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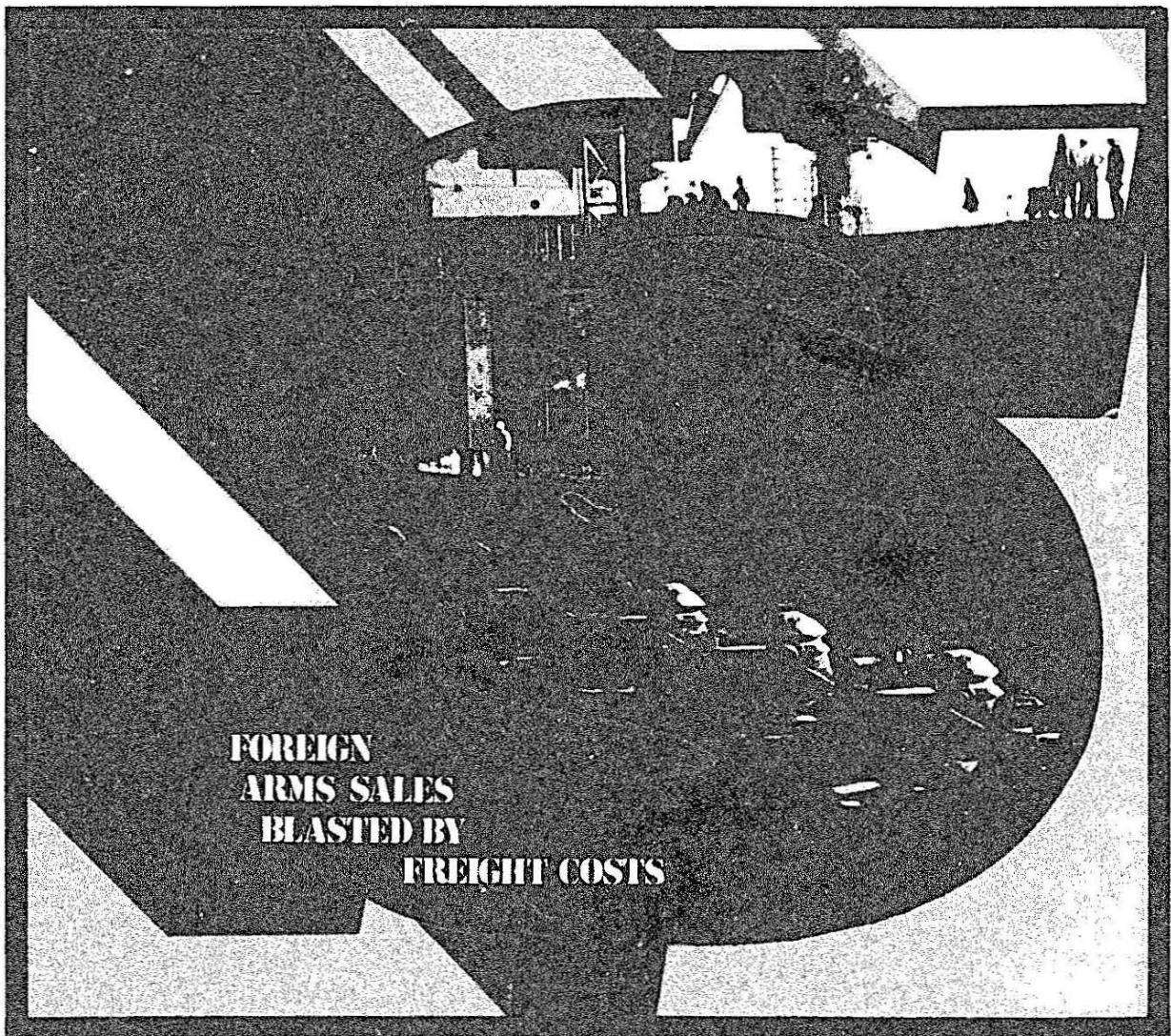
The

GAO



Spring 1980

REVIEW



**FOREIGN  
ARMS SALES  
BLASTED BY  
FREIGHT COSTS**

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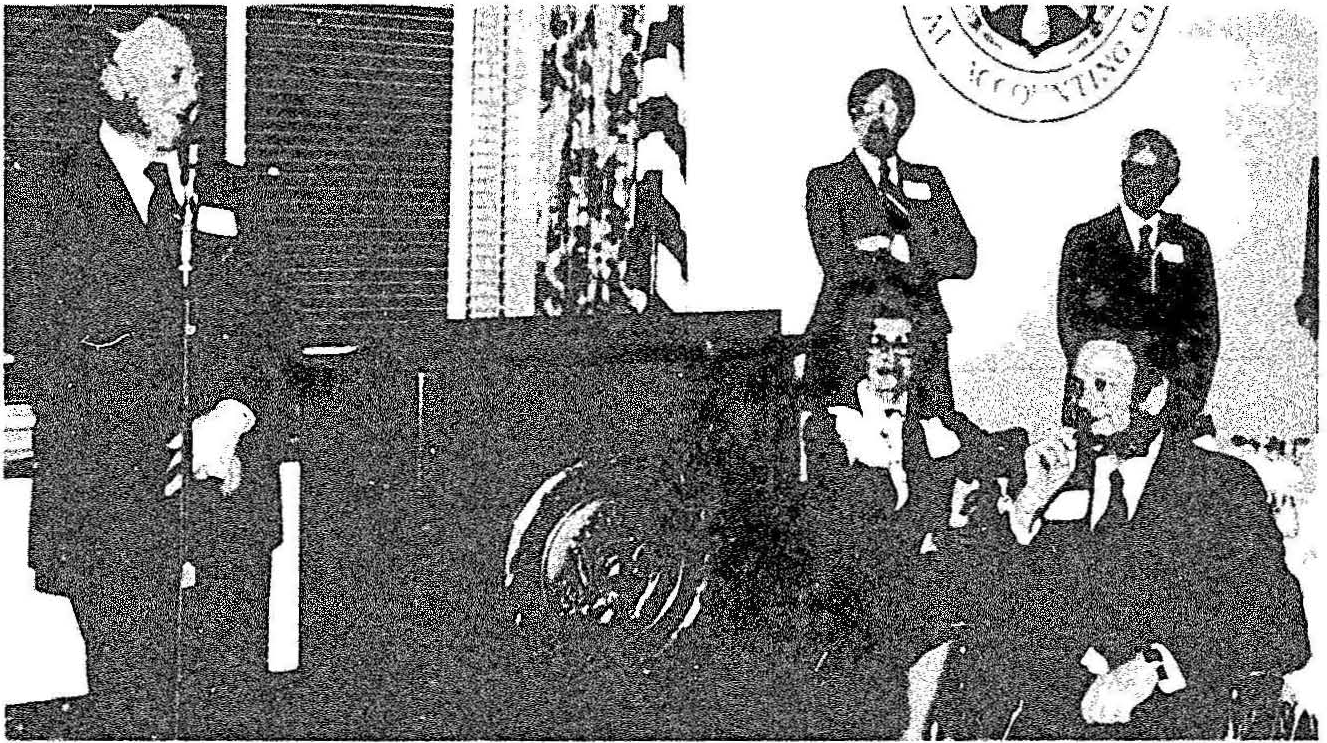


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# Goodbye to Bob Keller



Mr. Keller is shown with Mr. Staats at the celebration honoring his 45th year of Federal service and his retirement.

After careful reflection on his own goals as well as those of the General Accounting Office, Deputy Comptroller General Robert F. Keller announced a well-earned retirement effective February 29, 1980. Mr. Keller's 45 years with GAO span wide divergencies in his career and in GAO's responsibilities. When he joined the Office in 1935 as a reconciler and clerk working his way through law school, GAO was a voucher auditing agency. As he moved through positions such as legislative attorney, Assistant (and later Principal Assistant) to the Comptroller General, General Counsel, and Deputy Comptroller General, GAO moved its auditing operations from a central location to audit sites and moved from commercial-type audits to comprehensive audits to management auditing and program evaluation.

In an interview published in the Summer 1979 issue of this *Review*, Mr. Keller said that the most challenging aspect of his job has been dealing with the Congress and its committees. He noted this work was the case because there are so

many different viewpoints and it can be difficult to keep GAO in a position to be helpful without becoming involved in the politics of a particular problem.

As Deputy Comptroller General, Mr. Keller worked very closely with Mr. Staats; in fact, they have each noted there is no deliberate demarcation of responsibilities. He has had primary responsibility for approving legal decisions and working with the Office of Congressional Relations. He also dealt with the EEO Council and Career Level Council and worked extensively on GAO's budget process. Most recently, Mr. Keller was appointed to serve as Chairman of GAO's Executive Resource Board which is developing plans for the Senior Executive Service part of the new GAO Personnel legislation.

Mr. Keller attended George Washington University, the Washington College of Law of American University (LLB 1937) and Benjamin Franklin University (BCS 1952). He was admitted to the Bar of the District of Columbia in 1936 and is a member of the Federal

Bar Association and the D.C. Bar Association.

From 1942 to 1945, Mr. Keller was on active duty as Ensign through Lieutenant USNR, serving as Assistant to the Officer in Charge of the Navy Purchasing Office, San Francisco, California, and as General Counsel of that Office.

Mr. Keller received a commendation from the Secretary of the Navy for his service during World War II, the Rockefeller Public Service Award in the field of law, legislation, and regulation in 1965, the Comptroller General's Award, GAO's highest award, in 1968, the Benjamin Franklin University Award, Achievement Award in 1972, and the National Civil Service League Career Service Award in 1976.

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Editor's Note: I believe speaking for all in GAO when I say that Bob Keller's decision is right for all the practical reasons, but we will be in for much to be happy about.

# From Our Briefcase

## GAO and the Chrysler Corporation

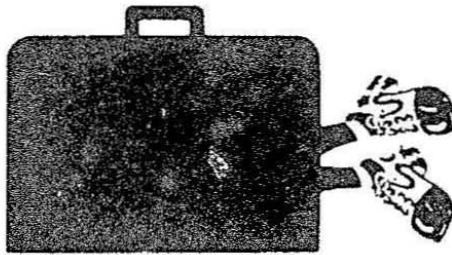
All of this Review's readers are probably familiar with U.S. Government aid to the Chrysler Corporation, but perhaps many are unfamiliar with GAO's role in this unique partnership. Because the "Management News" summarized the relationship so well, the following was borrowed from its 2 January 1980 edition.

