years in GAO's European Branch, all of Mr. Rothwell's work with GAO has been at the Washington headquarters.

Mr. Rothwell is a CPA (New York) and a member of the Federal Government Accountants Association. He received the GAO Distinguished Service Award in June 1973.



L. Fred Thompson

Fred Thompson, a native of Georgia, was named director of the Office of Federal Elections of GAO, December 14, 1973, succeeding Phillip S. Hughes who was named Assistant Comptroller General. Mr. Thompson had served as deputy director of that office since it was established in March 1972 to administer the responsibilities assigned to the Comptroller General of the United States by the Federal Election Campaign Act of 1971.

Mr. Thompson was graduated from South Georgia College in Douglas, Georgia, and George Washington University Law School and is a member of the District of Columbia Bar.

Mr. Thompson is a career government employee and, with the exception of two periods of service in the U.S. Army, his entire career has been in GAO. Since 1941, he has served under three different Comptrollers General in a wide variety of roles in the investigative, legal, and legislative areas of GAO's operations in Washington, in the field, and overseas.

Other Staff Changes

New Assistant Directors

General Government Division

Robert L. Hart

Transportation and Claims Division

Richard H. Clark

Financial and General Management Studies Division

William R. Coyle
John J. Cronin, Jr.
David Lowe

New Assistant General Counsels

Office of the General Counsel

Vincent A. LaBella

Logistics and Communications Division

Kenneth A. Nelson
Frank J. Oberson

New Senior Attorneys

Office of the General Counsel

John F. Mitchell

International Division

William M. Edmonson, Jr.
Joseph E. Kelley

Retirements

Procurement and Systems Acquisition Division

Lowell Mininger

General Government Division

Francis W. Lyle

PROFESSIONAL ACTIVITIES

Office of the Comptroller General

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

American Society for Public Administration, Pittsburgh, Pennsylvania, Chapter, "Financing Federal Political Campaigns," November 16.

Joint Seminar—Graduate School of Public and International Affairs, University of Pittsburgh, and Graduate School of Urban and Public Affairs, Carnegie-Mellon University, Pittsburgh, "Challenges and Problems in the Evaluation of Governmental Programs," November 16.

American Public Works Association, APWA 1776 Seminar on "Improving Governmental Procedures for Securing A&E Services," Washington, D.C., "Federal Contracting for Architect-Engineer Services," November 19.

The Economic Club of Detroit "Federal Accountability" luncheon, Detroit, Michigan, "How Can We Increase Confidence in the Management of Federal Programs?" November 26.

Federal Executive Institute Alumni Association, Washington, D.C., on GAO work, particularly in management field, December 3.

National Legislative Conference's Seminar for State Legislative Lead-

ers, Washington, D.C., on "GAO Assistance to Auditing in State Governments," December 6.

Following are recently published articles of the Comptroller General:

"Federal Contracting for Architect-Engineer Services" (based on remarks before the American Public Works Association in Washington, D.C., November 19, 1973) in *The APWA Reporter*, January 1974.

"Building Confidence in Weapons Systems Acquisition—The Role of the General Accounting Office" (address presented at the Seventeenth Symposium of The Society of Experimental Test Pilots in Beverly Hills, California, September 28, 1973) in *Technical Review*, January 1974.

E. H. Morse, Jr., Assistant Comptroller General, addressed the following groups:

Conference on Federal Government Operations, sponsored by the Brookings Institution, on the role of the GAO, Washington, D.C., December 3.

Salt Lake City Chapter of the Federal Government Accountants Association on "The Expanding Role of the Auditor," Salt Lake City, January 23.

Faculty and students at Brigham Young University on the Federal

budget and government auditing and accounting, Provo, Utah, January 23 and 24.

Mr. Morse was appointed Editor of the new *International Journal of Government Auditing*, sponsored by the International Organization of Supreme Audit Institutions, the first issue of which was printed in January. *Roland Sawyer*, Information Officer, was appointed Associate Editor. (See page 90.)

Thomas D. Morris, Assistant Comptroller General, addressed the following groups:

The Denver Federal Executive Board Retreat on "General Accounting Office Role in Providing Accountability in Government," Colorado Springs, Colorado, November 27.

The 17th Federal Biennial Personnel Management Conference on "Prescription for Productivity," San Francisco, December 6.

The Federal Business Association Quarterly Luncheon on "Measuring and Enhancing Productivity in the Federal Government," Philadelphia, December 13.

The North American Conference of Management Consultants Panel on "Can the Management Consultant Serve Public Administrators at a Profit?" New York City, January 22.

The National Academy of Public Administration Foundation Conference on "Education for Public Administration: Action Proposals,"

Belmont House, Elkridge, Maryland, February 7 and 8.

Mr. Morris was appointed on January 1, 1974, to the Policy and Selection Board for the Public Administration Fellows Program. This program is administered by the National Association of Schools of Public Affairs and Administration.

Phillip S. Hughes, Assistant Comptroller General, addressed the following groups:

The Washington Journalist Center's Conference on Campaign Financing and Election Reform on "How the 1971 Reform Legislation is Working," Washington, D.C., November 5, 1973.

New York City Association of the Bar on "Campaign Financing Legislation," New York City, November 14.

The Institute of Politics, Harvard University, on campaign organization, Boston, November 26.