*"Congress thinks the Comptroller General and the GAO should play a large role in the future of the Chrysler Corporation. Congress laid out its plans in the Chrysler Corporation Loan Guarantee Act, passed by both houses in a late session 20 December.*

*"The legislation provides Chrysler with up to \$1.5 billion in loan guarantees over the next two years to keep the financially ailing company from going under*

*"The Comptroller General will be one of three Federal officials to have a say in approving Federal backing for loans to Chrysler. He gains this responsibility by being a voting member of the Chrysler Corporation Loan Guarantee Board. The Secretary of the Treasury is chairman of the Board, the Chairman of the Federal Reserve Board is the other voting member. The Secretaries of Labor and Transportation are ex officio, non-voting members*

*"Before the Board can make a loan guarantee commitment, it will have to determine that Chrysler has met a number of conditions. Among other things, Chrysler must show that it has an energy-savings plan to help lessen U.S. dependence on petroleum, a plan for repaying the loans, and a plan for operating after 1983 without Federal assistance. Chrysler must also come up with \$2 billion in other financial assistance from U.S. and overseas lenders, sales of as-*



*sets, and its own employees.*

*"During fiscal years 1980 and 1981, the Board will report to the Congress semiannually, and annually thereafter so long as any loan guarantee is outstanding. The final report for 1981 will include an evaluation of the long-term economic implications of the Chrysler loan guarantee program, along with legislative and administrative recommendations for future loan guarantee programs.*

*"In addition to the role assigned to the Comptroller General, the General Accounting Office may make such audits as may be deemed appropriate by the Comptroller General of the United States of all accounts, books, records, memoranda, correspondence, and other documents of the Corporation and any other borrower, and report the results to Congress. Before any loan guarantee is made, the borrower must agree in writing to allow GAO to conduct audits."*

## Guidance for Congressional Oversight

Overseeing congressionally approved programs and activities is a complicated process, and auditing and evaluation, which are complex enough by themselves, are only part of it. To assist congressional Members and their staffs in this multifaceted endeavor, the Congressional Research Service has published the *Congressional Oversight Manual*. Compiled at the request of the Speaker of the House,

the Majority and Minority Leaders and several committee and subcommittee chairmen, the *Manual* is one of several products developed from a 3-day Workshop On Congressional Oversight and Investigations held in December 1978.

The *Manual* is a joint effort of an ad hoc House committee staff group, coordinated by Roy Jones of the House Interior and Insular Affairs Committee and CRS staff. Every House committee had the chance to review the final draft, as did GAO, the Office of Technology Assessment and the Congressional Budget Office.

The *Manual* deals with nearly all aspects of oversight, which are expressed in the chapter titles: I. Oversight Purposes, Authority, and Participants. II. Oversight Coordination and Processes. III. Selected Oversight Techniques and Follow-Up. IV. Oversight Information Sources and Consultant Services. The Appendices deal with such pragmatic topics as an oversight planning checklist and oversight capabilities of the House information systems.

While information contained in the *Manual* is geared to Members and their staffs, GAO staff would glean a great deal of insight from referring to both it and the copy of the "Workshop On Congressional Oversight and Investigations" which is included with the *Manual*. Copies were distributed to GS-16s and above and regional offices, and are available in the Technical Library. Staff who believe they particularly need a copy for work-related use should contact the Office of Program Planning

## Developing a Program Inventory

An example of congressional interest in knowing what programs exist in a certain area was shown by the Senate Appropriations Committee when it requested that GAO develop a prototype inventory of Federal food, agriculture, and nutrition programs. The committee believed it would make better appropriations decisions if it knew all the programs which should be considered.



The outcome of this request was the Food, Agriculture, and Nutrition Inventory (FANI), which was designed and developed by the Community and Economic Development Division's Food Coordination and Analysis Staff in cooperation with the Office of Management and Budget (OMB), the Department of Agriculture, and 27 other departments and agencies with pertinent programs. The inventory contains 359 different programs and has been used for budget planning, single and cross-agency program evaluation, and reorganization assessment by Agriculture, the former Department of Health, Education, and Welfare, OMB, and GAO.

In fact, the Senate Appropriations Committee liked the inventory so much, its members are considering making FANI a model for building a Government-wide program inventory covering all Federal functions and activities. The committee has already directed the Agriculture Department to update the inventory.

The handbook to FANI was issued on September 11, 1979 (CED-79-125), and the committee reproduced the prototype inventory in November 1979 as a Committee Print. Some additional insight to the inventory is given in the article in this *Review* by Todd Weiss of CEDD. More detailed information on how this concept can be applied in other areas is available from the Food Coordination and Analysis Staff in room 6826, GAO Building.

## Keeping Current

GAO's Information Office is a source of knowledge for everyone from the media, to trade associations, to students — basically anyone outside GAO except the Congress, which is served by the Office of Congressional Relations. A recent "Management News" article (4 December 1979) highlighted some examples of GAO work which dealt with some of this country's more newsworthy events.

When a reporter wanted to know if GAO had ever questioned security at U.S. embassies, there was an International Division report "What's Being Done to Protect the U.S. Diplomatic Community from Terrorism?" to cite (ID-79-3). The day

before the Three Mile Island accident, the Comptroller General signed a report, "Areas Around Nuclear Facilities Should be Better Prepared for Radiological Emergencies" (EMD-78-110). (This report is only one of many GAO reports on nuclear issues.)

When the press publicized scandals at the General Services Administration, GAO could point to literally hundreds of reports criticizing the agency's management practices which had made graft and corruption possible. This put on the onus on GSA, which had not acted on many of GAO's recommendations.

The point is that many of GAO's reports deal with issues that either are or become prominent news items. As the Information Office noted, GAO's staff should take a bow for the role they play in world events.

## The Fraud Fight Continues

Mid-January 1980 marked the 1-year anniversary of the GAO hotline, which has been actively used to report instances of fraud, waste, and abuse in government programs. The 5,160 (of 7,567) allegations believed to be substantive continue to cover all States and Federal agencies and a wide variety of topics.

While one might expect Washington, D.C., as the hub of Federal activity, to have had the most complaints lodged against its employees or programs, it is California which leads the pack with 582 reported activities, compared to Washington, D.C.'s 350. Other highly populated States are among the leaders — Virginia (265), New York (247), Texas (245), Ohio (232), Pennsylvania (229), Florida (218), and Tennessee (209). Wyoming, Vermont, and Delaware bring up the bottom of the list with 3, 4, and 8, respectively.

A look at the Government entities receiving the complaints shows, as would be expected, that those with which citizens have the most contact receive the most complaints. The Social Security Administration (including its public assistance and supplemental security income components) led the

list with 698 allegations. Other components of the former Department of Health, Education, and Welfare received 492 complaints, while the IRS received 470, the Department of Labor 403, and the Department of Housing and Urban Development 376. The General Services Administration, the focus of much recent attention in this area, received 162 allegations. Thirty-two percent of the 5,160 allegations fall into the "mismanagement" category, while the remaining 68 percent appear to involve "intentional wrongdoing."

The GAO Fraud Task Force staff has found it useful to categorize the "intentional wrongdoing" category even further, according to the participants in the alleged improper activity. The 6 categories and their percent of the 3,486 "intentional wrongdoing" total are: (1) Federal employees only—29.3, (2) individual recipients of Federal financial assistance—23.3, (3) Federal contractors or grantee organizations—22.3, (4) other individuals or corporate entities—16.7, (5) Federal employees in conjunction with others—7.9, and (6) corporate recipients of Federal financial assistance—5.

After an initial investigation, the Task Force generally turns over the allegation to the Inspector General at the appropriate agency. So far, 3,503 have been referred, while others have been handled by GAO divisions or regional offices. By the way, not all callers have been anonymous; so far, 64 percent. Twenty-eight percent of the informants have been Federal employees.

## Highlighting Open Legislative Recommendations

Each year the GAO *Annual Report* contains a chapter on legislative recommendations, including a section detailing those recommendations on which Congress has not yet acted. To assure that legislative committees receive this information at a time when they can most use it, GAO sends the information to the Chairmen and Ranking Minority Members of congressional committees even before the *Annual Report* is published. An



accompanying letter notes those pages which have open recommendations on matters pertaining to the particular committee's jurisdiction. The Senators and Representatives are urged to contact GAO's Office of Congressional Relations for assistance or copies of any of the reports in which the recommendations appeared. In this way, GAO ensures that Congress not only has open recommendation data, but has it at a point in the budget process when it is most useful.

## Word Scourge

How would you vote if asked to name the words or phrases you believe to be the most overused or useless in the English language? A group of writers, editors, and poets recently cast ballots in the sixth annual New Year's Dishonour List of Words Banished from the Queen's English. The selected phrases sound all too familiar. "Yuh know" and "have a nice day" tied for the honor of Word Scourge of the Seventies.

This was the third time for "yuh know," which the group tried twice to unsuccessfully banish as a "terminal disease" of the English language. "Have a nice day" was cited as "a banality done to death in lieu of words with real meaning."

The Word Scourge selection committee reviewed more than 2,000 nominations before reaching its decision. Among other suggestions were "ball park figure," "in the time frame of . . ." and "in the public interest." East coast U.S. residents should be on the lookout for the phrase "maintain yourself," said to be heading east from California. What would it replace? You guessed it—"have a nice day!"

## Sunset Appears Closer

As the 96th Congress moves into its last months, high on its agenda is work on oversight reform—the so-called "sunset" proposals. After much committee work and extensive hearings, a new House bill (H.R. 5858) has emerged joining S.2, the Senate version.

Although similar, there are some key differences. H.R. 5858 would cover all programs (direct expenditures, regulatory, and tax expenditures), while S.2 would cover all programs except tax expenditures. The House bill carries no automatic program termination requirement. Although the Senate bill does, 50 percent of programs are exempt from it.

Keeping in mind that some aspects of the two bills are not identical, the following list summarizes most common elements. Essentially, sunset review legislation would

- create a process for Congress to review similar programs concurrently and to focus on priority areas,
- require that committees set review schedules in each Congress,
- require Congress to act on review findings,
- provide for compilation of a program inventory, and
- require establishment of program performance measures.

Realizing that this is a lot to accomplish, implementation would be a phased process. The program inventory would be completed during the 97th Congress, with the sunset review process starting with the 98th Congress.