Washington Chapter of the Federal Government Accountants Association on "Whither Campaign Financing," Washington, D.C., January 10.

Office of Policy

Allen R. Voss, director, spoke on "GAO's Role in Evaluating Programs" at the Civil Service Commission Executive Seminar, Oak Ridge, Tennessee, January 31.

Office of the General Counsel

Paul G. Dembling, General Counsel:

Spoke before the law firm of Covington & Burling, Washington, D.C., on "The Growing Role of GAO," November 26.

Spoke before the Federal Bar Association annual meeting of the Capitol Hill and Pentagon Chapters on "New Dimensions of GAO," December 11.

Spoke before the National Contract Management Association National Symposium on "Protests and the GAO" in Cape Kennedy, Florida, January 24 and 25.

Spoke to a George Washington University Graduate Seminar on Government Contracts on "Recent Developments in GAO," February 4.

Paul Shnitzer, associate general counsel:

Spoke on "Government Construction Contracting" at the Marshall-Wythe School of Law, College of William and Mary, Williamsburg, Virginia, January 6-8.

Spoke before the Judge Advocate General's School on "The Unsuccessful Offeror and His Remedies—What Success GAO" in Charlottesville, Virginia, January 16-18.

Participated in the midyear meeting of the Public Contract Law Section of the American Bar Association in Houston, February 1-2.

Robert H. Rumizen, assistant general counsel, spoke before the Defense Advanced Procurement Management

Course on "Problems in Formal Advertising" in Oakland, California, January 9-12.

Martin J. Harty, senior attorney:

Participated in a panel discussion on competitive bidding for engineering services during an International Engineering Workshop sponsored by the Consulting Engineers Council in San Francisco, November 27-30. He spoke on "The GAO Views Competitive Negotiation of Architect and Engineering Services."

Spoke on "GAO's Bid Protest Procedure" before the Chicago Chapter of the National Contract Management Association, January 9-10.

Ronald Berger, attorney-adviser, addressed a meeting of the National Contract Management Association on "Source Selection" in Hartford, Connecticut, November 28.

Thomas H. Kirkpatrick, attorney-adviser, participated in an FBI Conference on Conflict of Interest, Guaranteed Student Loan Program, in Denver, February 11-12.

Office of Program Planning

William N. Conrardy, director, spoke at the Executive Seminar Center, Oak Ridge, Tennessee, on "Managing In A Government Environment" on March 14.

Ray S. Hausler, assistant director, spoke on January 11, to a group of executives from Government and industry at the Advanced Management

Research seminar on managing by objectives.

Office of Federal Elections

Fred Thompson, director, Office of Federal Elections, discussed "Campaign Financing Legislation" at the Bipartisan Conference of State Party Chairmen, at the Institute of Politics, John Fitzgerald Kennedy School of Government, Harvard University, January 12.

Office of Personnel Management

Leo Herbert, director, spoke to a graduate class on February 9, at the Washington Public Affairs Center, University of Southern California, in Washington, D.C.

Federal Personnel and Compensation Division

Forrest R. Browne, director, addressed a meeting of the International Personnel Management Association in Miami, Florida, on "Current Problems in Public Pay Formulation" on November 29.

Financial and General Management Studies Division

Donald L. Scantlebury, director:

Lectured on the GAO audit standards at the American Management Association course on Operational Auditing Applications held in Chicago on November 12.

Addressed the District of Columbia Institute of CPAs on the GAO audit standards at a "CPA Day Conference" in Washington, D.C., on December 19.

Keith E. Marvin, associate director, spoke at a Policy Analysis/Program Evaluation Seminar sponsored by the Illinois State Commission on Intergovernmental Co-operation, Springfield, January 11.

Ernest H. Davenport, assistant director, talked on audit standards to the Ottawa Chapter of the Institute of Internal Auditors in Ottawa, Canada, on November 15.

Mortimer A. Dittenhofer, assistant director:

Addressed the Baltimore Chapter of the Institute of Internal Auditors on "Internal Auditing and the GAO Audit Standards" in Baltimore, on November 28.

Spoke to the Tidewater Chapter of the Institute of Internal Auditors on "Internal Auditing and the GAO Audit Standards" in Norfolk, Virginia, on October 23.

Addressed the Richmond Chapter of the Institute of Internal Auditors on "GAO Audit Standards and Management" in Richmond, Virginia, on November 11.

Conducted a workshop on performance auditing under the audit standards sponsored by the State Auditor of Delaware for audit staffs from New Jersey, Pennsylvania, Maryland, and Delaware in Dover, Delaware, on November 15.

Spoke to the State meeting of the Government Auditing Committee of the Pennsylvania Society of CPAs on GAO Audit Standards as applied to CPA audits of government at Hershey, Pennsylvania, on December 3.

Addressed the National Conference of the National Society of Public Accountants in Las Vegas, Nevada, on GAO audit standards on December 7.

Spoke on "GAO Audit Standards and Management" to meetings of the Institute of Internal Auditors in San Diego, Los Angeles, and San Francisco, on December 12-15.

Addressed the Northern New Jersey Chapter of the Institute of Internal Auditors on "GAO Audit Standards and Management" in Newark, on January 7.

Participated in a seminar of Illinois State Commission on Intergovernmental Cooperation in Springfield, on January 10.

Spoke on the GAO audit standards to the Cleveland Chapter, Federal Government Accountants Association, on January 14.

Robert J. Ryan, Sr., assistant director:

Participated in a seminar of Illinois State Commission on Intergovernmental Cooperation, in Springfield, on January 10.

Addressed the American Management Association on GAO audit standards and management in Atlanta, Georgia, on January 23.

Earl M. Wysong, Jr., assistant director:

Addressed a group of graduate students at the American University on December 3, on the "Practicality of One Payroll System for All Civilian Employees of the Federal Government."

Published an article entitled "Approval of Accounting System Designs: ADP Viewpoint," in *The Federal Accountant*, December 1973 issue.

Rodney E. Espe, audit manager:

Discussed "The Expanding Role of the Auditor in Legislative Oversight" on November 28, at the Tri-State Legislative Leaders Conference in Portland, Oregon, sponsored by the League of Women Voters.

Led a panel discussion on "Performance and Managerial Auditing" at a forum on financial management sponsored by the National Association of Regional Councils in St. Louis, Missouri, on December 12.

Spoke on the GAO audit standards before the Triad North Carolina Chapter of the Institute of Internal Auditors in Greensboro on February 4.

Dennis R. Chastain, computer systems analyst:

Published an article titled, "Security versus Performance," in the November 1973 issue of *Datamation*.

Highlights of an interview with Mr. Chastain appeared on page 1 of the December 12 issue of

Computerworld, the newsweekly for the computer community. The interview concerned ADP and the energy crisis.

Was a guest lecturer on January 31, at the Department of Defense Computer Institute's course on Computer Performance Evaluation. His lecture concerned "Methods of Increasing Computer Efficiency."

General Government Division

Albert Hair, assistant director, spoke to the Oregon chapter of FGAA on problems in revenue sharing evaluation, Portland, February 15.

Carl T. Trisler and *William R. Stanco*, supervisory auditors were awarded certificates of completion by the English Language Institute of America, Inc., in December 1973 for completing a home-study course in Practical English and Command of Words.

Andrew F. Kulanko and *Gregory J. Ziombra*, supervisory auditors, spoke at the annual meeting on December 11, of the Maryland Academy of Criminal Justice Professors on GAO's interest in evaluating the Law Enforcement Education Program.

Donald Stenger, supervisory auditor, was admitted as a member of the American Institute of Certified Public Accountants in November 1973.

Michael Gryzkowicz, supervisory auditor, received his M.B.A. degree from American University in August 1973.

Logistics and Communications

Fred Shafer, director, spoke on "GAO's Emerging Presence in Federal Information Systems" at the GSA-sponsored Information and Records Administration Conference, December 14.

Robert G. Rothwell, deputy director, spoke on GAO's role and involvement in the office copier areas at the November 20 symposium on cost-effective office copying, sponsored by the National Archives and Records Service.

Mathew Gradet, assistant director, served as chairman of a seminar on "Measuring the Benefits of Management Service Audits." He moderated the discussion of a panel consisting of representatives from a large consulting firm, a large public accounting firm, and a small local accounting firm. This was part of a program sponsored by the D.C. Institute of CPAs commemorating National CPA Day on December 19, 1973.

Howard R. Manning, supervisory auditor, spoke November 13 on GAO overview of radio navigation systems at the National Radio Navigation Symposium, sponsored by the Institute of Navigation.

Manpower and Welfare Division

Gregory J. Ahart, director, spoke on grant administration before the Long Island, New York, chapter of the National Contract Management Association on January 17.

Franklin A. Curtis, associate director, conducted a seminar on program evaluation for the Federal Executive

Institute executive development days, held at the National 4-H Foundation Center, Chevy Chase, Maryland, on December 4.

Frank M. Mikus, assistant director, spoke before the Veterans Administration 1973 class of management interns and internal audit trainees in January 1974 in Washington, D.C. The topic of his discussion was the relationship of GAO to the Veterans Administration.

Morton A. Myers, assistant director, spoke on shellfish regulation before the 8th National Shellfish Sanitation Workshop, New Orleans, on January 16.

Mr. Myers also spoke on GAO work involving hepatitis and blood banking at the January 23 meeting on the Washington-Baltimore Blood Study Group at Johns Hopkins University Hospital in Baltimore. Mr. Myers was accompanied by Messrs. *Frank Etze* and *Donald Baiardo* who served as resource individuals during the question and answer period that followed.

Robert V. Farabaugh, assistant director, and *Brett R. Stuart*, auditor psychologist, participated in a meeting of the National Association of State Mental Health Program Directors and addressed a session on "An Assessment of Federal Programs for the Mentally Disabled," Washington, D.C., January 10.

Procurement and Systems Acquisition Division

Richard W. Gutmann, director, spoke on the role of the GAO at one of the Brookings Institution's confer-

ences for business executives, Washington, D.C., January 14. Mr. Gutmann gave a similar presentation to the Symposium of Navy Inspectors General at the Pentagon, January 24.

James H. Hammond, deputy director, spoke at the Defense Procurement Executive Seminar at the Naval Material Command, December 6. He emphasized the views of the Congress on Government procurement, with further remarks on the reorganization of GAO, the establishment of the Procurement and Systems Acquisition Division, and the current work of the general procurement subdivision.

John F. Flynn, associate director:

Spoke at the U.S. Civil Service Commission Executive Seminar Center, Oak Ridge, Tennessee, November 14, on the role of GAO.