The sunset review process itself would be a fairly straightforward one. Each committee would plan the review programs and prepare a proposed review agenda. The entire Congress would approve the agenda and the legislative committees would conduct the reviews. The committees would then report bills to continue, modify, or terminate the programs. S.2 goes one step further by requiring that bills be acted on and signed before programs could continue.

Components of the committee reviews, which would be based on reports prepared by program agencies, GAO, or private contractors, would be similar. Each would present information on: intended program objectives; program operation, costs, and results; cost effectiveness compared to alternatives; the number and types of people served; regulatory impacts;

performance indicators to be used in later program oversight; and recommended changes in law to eliminate conflict and duplication.

As you would expect, GAO's responsibilities under the sunset process would be extensive. By the start of the 97th Congress, GAO would submit to the Rules Committee a draft inventory of all programs. To directly support the sunset review process, GAO would provide summaries of past audits and reviews by August 1 of the first session of each Congress. As it has in the past, GAO would furnish information, studies, analyses, and reports as requested by committees. The inventory would be a continuing process, to be maintained, updated, and published during and after the 97th Congress.

After reading GAO's extensive responsibilities, the logical question arises as to cost of implementing these new tasks. Without experience under the process, the potential cost of sunset is very uncertain and, in fact, indeterminable. We do know, however, that the cost of sunset will depend on four major variables:

- The number of programs selected for sunset review.
- The intensity of the review efforts.
- The extent to which we are called on to assist committees.
- The extent to which our ongoing work may need to be, and can be, redirected to support the sunset review process.

GAO did furnish a "heavily caveated" cost estimate to CBO last year of \$30 million annually for S. 2.

## Independent Personnel System for GAO

As the Winter 1980 issue of this section of the *GAO Review* noted, Congress approved an independent personnel system for GAO, and the bill was signed by the President on February 15, 1980. This issue provides more detailed background and implementation information.

In September 1978, the Comptroller General appointed a Person-

nel Legislation Task Group to analyze GAO's personnel program and develop legislative proposals for an alternative one. This was a follow-on to earlier efforts to secure legislation to enable GAO to establish an independent personnel program which would not be subject to the oversight and control of executive branch agencies.

The Task Force's work culminated in a bill—"to establish an independent personnel system for employees of the General Accounting Office"—which was introduced in the House in March 1979 by James Hanley, Chairman of the House Committee of Post Office and Civil Service. The Subcommittee on Civil Service, chaired by Patricia Schroeder, held hearings on the legislation, and the House passed it on October 15, 1979.

The Senate version was introduced by Senator John Glenn on October 11, 1979. Senator Glenn's Subcommittee on Energy, Nuclear Proliferation and Federal Service held hearings and reported favorably to the Committee on Governmental Affairs. That committee then reported the bill favorably to the floor of the Senate. Now that the bill has obtained Presidential signature, it will be known as Public Law 96-191.

The principal objective of the personnel legislation is to reinforce the credibility of GAO's work by eliminating an apparent conflict of interest in this area between GAO as an objective, investigative arm of the Congress and certain executive branch agencies. GAO is required by the Civil Service Reform Act of 1978 to review and evaluate the very executive branch agencies which regulate and control its personnel program. While there have never been any specific attempts by officials of the Office of Personnel Management, the Merit Systems Protection Board, the Equal Employment Opportunity Commission, or the former Civil Service Commission to retaliate for GAO reviews or evaluations, even the appearance of a conflict of interest has grave potential for producing undesirable results.

Accordingly, the GAO personnel legislation eliminates this potential for conflict of interest by authorizing the Comptroller General to issue regulations establishing an

independent, self-contained personnel program which is not subject to executive branch oversight. The legislation requires that GAO employees and the public have the opportunity to comment on regulations prior to their implementation, and it further requires that GAO personnel systems generally parallel those of the executive branch.

Many of the existing personnel systems will remain unchanged. These include sick and annual leave, retirement, health benefits, life insurance, training, incentive awards, travel and transportation benefits, and overseas differentials.

The legislation embodies the same merit system principles found in the Civil Service Reform Act, which will give GAO's new merit personnel system the same legal underpinning as that of the executive branch. It also prohibits those personnel practices which are prohibited in the executive branch. These include such things as discrimination, nepotism, partisan political influence, and reprisals against "whistleblowers."

The Comptroller General is authorized to establish classification and compensation systems, but the legislation sets out certain requirements which such systems must meet. They must be based on the principle of equal pay for equal work with due recognition of performance, and pay within GAO must be comparable to pay in the private sector for similar work. Also, GAO's pay schedule will be adjusted at the same time and in the same manner as the executive branch's general schedule, so GAO employees will continue to receive the same "comparability" raises as the employees of the executive branch. The legislation guarantees GAO employees "saved pay" by providing that employees who are downgraded through no fault of their own will be entitled to retain their grade and pay for 2 years.

The new personnel system must include a system for appraising the performance of employees. This will include the identification of the critical elements of each position and the setting of performance standards for each critical element. As in the executive branch, employees must be involved in the process.

Procedures must be established to ensure that each employee has the right, freely and without fear of penalty or reprisal, to form, join, and assist an employee organization, or to refrain from such activity. The legislation also provides for the establishment of a labor relations program.

The Comptroller General is authorized to establish a GAO Senior Executive Service for "supergrade" employees and a merit pay system for other GAO employees. Work on the "supergrade" system began in early 1980, with the formation of a task force to design it.

The legislation allows GAO employees to continue to transfer to the executive branch. Any employee of GAO who completes 1 year of continuous service under a nontemporary appointment under the GAO personnel system will acquire competitive status for appointment to any position in the executive branch for which the employee is qualified.

GAO employees now have the right of appeal on various issues to executive branch agencies such as the Office of Personnel Management, the Merit Systems Protection Board, and the Equal Employment Opportunity Commission. The proposed legislation severs GAO's relationship with these agencies. Therefore, the legislation authorized the establishment of a GAO Personnel Appeals Board to provide employees with an independent, fair, and objective body to rule on employee appeals.

The Board will have five members selected by the Comptroller General from lists of candidates provided by the American Bar Association, National Bar Association, Federal Bar Association, National Civil Service League, American Arbitration Association, American Society for Public Administration, or similar organizations. Prior to making his selections, the Comptroller General must consult with organizations representing GAO employees and with a member of each standing committee of the Congress having jurisdiction over GAO's personnel system.

Board members must be individuals who exhibit the experience, training, and ability to carry out the functions of the Board. They will

serve 3 year non-renewable terms, and they can be removed only by a majority vote of the other members of the Board and only for inefficiency, neglect of duty, or malfeasance in office.

The Board will elect one of its members as Chairperson to serve as the chief executive and administrative officer. The Chairperson will select a General Counsel who will be responsible for investigating any allegations concerning the prohibited personnel practices set forth in the GAO personnel legislation. The Board's General Counsel will also investigate other matters under the jurisdiction of the Board, and otherwise assist the Board.

Any actions which now can be appealed outside of GAO will be appealable to the Board. These include discrimination complaints, removals, suspensions, reductions in grade, furloughs, classification and pay matters, and labor relations issues.

Board decisions will be binding on the Comptroller General. Employees will have the right to appeal Board decisions to the Federal courts, the right to representation by an attorney, and the right

to recover back pay and attorney fees.

A steering group comprised of top GAO officials is being proposed to oversee the design of a system to implement the new personnel system, which would take effect October 1, 1980. Beneath the steering group, project leaders will develop the personnel subsystems and draft necessary regulations.

Questions about the act or its proposed implementation process can be directed to Jean Lewis, Personnel, (202) 275-3537.

### **Omnibus Legislation Close to Reality**

Another piece of legislation would strengthen GAO's ability to fulfill its oversight responsibilities. Known as the "omnibus" legislation, it had passed the House and Senate as this *Review* went to press. Although the two Houses of Congress had some ironing out to do, the two versions were essentially the same.

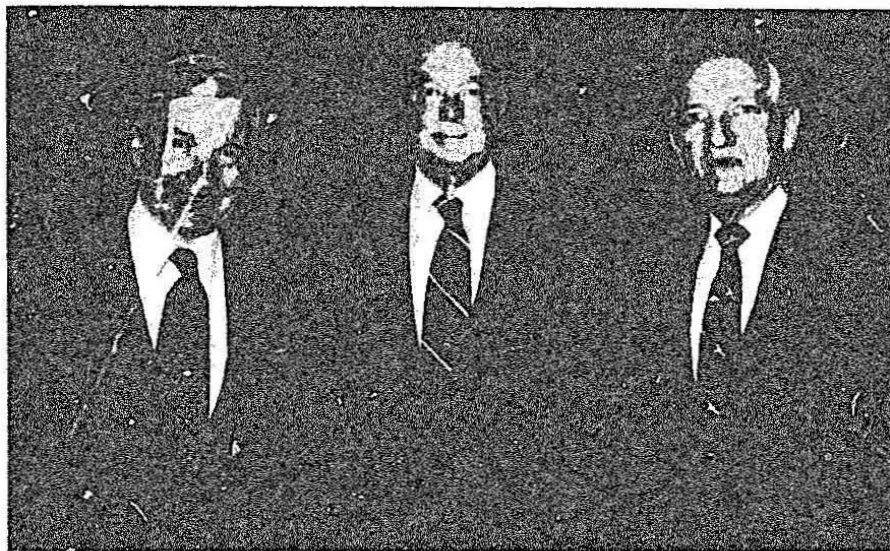
The bill's main provisions, as outlined in the report of the Senate Committee on Governmental Affairs (No. 96-570), are as follows:

*First it provides GAO with authority to audit most unvouchered expenditures, those expenditures which are authorized by law to be accounted for solely on the signature of the President or other designated officials. Second it strengthens GAO's existing authority to enforce its statutory right of access to records of Federal agencies as well as non-Federal entities such as government contractors and grantees. Third it makes changes in GAO's report issuance procedure in order to improve the timeliness and accuracy of such reports. Fourth S. 1878 provides a formal mechanism for congressional input in the appointment of future Comptrollers General and their Deputies. The bill would establish a commission of named congressional leaders to submit to the President their recommendations for potential nominees to those offices.*