Addressed a joint meeting of the Philadelphia Chapters of the National Contract Management Association and the Federal Government Accountants Association, November 27, on GAO activities in Federal procurement.

Resources and Economic Development Division

Nathaniel R. Dixon, supervisory management analyst, spoke on "Citizen Participation with Professionals In Affairs That Affect The Social, Economic, And Environmental Life Of The Community" at the fall conference of the Illinois Council for Exceptional Children. The conference was held in Chicago, on November 10, 1973.

Transportation and Claims Division

T. E. Sullivan, director, addressed the Revenue Accounting Committee of the Association of American Railroads, January 16-17, on the revised Government bill of lading and attendant procedures of interest to rail carriers; the revised bills before the Congress that would transfer the transportation audit function from GAO; the Transportation Payment Act of 1972, providing accelerated payments to carriers; and areas of mutual concern found in the audit of rail carrier accounts.

J. R. Nicholson, supervisory traffic management specialist, on November 27 in Los Angeles and on December 12 in Baltimore, participated as a panel member at the General Services Administration Interagency and Carrier Seminars on the revised Government bill of lading and attendant procedures.

Field Operations Division

Stewart D. McElyea, deputy director, spoke to members of the American Society for Public Administration, National Capital Area Chapter, on December 13. His topic was "GAO's New Directions in Program Analysis and Evaluation."

Roderic Worth, audit manager, Atlanta, participated in a joint Federal, State, and local surplus property donation seminar held in Atlanta on November 1 and 2. He spoke to the group about GAO's observations resulting from a recent review of donation program operations.

Robert W. Hanlon, regional manager, Cincinnati, addressed an Institute of Internal Auditors seminar in Knoxville, Tennessee, February 15, on the role of GAO.

Anthony M. Csicseri, supervisory systems analyst, Cincinnati, addressed the Cincinnati Chapter of the Institute of Internal Auditors, November 28, on the auditor's role during systems design and implementation.

Vernon Westbrook, Jr., supervisory auditor, Dallas, addressed a student group attending an Environmental Resource training session at the San Antonio Air Materiel Area on November 16, about the audit role of GAO.

Daniel C. White, audit manager, Dallas, addressed the Oklahoma City Chapter of FGAA on November 15. His topic was "The Auditor/Accountant and the Computer."

Paul C. deLassus, assistant regional manager, Dallas, on November 14 addressed the University of Texas at the Arlington Chapter of the Delta Sigma Pi about the career opportunities for college graduates in GAO.

James J. Jodon, assistant regional manager, Dallas, addressed a session of the Army Materiel Command Internal Training Center at the Red River Army Depot at Texarkana, Texas, on September 14 about the audit role of GAO.

Mr. Jodon was guest speaker at the November 1 meeting of the Texas Tech University Chapter of Beta Alpha Psi in Lubbock, Texas, where he spoke on the career opportunities available in GAO.

On December 26, *Carl L. Aubrey*, supervisory auditor, Kansas City ad-

dressed the Kiwanis Club at Meade, Kansas. He discussed GAO duties and responsibilities, limitations on authority, and highlights of fiscal year 1972 activities.

Sam Mattes, supervisory auditor, Los Angeles, spoke before the Beta Alpha Psi and Accounting Society of the University of Arizona in Tucson on December 10. His topic was effectiveness reviews.

Victor Ell, audit manager, Los Angeles, spoke before a meeting of Federal, State and local government officials at California State University, Los Angeles, on February 7. The meeting explored "Opportunities for Improving Management in Local Government."

George E. Grant, audit manager, and *Richard Herrera*, supervisory auditor, Los Angeles, on November 1 spoke before a meeting of the Beta Alpha Psi and Accounting Association of Arizona State University at Tempe on GAO audit responsibilities and activities.

Maurice Sady, assistant regional manager, *John P. Valentino*, audit manager, and *Donald H. Shaner*, supervisory auditor, Philadelphia, participated in a conference on implementation of Government audit standards, Dover, Delaware, November 16. The conference was sponsored by the State Auditor of Delaware and GAO and was part of a professional development seminar for state auditors from Delaware, New Jersey, and Pennsylvania. Mr. Valentino presented a case study illustrating an economy and efficiency review on problems in contracting for federally-assisted, child-care services.

Mr. Shaner presented a case study on vocational education illustrating program results.

Morey J. Chick, supervisory auditor, Philadelphia, spoke at a symposium on the management of data in information processing, held on January 24-25, at the National Bureau of Standards, Gaithersburg, Maryland. Mr. Chick's topic was "An Auditor's Viewpoint on the Cost of Information in Government and Industry."

Charles D. Mosher, supervisory auditor, Seattle, participated in a symposium held in Chicago, October 26-27. The symposium was sponsored by the American Medical Association Committee on Health Care of the Poor. Discussions concerned the Federally-funded Early and Periodic Screening, Diagnosis and Treatment Program and dealt with ways in which the program could be improved.

Lyle L. Nelson, supervisory auditor, Seattle, discussed GAO reviews of revenue sharing before a regional workshop of the Municipal Finance Officers Association. The workshop was held November 9, in San Francisco.

Gary D. McGill, *David K. Lawson*, *Alvin S. Finegold* and *G. Robert Murphy*, supervisory auditors, Seattle, conducted a 3-hour workshop on "Performance Auditing of Government Programs." The workshop was held at the Federal Government Accountant Association Symposium in Portland Oregon, February 15.

On October 29, *James B. Deeme* and *Errol R. Smith*, supervisory auditors, Washington, attended a joint meeting of West Virginia Wesleyan College's Delta Mu Delta Business

honoratory Society and Phi Beta Lambda Business Fraternity and Economics Club. Mr. Deemer was the guest speaker and spoke on the nature and diversity of GAO work. The title of his speech was "Auditing and the GAO."

Bob Eurich, supervisory auditor,

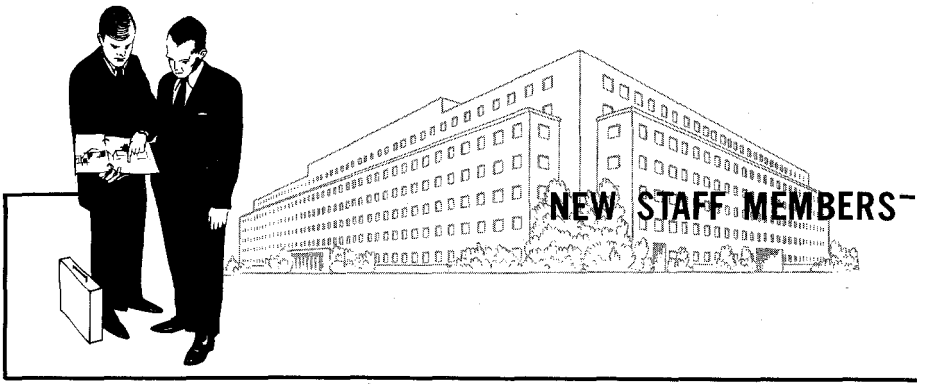
Washington, addressed the Federal delegates meeting at the National Association of Suggestion Systems 31st International Conference held in Chicago in November. His topic was "Improving the Effectiveness of Government Employees' Incentive Awards Program."

Efficiency of Railroads Moving Freight and People

Thus, the logic of ecology, together with some simple financial statistics, establishes two fundamental facts about the railroads: the railroads are so much more efficient than their competitors in moving freight and people at minimum cost to the environment and to the dwindling supplies of fuel that we shall have to rely heavily upon them to find our way out of the growing environmental and energy crisis. At the same time it is equally true that no railroad, anywhere in the world, has been able to provide all of these services to society at a cost sufficiently competitive to support profitable operation.

Prof. Barry Commoner

Washington University
"Trains Into Flowers,"
Harper's Magazine
December 1973



The following new professional staff members reported for work during the period November 16 through February 15, 1974.

Financial and General Management Studies Division	Donoghue, Jeremiah F. Fisher, Thomas F. Pereira, Frances M. Schauer, Margaret M. Smith, Christopher T. Steinhoff, Jeffrey C. Tingley, Richard S. Wiltshire, James R.	Department of Health, Education, and Welfare Department of the Army Department of the Army University of Virginia Oberlin College Department of the Army Department of the Navy United States Army
Office of the General Counsel	Metcalf, Ramsey N.	Selective Service System
International Division—Washington	Hadley, Eleanor M.	Tariff Commission
Manpower and Welfare Division	Zipp, Alan S.	Godbout and Zipp (Certified Public Accountants)
Office of Joint Financial Management Improvement Program	Kull, Donald C.	Atomic Energy Commission
Resources and Economic Development Division	Ehlers, Eldon G. Urie, Carl M.	American Gas Association Bliss College
Washington Headquarters Division Career Group	Abbott, Mark C. Adams, Frank R. Boles, Roy L., Jr. Chu, Irene P. Davis, Barbara A. Decker, Christine D.	Federal Home Loan Bank Board University of Missouri University of South Carolina University of Maryland West Virginia University Department of Health, Education and Welfare

**Washington Headquarters
Division Career Group
(Continued)**

DeForge, John D.	University of Tennessee
DeRoy, Charles R.	College of William and Mary
Dougherty, Robert T.	American University
Elgas, James A.	Arizona State University
Forrest, Joseph F.	Temple University
Frazier, Vanley	Knoxville College
Gordon, Douglas L.	University of Maryland
Gugulis, Michael W.	Cost of Living Council
Hernandez, Albert D.	Thunderbird Graduate School
Hinojosa, Santiago N.	University of Texas
Jones, Norman, Jr.	United States Postal Service
Koury, Michael J., Jr.	Kent State University
McConico, Melvin L., Jr.	Department of Treasury
Martinez, Richard P.	St. Mary's University of Texas
Nelson, John W.	East Carolina University
Ratzenberger, James C.	Indiana University
Salvatierra, George	Thunderbird Graduate School
Taylor, John F.	University of Tennessee
Tokar, Patricia H.	University of Maryland
Warren, Joseph J.	University of Pittsburgh
Welsh, Lawrence M.	East Tennessee State University
White, Dennis R.	University of Tennessee
Yee, Clifford W.	Bryant College

REGIONAL OFFICES

Atlanta

Caddell, Harvey C.	Alabama A & M University
Catledge, Christopher C.	University of Georgia
Safford, John R.	Florence State University
Welch, Charles E.	University of Houston

Boston

Tavares, Ralph L.	Southeastern Massachusetts University
-------------------	--

Chicago

Balciunas, Ruthann R.	Illinois Benedictine College
Sellers, Bobbie A.	Northern Illinois University
Trop, Cecile O.	University of California at Berkeley