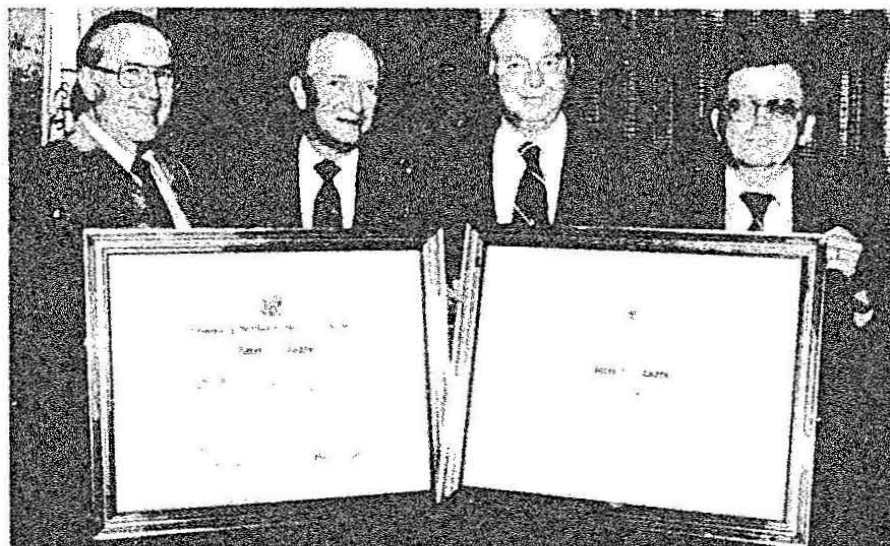
*Finally S. 1878 amends the auditing authority of the Inspectors General of the Department of Health, Education, and Welfare and the Department of Energy to conform to the auditing provided in the Inspector General Act of 1978.*



# On Location



Left to right: Senator Charles Percy, Mr. Staats and Congressman Jack Brooks.



Left to right: Congressmen Frank Horton and Jack Brooks, Mr. Staats and James T. McIntyre, Director, Office of Management and Budget

## Marking Forty Years

In a ceremony marked by warm applause and genuine admiration, Mr. Staats was honored for 40 years of distinguished Federal service. The December 4, 1979 surprise event was highlighted by the presence of Representatives Jack Brooks and Frank Horton, Senator Charles Percy, and Office of Management and Budget Director James T. McIntyre, Jr., who presented Mr. Staats with plaques

from the Congress of the United States and President Carter, respectively. Mr. McIntyre said that research done by OMB staff indicated that this was the first time such a Presidential plaque had been given. On behalf of GAO, Deputy Comptroller General Keller presented Mr. Staats with cufflinks, a lapel pin, and a special plaque.

The two plaques lauded Mr. Staats for his 40 years of Federal service. The congressional citation



noted his "outstanding service to the people of the United States . . . which has resulted in major contributions to the work of the Congress of the United States beginning with the 76th in 1939 . . ." President Carter's words were equally complimentary, citing "forty years of outstanding service to the people of the United States including service in the Bureau of the Budget as Assistant Director under President Truman, Deputy Director under Presidents Eisenhower, Kennedy and Johnson, and Comptroller General of the United States during the terms of Presidents Johnson, Nixon, Ford and Carter."

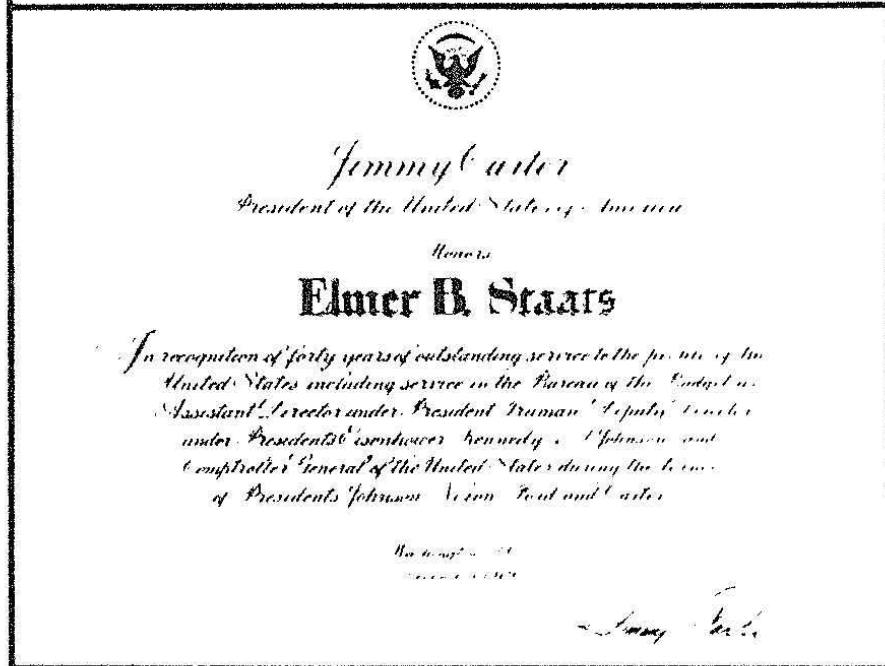
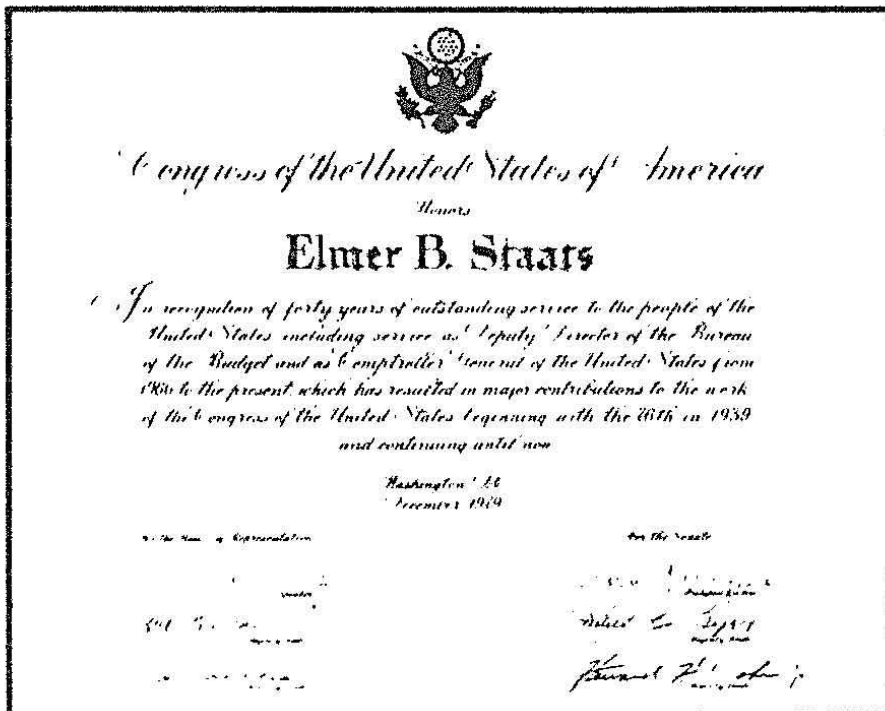
Joining Messrs. Staats and Keller and the visiting dignitaries were many senior GAO staff, Mrs. Staats and other family members, Mrs. Keller, Mrs. Ellsworth Morse, Jr., and many GAO alumni.

### Civil Agency Inspectors General Visit GAO

On December 14, 1979, the Comptroller General hosted a luncheon for 14 Federal civilian agency inspectors general. The Congress established 12 offices of inspector general in October 1978 in 6 departments and 6 major agencies along the lines of 2 others it had created in 1977 at the Departments of Energy and Health, Education, and Welfare. These offices, which combine audit and investigative groups into one organization reporting directly to their agency head, were created to combat fraud, waste, and abuse in Federal programs.

After the luncheon, the Comptroller General invited each of the inspectors general to take a few moments to discuss their problems and prospects for the coming year. They talked about a variety of topics including

- a lack of auditors and good investigators,
- problems with merging their audit and investigative staffs,
- difficulties in measuring their accomplishments and productivity, and



Mr. Staats with Inspectors General or their representatives: **BOTTOM ROW:** Ms. Mary Bass, Commerce; Mr. Thomas F. McBride, Agriculture; Mr. Staats; Mr. Charles Dempsey, HUD; Mr. J. K. Mansfield, DOE; and Ms. Marjorie Knowles, Labor. **TOP ROW:** Mr. Joseph E. Kratz, CSA, (I.G.'s representative); Mr. Paul Boucher, SBA; Mr. Eldon Taylor, NASA; Mr. Kurt Muehlenberg, GSA; Mr. Allan Reynolds, VA; Ms. June Brown, Interior; Mr. Malcolm Stringer, EPA, (I.G.'s representative); and Mr. Frank Sato, Transportation.

- substandard work they are receiving from public accounting firms hired to audit agency grant programs.

The Comptroller General said that GAO was vitally interested in seeing that the inspectors general had sufficient staff to carry out their mission and had recently reported to the Congress on the lack of success some inspectors general offices had experienced in securing additional staff. He also said he could empathize with their problem of measuring accomplishments and productivity, particularly when work involved nonquantifiable savings attributable to the prevention of fraud, waste, or error through the strengthening of internal controls, since GAO sometimes has the same problem.

FGMS Division Director Don Scantlebury, commenting on the problem of substandard work performed by public accounting firms, noted that GAO had issued several reports on this matter. They have led to the initiation of a joint project with the American Institute of Certified Public Accountants' Committee on Relations with GAO designed to reduce such substandard audits. Mr. Scantlebury said the AICPA's Ethics Committee also has started a project in this area and would be contacting some of the inspectors general to request permission to review reports of public accounting firms.

The participants commented that the meeting had been mutually beneficial and agreed that future meetings may be held to follow up on the progress of the inspectors general and the GAO projects.

### **Parren Mitchell Opens Afro-American History Month Observances**

Enhanced by the presence of such distinguished guests as the Honorable Parren Mitchell and the Howard University Concert Choir, GAO marked the opening of Afro-American History Month with a special program held on February 12. As an overflow crowd spilled from the auditorium into the briefing room and halls, the audience heard from Representative Mitchell,

Mr. Staats, Grady Poulard of GAO's Human Relations Program, Ryan Yuille, GAO's EEO director, and Edith Pyles of the Washington regional office.

Mr. Staats used the occasion to reaffirm GAO's commitment to the principles of affirmative action and equal employment opportunity. He also traced the history of Afro-American History month, which started with Carter Woodson in 1926.