Cincinnati

Henderson, Ervey J.	University of Nebraska
---------------------	------------------------

Dallas

Armstrong, Wilfred C., Jr.	University of South Carolina
Freeman, Samye A.	Southwestern State College
Griffis, Robert T.	Trinity University

Denver

Ortiz, Robert M.	Highlands University
------------------	----------------------

Detroit

Brummet, John L.	University of North Carolina
Cowles, Virginia E.	Oakland University
Greata, Russell M.	Ohio State University
Hindelang, Ann T.	Western Michigan University
Hunter, Joan P.	Eastern Michigan University
Stamps, Gloria J.	Wayne State University
Zacharias, Paul	University of Detroit

REGIONAL OFFICES
(Continued)

Kansas City	Altenhofen, Jane E. Mason, Anita L. Reardon, Steven W.	Wichita State University Murray State University Northwest Missouri State University
Los Angeles	Alvarada, Alfred Gomez, Marco F. Lee, Chorman W. Parrilla, Rafael J.	California State University University of Southern California California State University California State University
New York	Miller, Charles J. Payton, Daniel T. Poetta, Robert R. Titone, Henry J., Jr.	University of Buffalo Wagner College New York Institute of Technology New York University
Norfolk	Daniels, Joseph Dixon, Clementine S. Modlin, Larry J. Omahen, Daniel A.	Hampton Institute Hampton Institute High Point College Old Dominion University
Philadelphia	Bilker, David A.	Temple University
San Francisco	Battista, Joseph S. Cabrera, David, Jr. Echerd, Neddie Shepherd, Edwin H. Souza, Michael A. Thomas, Patricia K.	California State University at Hayward California State University at Fresno Appalachian State University California State University at Sacramento California State University at Fresno Oregon State University
Seattle	Eichner, Walter R.	University of Utah
Washington (Falls Church)	Boyd, Gregory L. Branch, Judith P. Conniff, Brian T. Daniel, Charlie W. DiBucci, Norman F. Leyton, Peter S. Manganiello, Frank J. Marts, Eric A. Millar, James J. Outlaw, Noel T. Ritt, William B., Jr. Yeatts, Thomas D.	Delaware State College George Mason University Virginia Polytechnic Institute Virginia Commonwealth University United States Department of State Antioch College American University University of Maryland George Mason University George Mason University University of Richmond Virginia Commonwealth University



The Time Trap

By R. Alec Mackenzie. New York: American Management Association, 1972.

In this book, Mr. Mackenzie has presented meaningful ways in which managers can make better use of their time. Although it is written with upper level management in mind, his methods could be used effectively by anyone serving in a supervisory capacity.

Throughout the book, the author has used case histories to illustrate his theories and techniques. Among the executives he has interviewed in preparation for the book are: Charles Percy, Senator from Illinois and former president of Bell and Howell; Herman Krannert, chairman of the board at Inland Container Corporation; and Gerald Achenbach, chief executive officer of Piggly Wiggly Southern. All the executives agreed that improper use of their time was one of the greatest impediments to the effective management of their companies. Only after learning to better organize their own time did they feel that they could direct their companies in a more productive manner.

Mackenzie first points out the most common "time wasters," such as interruptions, lack of delegation, lack of

priorities, management by crisis, procrastination, unclear objectives, and poor communications.

In order to change one's habits, Mackenzie suggests that the manager keep a "Time Log" to determine how he presently spends his time. He notes that most executives find that when they conscientiously maintain such a log they are surprised to learn that they have not been spending time in the way they thought. Once the manager determines how his time is actually being spent, he can then take steps to reevaluate his activities and plan his time more effectively.

Next, the executive must plan his work. This, of course, seems obvious but most managers find it difficult to design and carry out an overall work plan.

To accomplish this work plan, Mackenzie stresses the point that the executive must take steps to protect his time. He suggests the screening of telephone calls and visitors, as well as performing routine tasks in specified amounts of time. In these ways, he can prevent the interruption of tasks with higher priorities.

Managers, when polled, listed meetings as one of their most time consuming activities. Mackenzie points out 21 ways in which to get more out of

meetings and to limit the amount of time spent on them.

The major portion of the book deals with the ways a manager can make effective decisions and delegate authority and tasks. He provides tests that the manager can use to gauge his effectiveness in making decisions. He also demonstrates ways that help one decide which tasks should be delegated.

The book is written in a clear and logical style. New supervisors should find it extremely beneficial, and older executives should be able to pick up a few pointers in helping them solve their problems with time. In fact, Mr. Mackenzie's book should prove useful to anyone who has succumbed to a stacked desk, a constantly ringing telephone, mountains of correspondence, and unending interruptions.

Susan Burns
Chief, Reference Section
GAO Library

EDITOR'S NOTE:

For a published interview with Mr. Mackenzie in which he also sets forth many of his suggestions for managing time—a key ingredient in all GAO staff efforts—see *U.S. News & World Report*, Dec. 3, 1973, p. 45.

Manpower Policy: Perspectives and Prospects

Edited by Seymour L. Wolfbein; Philadelphia, Temple University, School of Business, 1973; 220 pp.