Before introducing Representative Mitchell, Grady Poulard addressed the question of why we observe Afro-American History Month. Although initially couched in humor, the reasons he gave were very serious ones. Essentially, we celebrate to: remember heroic pioneers; realize that the struggle for racial equality is not over, that oppression is simply more subtle; allow whites the opportunity to know blacks better; give blacks the opportunity to learn more truth about themselves; increase general awareness of race relations, thus helping to eliminate some of the fears blacks and whites feel toward one another; and expose everyone to the outstanding leaders among black Americans.

Although Representative Mitchell accused Mr. Poulard of stealing his speech, the audience could have hardly agreed less, and interrupted him often to applaud. The Congressman gave several examples of why he could not forget the scars of discrimination, such as remaining with other black soldiers on a train in the South during World War II, while German prisoners were allowed to eat in a local restaurant. While there were many serious reminders throughout his speech of the history, past and present, of racial struggle in the U.S., Congressman Mitchell's tone was generally upbeat. He noted, "Blacks' greatest strength is the indomitability of their spirit. Blacks have survived slavery and civil rights struggles of the '60s. Their indomitability refuses to let them be subject to humility because of their color."

Representative Mitchell made it clear he thought the biggest threat to racial equality in 1980 was the subtle form of racism. He noted the clearly visible white-sheeted Klan can be dealt with, but Klan-thinking

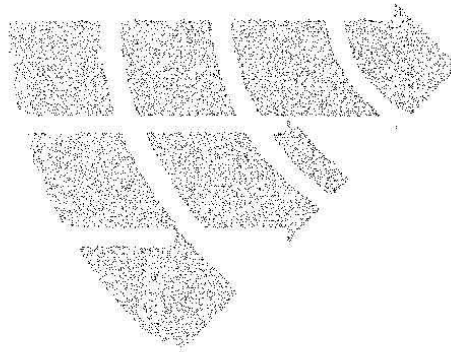
in three-piece suits is a far more difficult foe. The "I can't find a qualified one" attitude is hard to combat, and he offered his audience the challenge to recognize and deal with the causes and implications of subtle racism.

GAO EEO director Ryan Yuille placed Representative Mitchell's challenge at a level closer to GAO. He noted that each opportunity for advancement comes only once, and that each person needs to be sure he/she is ready for it and eligible, based on merit. He cited the progress made within GAO in the last few years in terms of recruiting and promoting blacks, but noted that blacks needed to take actions, as individuals and as a group, to speed this progress. Mr. Yuille also praised GAO's division directors for their discussion at a recent GAO planning session which dealt with GAO's antidiscrimination work. He asked for, and received, a round of applause for the directors' "get tough" attitude toward developing strategies for GAO work to root out discrimination wherever it lies.

The Howard University Concert Choir invited the audience to join them in singing "Lift Every Voice and Sing" and, despite Representative Mitchell's stern warning not to look at the words, the audience sang with the Choir. GAO staff who were unable to attend the program will be able to view it on videotape, thanks to the efforts of the audiovisual staff.



# Trends in Evaluation\_\_\_\_\_



In October 1975, the Evaluation Research Society was established. Its first president, the late Marcia Guttentag, was a leader in developing evaluation methods as a decision method. She also set the society on a course to develop standards to guide evaluation practice. In September 1977, she stated, "As evaluations continue to multiply, the need for basic evaluation standards becomes more urgent. . . . standards that take cognizance of the generic evaluation concerns that cross fields, as well as the specific evaluation requirements within fields."

The standards development has progressed under the leadership of Scarvia B. Anderson, the society's elected president for 1980. Her drafting committee included Larry A. Braskamp, University of Illinois; Wallace M. Cohen and Keith E. Marvin, U.S. General Accounting Office; John W. Evans and James J. Vanecko, Department of Health, Education, and Welfare; Alan Gilmore, Office of the Auditor Gener-

al, Canada; Virginia C. Shipman, Educational Testing Service; and Ronald J. Wooldridge, Georgia Department of Human Resources.

The drafting committee drew from a number of sources, some made available by its members. This available guidance was organized, compared, and refined into about 60 standards grouped under the usual activities which should take place: Formulation and Negotiation, Structure and Design, Data Collection and Preparation, Data Analysis and Interpretation, Communication and Disclosure, and Utilization.

It is planned that an exposure draft of the Evaluation Research Society standards will be widely circulated to the ERS membership during 1980 and to others interested in contributing from their experience to further refinement. Keith Marvin, Program Analysis Division, is now the chairman of the working group and a copy of the draft may be obtained from his office (202) 275-1799.



**PROOFREADERS' MARKS**

# From the Editor

EXPLANATION	MARK	HOW USED
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Delete or take out	✂	Graphics Master <i>e</i>
Let it stand	<i>ditto</i>	Graphics Master <i>ditto</i>
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Comma	✓	Graphics Master <i>^</i>
Colon	:/	Graphics Master <i>^</i>
Semicolon	✓	Graphics Master <i>^</i>
Apostrophe	✓	Graphics Master <i>s</i>
Open quotes	⋈	Graphics Master
Close quotes	⋈	Graphics Master <i>^</i>
Hyphen	=/	Graphics Master <i>the</i>
Dash (show length)	—	Graphics Master <i>^</i>
Parentheses	(/)	Graphics Master <i>^</i>
Exclamation point	!	Graphics Master <i>^</i>
Question Mark	?	Graphics Master <i>^</i>
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Inferior character	↓	Water is <i>HQ</i>
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Close up	⊂	Graphics Master
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Push down	↓	Graphics Master
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Ellipsis	...	Graphics Master <i>^</i>

In the 2 years I have been editor of *The GAO Review*, you may have noticed some changes in the publication. Some are more obvious, such as the new size and increased use of pictures and illustrations and others are more subtle. More subtle ones include changes to the process through which articles are submitted (we now prefer potential authors contact us with an idea/proposal rather than wait until an article is fully written), the addition of new features ("On Location," "Reflections" and "Reporting on GAO Alumni"), and encouragement of a somewhat different pitch to the articles. The latter is a bit more difficult to explain, but generally we urge authors to get away from what we call the "how we did the audit" syndrome and concentrate on the issues raised during an assignment. Articles on innovative audit/evaluation techniques are always welcome, but with all the substantive issues GAO evaluates, I think this is where much reader interest lies.

Until now, these changes have been based largely on what the editorial staff believes the readers most want to read, and this has been assessed largely through comments from readers. Even so, this involves quite a few assumptions about who the audience is and what their interests are. Of course, interests are not homogeneous—some readers work for GAO, some do not, some are auditors/evaluators and others are less directly associated with this type of work. The biggest question to resolve was whether the *Review* was a "company magazine" or a professional publication for and by those in the audit/evaluation field. Those two characterizations are not mutually exclusive, but they do represent a need for different editorial policies. A "company" publication can be much less formal and will often include more personalized articles—e.g., more emphasis of staff impressions of work rather than information about work.

To be honest, we (the editorial staff and I) have decided it is not

possible to draw a distinct dichotomy, but that the *Review* serves both goals, to a certain extent. I believe we can do this because the information in the *Review*—the publication of the largest true audit/evaluation organization in the world—concerns GAO and non-GAO readers from both standpoints. Readers are interested not only in articles on audit/evaluation work or techniques but also on the people at GAO who do this work. Equally important are those who support this work using administrative, clerical, editing, or human relations skills, to name a few. What we have tried to do is separate somewhat those sections in the *Review* in which the two types of articles/features appear. For instance, "Staff Changes" and "Reporting on GAO Alumni" clearly deal largely with the "human interest" side of GAO, while most articles address aspects of GAO work or general evaluation topics. Some features or articles combine the two approaches, such as the series of articles on regional offices which describe the offices' working environment but also feature the staff who do the work.

To see what *GAO Review* readers thought of the publication and its component parts, the Fall 1979 issue contained a questionnaire. Readers who responded (most of whom were GAO staff) were very encouraging, the disappointing factor was that fewer than 100 readers did so. While marketing firms expect less than 1/2 of 1 percent response to market surveys, we at GAO are used to receiving responses from much larger proportions of those queried! I would like to use this opportunity to discuss the responses.

Articles which contained information on new or innovative evaluation techniques or those which deal with GAO's management history/organization were checked most often as most enjoyed. Next were those which combined a discussion of how an audit or evaluation was done with the issues raised during the assignment, followed by those which dealt with general public administration is-



sues Least favored were articles which were case studies of evaluations done by non-GAO evaluators.

Tied for the first among the features were the "From Our Briefcase" and "Legislative Developments" sections. Respondents said they liked these best because they provided new information or good summaries of issues which particularly interest evaluators. The "On Location" feature, our newest, was third most preferred, and generally liked for the same reasons. "Reflections" and "Staff Changes" ran a close fourth and fifth, and respondents liked them because they were people-oriented and allowed staff to keep up with what others were doing. Several people commented that some of the information in the "Professional Activities" and "Staff Changes" sections duplicated what appears in the GAO "Management News." True, some (not all) of this information is repetitive, but I think the *Review* does allow a great deal of this information to be concisely presented in one place. In addition, staff who do something extra, as is expressed in professional activities, deserve added recognition. The "Bookmark" feature was actually ranked in about the middle, and our feature, "Reporting on GAO Alumni," which had appeared in only a few issues, was last. I might add that those who commented on this section were very enthusiastic about it, and more alumni news is coming in every day.

The other two specific questions asked dealt with the use of pictures, illustrations and charts in the *Review* and the magazine's degree of readability as now presented. A nearly unanimous opinion tells me most readers think the number of pictures and other graphic aids are about the right amount. Some folks thought there were still too few and an even smaller number thought there were too many. These people generally questioned the cost, which is a valid consideration. Basically, what we have decided is that if the *Review* (or any publication) is worth publishing, it is worth publishing as a top quality publication. This means not only should the articles and features be well-

written and interesting, but that they be presented as attractively as possible. I might add that we try to be selective about the pictures we use and generally limit them to two or three per article. The exception, as you have probably noticed, is the series on GAO's regional offices.

All but a very few of the respondents found the new *Review* layout easier or as easy to read as the old layout. The new layout was designed to be more readable, and if the vast majority of readers find it so, it will remain basically unchanged. Several respondents thought there was too much blank space (termed "white space" by those who work in graphic arts) on some pages. While a certain amount of unused space is aesthetically pleasing, continual half-blank pages are not. To try to deal with this situation (which generally occurs because an article ends leaving empty space) we will try two things. One is the technique used in many publications of "jumping" the last portion of an article to a page near the end of the magazine, and another is using occasional quotes to fill some of the empty space. Obviously the latter does not address the cost question, but does make the best use of space available.

The responses to the two open-ended questions, which asked for general suggestions on improving the *Review* and ideas for articles, tended to deal with similar topics, so I'll discuss them together. While it is not possible to list every response, there were many common themes. A number of respondents indicated that they would like more articles which dealt with new ways to approach audit/evaluation work or samples of techniques others have found successful. Comments made it fairly clear they were interested in seeing practical articles and, as one respondent put it, "technical articles, written in a nontechnical way." While some comments dealt with auditing/evaluation techniques, others expressed interest in techniques for managing GAO's work. They wondered, for instance, how organizations which do similar work organize their working teams and report the information they

gather. Respondents were also interested in how to improve more general skills in communications and human relations.

In addition to being concerned with how GAO's work is accomplished, respondents were interested in what happens as a result of it. They wanted to know more about the impact of various assignments—"the effect of our work on national debates or program operations"—as one said. Several respondents noted this would have to be done as objectively as possible, or it would appear to be self-serving reporting.

One suggestion put forth by a number of respondents was that we establish a "Letter to the Editor" section. As the statement of editorial policy in the back of each *Review* indicates, we are happy to have readers comment on articles or features, particularly if they are presenting another side of an issue. However, I sensed somewhat that respondents were thinking that these letters would address general staff concerns or specific internal office policies. Although articles often deal with aspects of GAO operations and letters are welcome addressing these articles, I do not think the *Review* should become a general "staff forum." At that point, it would become less a professional publication for and by those in the audit/evaluation area and more an internal newsletter.

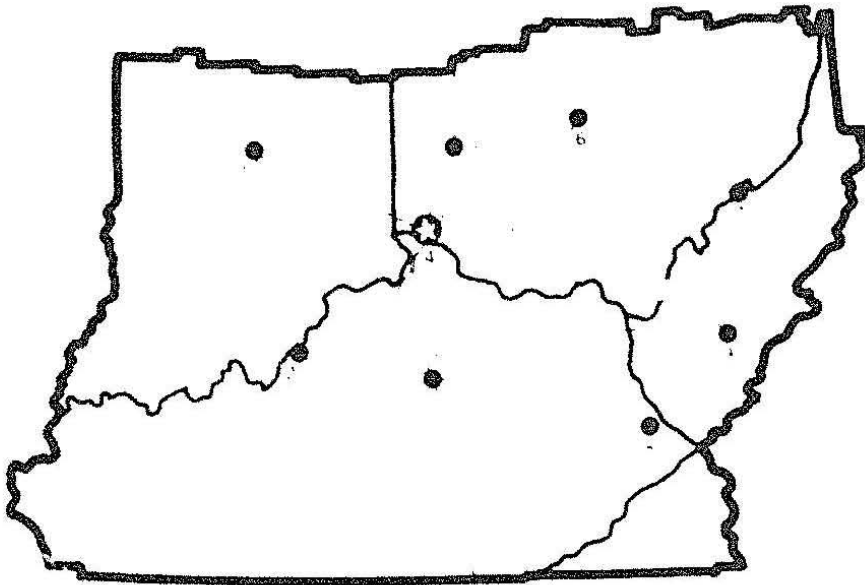
The editorial staff and I have carefully noted the types of articles and features readers seem to most prefer and will try to include more of these in future issues. We also carefully noted the many specific comments (not all of which could be discussed here) and are acting on many of them. I might add that if you would like to complete a questionnaire, it is never too late to do so. You may also have additional comments as a result of reading this communication! We would be happy to hear from you, formally or informally—maybe this will even generate some letters to the editor. After all, the *Review* exists to serve its readers, and this can best be done if we hear from you.

# **Cincinnati Regional Office: In Search of the Acorn**

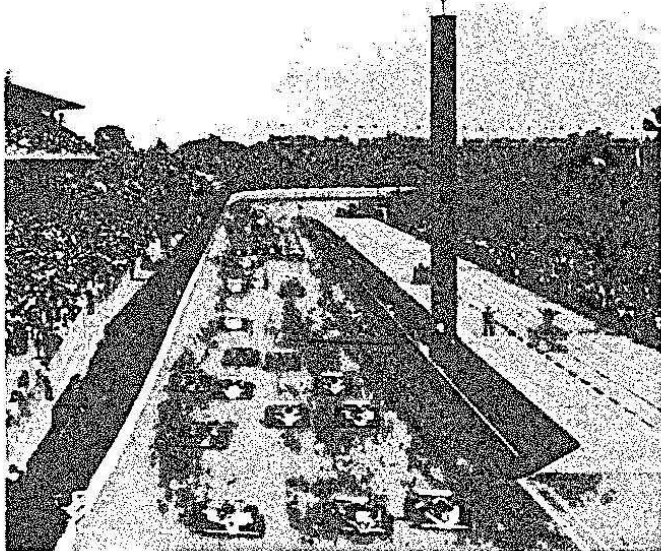
**A look—with pride—at the  
region, its history, its  
people, and its work.**

Harold Fine  
Bob Kissel  
Dan Loesch

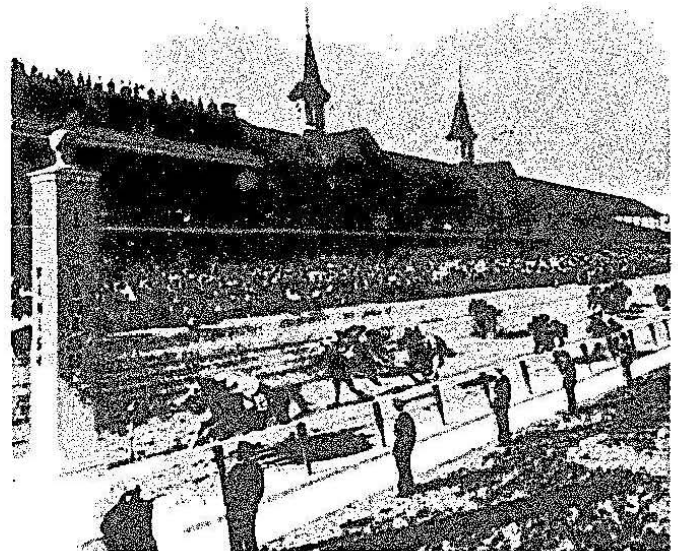




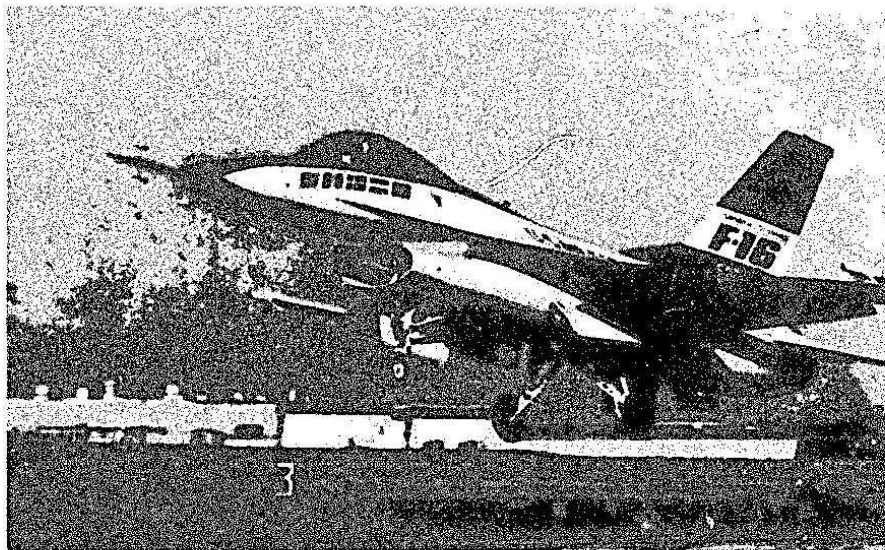
- 1 Indianapolis 500
- 2 Kentucky Derby (photo courtesy Louisville Area Chamber of Commerce)
- 3 The F-16 multinational fighter (photo courtesy Aeronautical Systems Division)
- 4 Fountain Square
- 5 Coal barge (photo courtesy Governor's Office of Economic and Community Development, W. Va.)
- 6 Ohio State stadium (photo courtesy Ohio State University Sports Information Office)
- 7 The Delta Queen (photo courtesy Delta Queen Steamship Company)
- 8 Lexington horse farm (photo courtesy Louisville Area Chamber of Commerce)
- 9 Charleston the State capitol (photo courtesy Governor's Office of Economic and Community Development, W. Va.)