To celebrate the 10th anniversary of the Manpower Development and Training Act in 1972, the Department of Labor convened a star-studded

group of 19 program administrators and evaluators to explore the current status and future prospects of manpower programs. Their papers offer interesting perspectives for the auditor-evaluator of manpower and related programs.

Begun in 1962 to retrain technologically displaced family heads, MDTA was refocused as the Nation's unemployment programs changed; by the late 1960s it emphasized the needs of the disadvantaged and the young. Both its institutional (or classroom) and on-the-job training components have consistently been judged worthwhile. Thus, MDTA is the oldest sustained Federal training program and it remains the first among equals.

No less illustrious are the contributors to this edited work, including former Secretaries of Labor Wirtz and Hodgson, former Assistant Secretaries for Manpower Ruttenberg and Lovell, and the most prominent of manpower program evaluators (in alphabetical order), Ginzberg, Levitan, Mangum, Marshall, and Wolfbein.

Dominating the volume is a discussion of the desirable and feasible goals of manpower policy; the debate extends beyond the activities of the Labor Department's Manpower Administration to the interactions between these programs and other Federal efforts. The documented success of MDTA in teaching skills to enrollees is, as several authors note, less than half the battle, for "successful" graduates must then find jobs which pay a decent salary and which offer opportunities for advancement; they must arrange child care for their children;

and so forth. New skills will count for naught if these other conditions are not met. Hence, various authors advocate public employment, higher minimum wages, greater efforts to combat racial and sex discrimination, job restructuring, and stepped-up Federal support for child care. Lurking behind all of these problems is welfare—the last resort for those who cannot find jobs and a possible supplement for those who work at low wages.

The discussion is extended further to the relations between manpower programs and overall national economic policy. Finally, and most sweeping of all, are the manpower impacts of diverse government policies—such as defense, space exploration, and medical care—which have other primary goals but which greatly affect the demand, supply, and utilization of human resources.

As is appropriate for so momentous an occasion, the contributors soberly reflect upon the experience of MDTA's

first decade, and on that basis view the future of manpower policy. (The articles, incidentally, are free of fancy quantitative techniques and obfuscating jargon, and thus are appropriate for the nonexpert.) From this distillation are derived the volume's two most important lessons: (1) Manpower programs are complex and their goals may appear vague; not only do experts disagree about criteria for measuring success at any given point in time, but these standards evolve over time to reflect new needs and new abilities. (2) Manpower programs cannot be examined in a vacuum; their success depends on the overall labor market, availability of child care and transportation, and other factors beyond administrators' control. These conditions create a simultaneously rewarding and frustrating challenge for the auditor-evaluator of manpower programs.

David Marwick

Manpower and Welfare Division

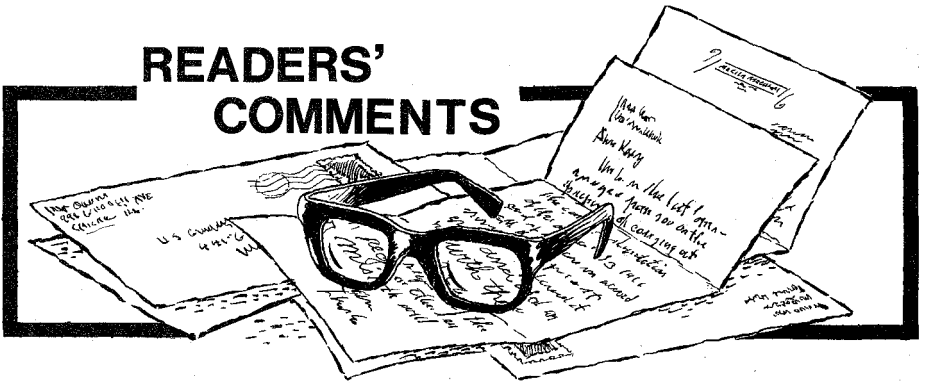
Keep It Simple

There is nothing so abstruse that you can't say it simply.

Senator Jacob K. Javits of New York

Speaking at AICPA meeting in Washington,
November 27, 1973

READERS' COMMENTS



Homework

I am of the opinion that the old adage "it takes real talent to review the obvious" applies to Timothy Desmond's article "On Doing Your 'Homework,'" in *The GAO Review* (Winter 1974).

I had heretofore assumed that the careful preparation which Tim espouses was *de rigueur* for auditors. But Tim does retrace the grounds very thoroughly and succinctly and it's a great deal more readable than our audit manual. Therefore I salute the author for bringing it to our attention again.

Guy A. Best
Assistant Director
Procurement and Systems
Acquisition Division

Young Professionals

As a GAO employee, I was pleased and proud to read in the winter 1974 edition of *The GAO Review* two excellent articles depicting the opportunities and challenges provided for young professionals in the General Accounting Office. The two articles, "The Professional Woman in GAO" by Aleen Johnson, and "Learning to be a Watchdog—My First Year with GAO"

by Fredrick Berry, depicted the kinds of work experience that our younger staff members must have for rapid personal and professional development. For GAO to succeed in the recruitment, development, and retention of top quality personnel, our managers must provide young professionals with the kinds of challenges their abilities and potentials deserve.

GAO recruits high caliber professionals with superior records at ranking colleges and universities. Most of these young professionals are prepared to *and expect* to make major contributions early in their careers. The best are typically entrepreneurial, innovative, and blessed with a long-term management perspective, plus perhaps, a technical specialty. These young men and women thrive on challenges and expect to get them. They seek a work environment which makes them full-fledged partners in a team effort. They are ideally suited for rapid development into project managers capable of leading major audits and studies. This capacity for rapid growth is already recognized by many of our more innovative managers. These managers are recruiting the very best people available, including many with advanced degrees, and giving the recruits increas-

ing project responsibilities as fast as they can capably handle them.

There is, however, another side to the coin. These highly motivated and innovative young people are ill suited to more traditional modes of operation which emphasize an authoritarian approach, resistance to change, close and continuous work supervision, and a belief that recruits require several years of experience before they are qualified to make significant contributions. Whenever their aspirations differ widely from the opportunities provided to them, young people of this sort become frustrated and restless. They are likely to seek other employment or further schooling at the first opportunity.

I have little doubt that GAO recruits of this caliber are much more productive than most of their contemporaries, *if* provided the proper environment and style of management. However, it is a waste of both their talents and GAO's resources to deny them opportunities to participate in the planning and direction of work. They cannot survive on a diet of repetitious or unchallenging audit processes. They become bored, and GAO

gets far less service than it pays for—both the Office and the individuals are losers.

As must be obvious, I am an unabashed advocate of hiring these gifted youngsters. They are a pleasure to work with and their abilities are often remarkable. The question is not do we need more—surely, we could use many more to increase our productivity. The real issues are how many can we assimilate and which of our management teams are capable of providing a suitable work environment? These issues are not unique to GAO or to Government. Similar problems in assimilating high caliber young people are being experienced in the private sector.

The two articles published in your last edition indicate to me that we are making real progress in challenging the capabilities of our young professionals. This is good news, indeed, for all of us interested in enhancing GAO productivity through better manpower planning and utilization.

Ray S. Hausler

Assistant Director

Office of Program Planning

Annual Awards for Articles Published in the GAO Review

Cash awards are available each year for the best articles written by GAO staff members and published originally in *The GAO Review*. Each award is known as the Award for the Best Article Published in The GAO Review and is presented during the GAO awards program held annually in June in Washington.

One award of \$250 is available to contributing staff members 35 years of age or under at the date of publication. Another award of \$250 is available to staff members over 35 years of age at that date. For articles written by more than one author, the age of the oldest will determine the age category for judging purposes.

Staff members through grade GS-15

at the time of publication are eligible for these awards.

The awards are based on recommendations of a panel of judges designated by the Comptroller General. The judges will evaluate articles from the standpoint of the excellence of their overall contribution to the knowledge and professional development of the GAO staff, with particular concern for:

Originality of concepts.

Quality and effectiveness of written expression.

Evidence of individual research performed.

Relevancy to GAO operations and performance.

Statement of Editorial Policies

1. This publication is prepared for use by the professional staff members of the General Accounting Office.
2. Except where otherwise indicated, the articles and other submissions generally express the views of the authors, and they do not necessarily reflect an official position of the General Accounting Office.
3. Articles, technical memorandums, and other information may be submitted for publication by any professional staff members. Submissions may be made directly to liaison staff members who are responsible for representing their offices in obtaining and screening contributions to this publication.
4. Articles submitted for publication should be typed (double-spaced) and range in length between five and 14 pages. The subject matter of articles appropriate for publication is not restricted but should be determined on the basis of presumed interest to GAO professional staff members. Articles may be submitted on subjects that are highly technical in nature or on subjects of a more general nature.

THE GAO REVIEW

LIAISON STAFF

Office of the Comptroller General
E. H. Morse, Jr., Coordinator

Office of the General Counsel
Vincent LaBella

Office of Administrative Planning
and Services
Larry A. Herrmann

Office of Federal Elections
Larry D. McCoy

Office of Internal Review
Robert M. Gilroy

Office of Personnel Management
N. B. Cheatham

Office of Policy
Eugene L. Pahl

Office of Program Planning
Daniel L. Johnson

Federal Personnel and Compensation
Division
Joseph J. Kline

Financial and General Management
Studies Division
Rodney E. Espe

General Government Division
Leo Schimel

International Division
Charles E. Hughes

Logistics and Communications
Division
Merwin F. Almy

Manpower and Welfare Division
Ronald F. Lauve

Procurement and Systems Acquisition
Division
Frank M. Kimmel

Resources and Economic Development
Division
James L. Howard

Transportation and Claims Division
Joseph Goldman

Field Operations Division
Clyde E. Merrill

Atlanta
A. L. Patterson

Boston
Charles F. Carr

Chicago
Clement K. Preiwisch

Cincinnati
David P. Wilton

Dallas
James J. Jodon

Denver
John T. Lacy

Detroit
Donald R. Schmidt

Kansas City
Arnett E. Burrow

Los Angeles
Eugene T. Cooper, Jr.

New York
William F. Paller

Norfolk
Lindsay B. Harwood

Philadelphia
Maurice Sady

San Francisco
Jose F. Campos

Seattle
Richard O. Long

Washington
Ted D. Knapp, Jr.

EDITORIAL ASSISTANCE

Office of the Comptroller General
Josephine Clark

Office of Administrative Planning
and Services
Linda Martin
Stephen May
Carol Running
Joan Thoreby

U. S. GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548
OFFICIAL BUSINESS



THIRD CLASS
POSTAGE AND FEES PAID
U. S. GENERAL ACCOUNTING OFFICE