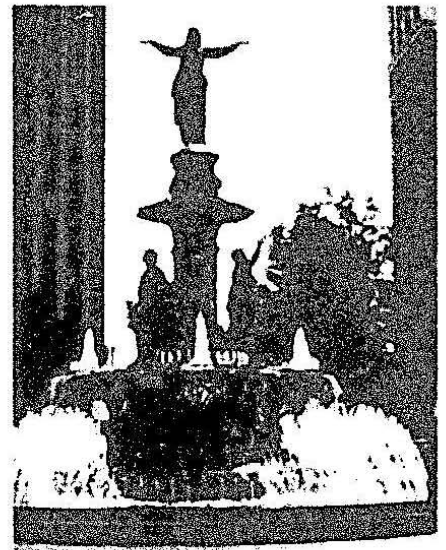
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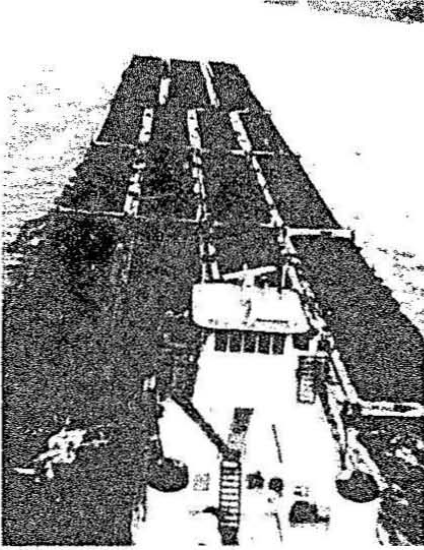


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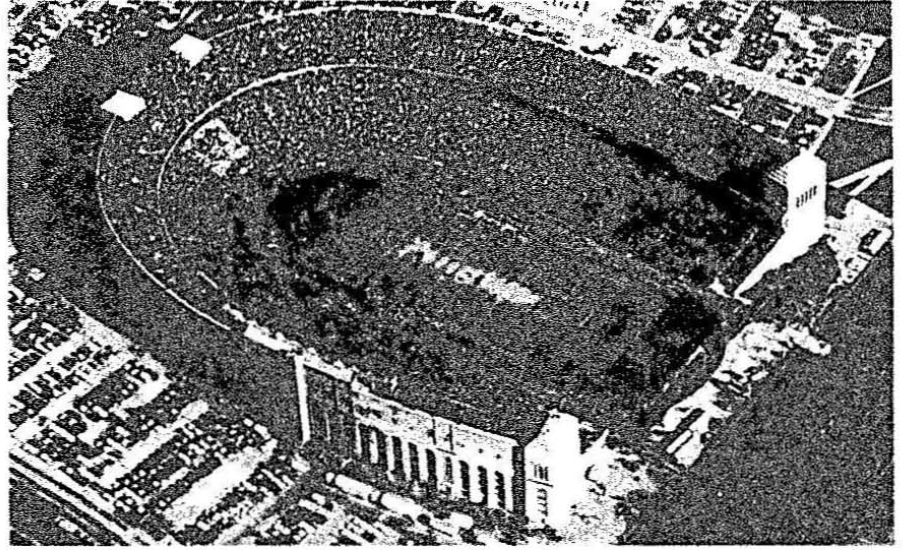


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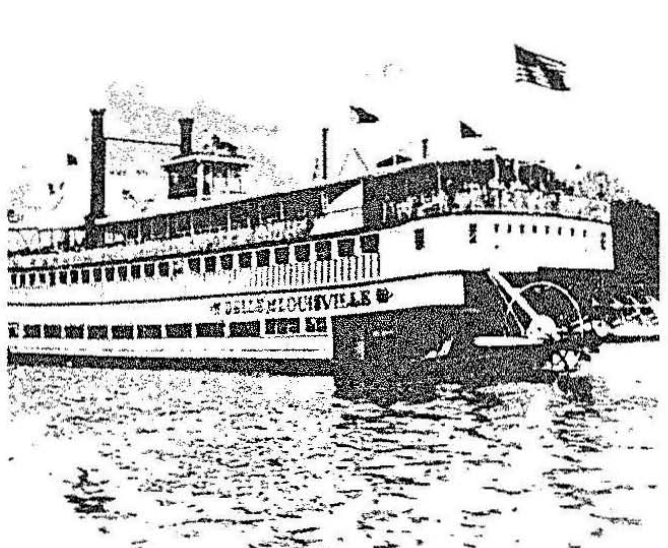
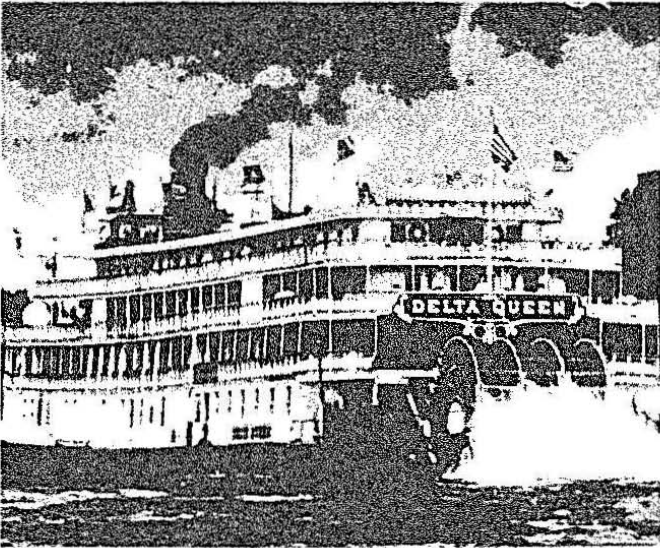




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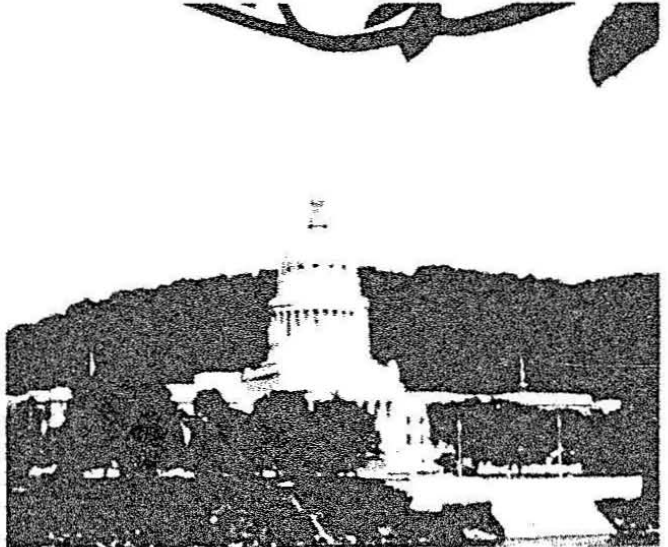
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**This is the seventh in a series of articles on GAO's regional offices.**

How do you write about a regional office? We feel our first obligation is to answer your questions about the region. So, here are the answers to the four most frequently asked questions

- 1 No, we really didn't need Pete Rose
- 2 Cincinnati was a Roman consul who was the first citizen soldier to beat his sword into a plowshare
- 3 Yes, the Bengals play pro football
- 4 No, there is no Jennifer, Johnny Fever, or WKRP, but we have a Big Guy

That takes care of 80 percent of the questions we are asked, and now we are free to tell you the rest of the story. (If you're wondering what this has to do with acorns, read on.)

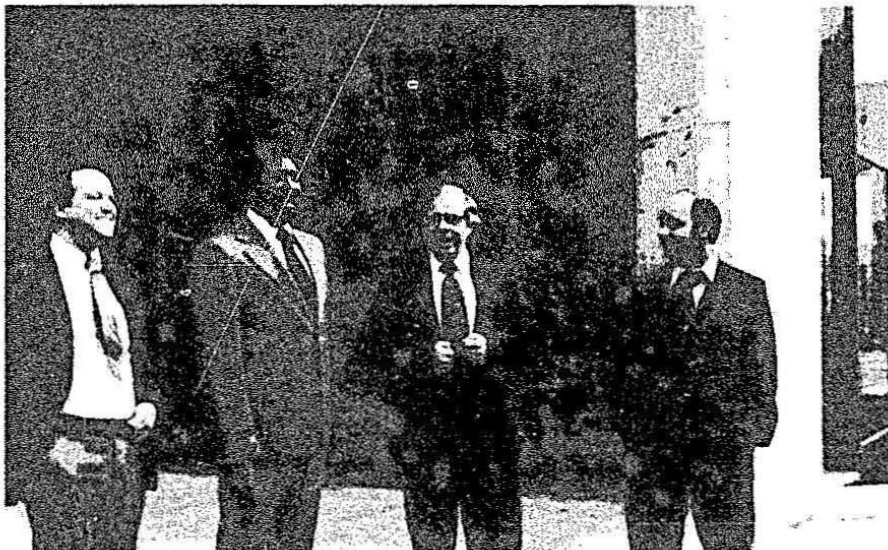
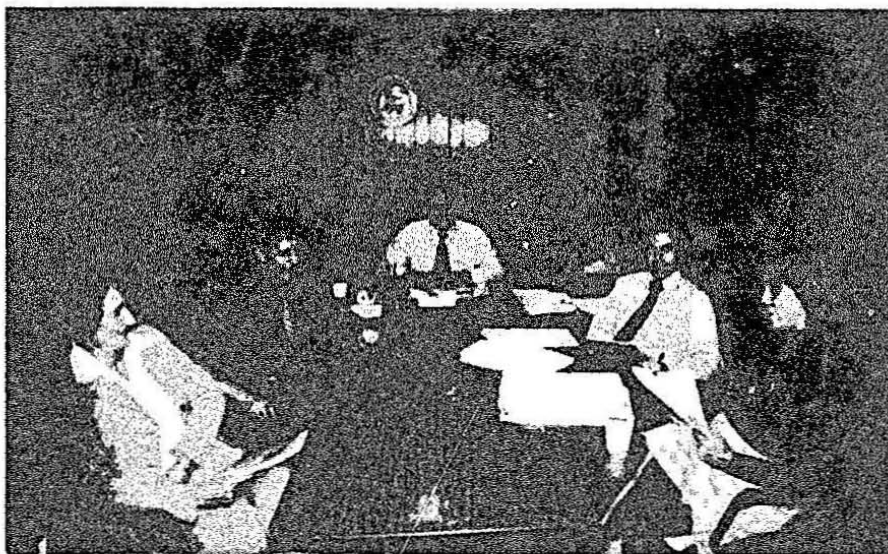
Although Cincinnati's tradition is German—natives say "Please?" (from the German "Bitte") when they don't hear what you said—there is much more to our region than short-haired baseball players and local family breweries. The region is rich in history, culture, and outstanding audit work.

The area around Cincinnati today is a land of diversity, much as it was when Daniel Boone and the early pioneers passed through the Cumberland Gap into the sacred Indian hunting ground of Caintuck-kee. While religious custom kept Indians from settling in this common hunting ground, the whites had no such compunction. As forts and towns sprung up, settlers floated their flatboats down the Ohio on their way to tame the wilderness. They were soon followed by land developers, merchants, accountants, and other less adventurous folks. From this heritage emerged 20th century space pioneers Neil Armstrong, Gus Grissom, and John Glenn.

The names on a current map of the region give testimony to our cultural heritage. The towns of Chillicothe, Pottawattomie, Gnaw Bone Stab, and Ft. Recovery are the legacy of Tecumseh and the

Shawnee and the spirit of the "white eyes" who drove them from their lands. Even the state names—Kentucky, Indiana, and Ohio—are those of the original inhabitants, not just the names of outstanding college basketball teams. The successive waves of European immigrants added town names like Manchester, Steubenville, Aberdeen, Pulaski, and Haubstadt, and reflect our nation's reputation as the melting pot of the world.

These were the forces and cultural roots which shaped the people of Ohio, Indiana, Kentucky, and the hills of West Virginia today. Since the majority of GAO's Cincinnati staff was born, reared, or educated in this area, we have the perspective to understand today's problems in past, present, and future contexts.





As might be expected in a modern auditing and accounting organization, we boast a variety of degrees, including radio and TV communication, psychology, and instrumental music. Over 40 percent of us have advanced degrees, with many others in avid pursuit of graduate honors and professional certification. In addition to 14 CPAs, we have a lawyer, a Ph.D., a mortician, 2 ABDs (All But the Dissertation), several Kentucky Colonels, 2 toastmasters, and a certified scuba diver. Our average social security number is [REDACTED]

Growth and vitality are the keystones of the Cincinnati region. Forty-five percent of the professional staff have less than 6 years with GAO, and 15 percent have been here 20 or more years. As we scurry from site to site, the words of CRO's spiritual mentor, the late Pete Rodgers, ring in our ears—"Even a blind hog should be able to root up an acorn every now and then." Suitably inspired, we eagerly go forth in search of that one great super-finding that will secure our place in the Auditors Hall of Fame. No CRO auditor sleeps well if the day doesn't yield at least one acorn.

CRO staff members complement professional activities with a wide variety of social and cultural events available in the area. We are Little League coaches in all sports, Camp Fire and Scout leaders, and active participants in church and school organizations. Finally, our work, our lives, and the lives of our

families are heavily influenced by the cities in which we live.

The regional office, situated in the semi-beautiful Cincinnati Federal Building, is home base for 80 percent of our staff. Although few of us walk the energy conservation-dimmed hallways of the building at any given time, our existence is memorialized by the mausoleum-like rows of individually labeled file cabinet drawers filled with personal effects. Our sense of regional identity is reinforced by an active schedule of formal and informal regional social activities, and the bond of common experience.

Cincinnati is a community of small towns. The city itself is relatively small, but is surrounded by numerous smaller cities, townships, villages, and, some claim, feudal fiefdoms.

Although the city cherishes a self-image of conservatism and hard work, it has been progressive in many areas affecting the quality of life. The city had the first children's protective association, the first juvenile court system, the first trade union, and the first humane society. Cincinnati was also the site of the first free black community, and the home of Harriet Beecher Stowe, author of *Uncle Tom's Cabin*.

In the 1940's, the city also was one of the first to start an urban renewal program, which continues today. Downtown Cincinnati, unlike many American cities, is a thriving focal point of community activities that does not close down after working hours. Downtown

restaurants, entertainment spots, discos, and sport facilities have preserved a bustling business area. The whole community gravitates to Fountain Square for people-watching during lunchtime, and for victory celebrations after Reds' games. So, when you come to visit the regional office and we put you into a downtown motel, don't be surprised if the available diversions keep you from finding out if your television works.

Finally, no discussion of our home base would be complete without a brief introduction to Cincinnati chili. Although its glories have been extolled on the floor of Congress, few outsiders have experienced the gastronomical delights of Greek style chili. Many combinations are available with the basic chili, but the most popular combination dish is the "six-way" which consists of chili, spaghetti, beans, onions, cheese and bicarbonate of soda. In addition to keeping down regional travel costs by drawing audit teams into the office every couple of weeks, the chili parlor is a mandatory lunch stop for all first-time visitors.

Those of us not assigned to Cincinnati work out (sometimes way out) of suboffices in Dayton and Indianapolis. Twenty-four of us are assigned to our subterranean suboffice in the basement of Wright-Patterson Air Force Base near Dayton, Ohio. The suboffice location necessitated job code 000001—time spent wandering through an unlighted maze looking for the office—and has been recognized by the Sierra Club as a training ground for spelunkers. In addition to being the home of the Wright Brothers and the Air Force Museum, Dayton was the original location of the regional office and has been the thread of continuity for GAO's work in this region.

GAO has had an office in Indianapolis since the Army Finance Center moved there in 1952. At that time, we had over 350 fiscal auditors on site who reviewed every voucher. In 1972, the Army installed an automated payroll system, and GAO's staff of fiscal auditors gradually dwindled to the three professional auditors currently assigned to Indianapolis. The many other assignments we do



in Indiana are supported by staff on TDY from Cincinnati.

Cincinnati is the hub of an interstate wheel that spreads throughout the region, and the early hours of Monday morning will usually find most of us fanning out along this network to root out inefficiency, wherever it may be lurking. Although the road to the airport has been busier since the advent of teams, the region is still where we usually drop our suitcases.

Although our region covers a relatively small geographic area, we sit astride the Mason-Dixon Line and are midway between the industrialized northeast and the farmlands of the midwest. The four States in our region include major industrial cities with urban populations and problems, rural areas with large agricultural production, and the heart of remote impoverished Appalachia.

In addition, the demographics of the four States in our region are vastly different. The sharp contrasts in economic and social conditions provide a built-in range of variables for measuring the effect of social programs on diverse environments. These differences are underscored by the differences in State government philosophies and the sophistication of program administration.

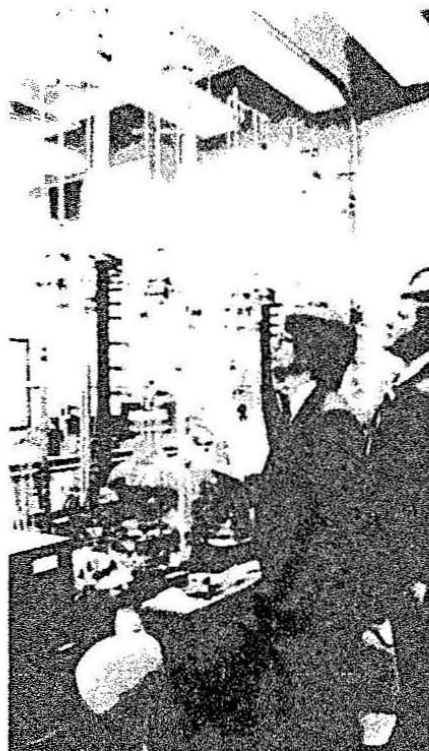
The Cincinnati region also sits squarely across the boundaries of the standard Federal administrative regions. As such, we are the only GAO region with responsibility for States in three separate Federal regions. This provides a unique opportunity to assess the many differences in the way Federal programs are administered.

The State of Ohio is heavily industrialized and has the sixth largest population in the country. Over 75 percent of them live in urban areas. Ohio is seventh in the nation in total receipt of Federal funds and provides an excellent example of large scale Federal and federally funded State programs. There are also over 2,300 city, county and township governments and uncounted other local and regional jurisdictions eligible for Federal grants and programs in Ohio. Our work on revenue sharing, health programs, and municipal grants has extended our audit

coverage to the grass roots of local government, and given us an appreciation of rural Ohio scenery as seen from the highway at 55 mph.

The Commonwealth of Kentucky is a land of contrasts. The mint julep atmosphere of the large, palatial thoroughbred horse farms in the central bluegrass area contrasts sharply with the lifestyle in the eastern mountain area. The western portion of the State is made up of rolling farmland, punctuated with large strip mines. Frankfort, one of the smallest State capitals in the nation, lies between the major urban areas of Louisville and Lexington.

Kentucky has a diversified economy based on agriculture, mining, and manufacturing, and the population is evenly divided between rural and urban regions. The State has more miles of rivers and streams than any State except Alaska and a network of beautiful man-made recreational lakes, which makes tourism the second largest industry in the State. Kentucky has the fourth lowest median income in the nation, however, and the related problems have kept us busy in Kentucky's health care, nutrition, housing, and education programs.



CRO staff inspect the Cincinnati EPA lab.

Kentucky leads the nation in manufacturing distilled spirits, both in terms of volume and the number of registered distillers. Our work at the Internal Revenue Service has included a number of revenue audits involving extensive work at the distilleries. One assignment called upon us to evaluate Federal licensing of taverns, requiring on-site visits to hundreds of bars.

Our work in Indianapolis and southern Indiana goes beyond the Finance Center. Indianapolis, the capital city, has the 11th largest population in the U.S., and the Indiana fields planted with corn are as large as the State of Maryland. Indiana frequently presents the type of program perspective needed in our housing work, including HUD programs in Indiana's heavily industrialized large cities, and Farmers Home Administration programs in the neighboring farmlands. One HUD contracting situation we uncovered prompted Senator Proxmire to give another of his "Golden Fleece" awards.

Indiana, like Ohio, has a heavy emphasis on local government control. Although the State has the 12th largest population in the nation, it has the lowest per capita share of Federal funds. Several of our reviews have found that Indiana offers an excellent contrast to the rest of the nation because of the more traditional and conservative State and local government policies.

When Virginia seceded from the Union, the western counties of the State seceded from Virginia. The scenic beauty of "wild and wonderful" West Virginia springs from its mountainous, wooded terrain and its innumerable short, precipitous valleys—known as "hollers" to the locals. Although the State is small, it would be about the size of Texas if the wrinkles were ironed out. West Virginia is also one of the smaller States in the Union in terms of population and participation in Federal programs.

The State has only two cities with populations of over 50,000 people, and the images of rural West Virginia haunt us when re-assignment time comes. Most of us have taken a shortcut or detour that ended "up the holler" in a dry





The New River Gorge Bridge in Ansted, W Va

creek bed, or been stuck in a "dry" county for 6 months. We don't forget spending the night (not sleeping) in a motel room sharing a common wall with an all-night bowling alley during a State tournament. There are two visitors from Washington who remember mixing bourbon with the water at a remote audit site and watching the dosage turn into black ink.

Rich in tradition and folklore, characteristically independent West Virginia is much more than coal mining and "country roads." Since the Civil War, the mineral-rich Kanawha River Valley from the state capital of Charleston to the town of Nitro has been one of the gunpowder and chemical manufacturing centers of the nation. In recent years this area and the coal fields have also received attention as a source of chemical air and water pollution.

The Ohio River Basin, which encompasses our regional territory, contains water polluted by acid mine drainage. These problems prompted the nation's first water pollution laboratory in 1913, and the city remains a focal point for water quality research and control. Ten Federal agencies, about 6,500 units of government at various levels, and 48,000 units of commerce and industry are involved in planning, developing, conserving,

protecting and managing programs that affect the river basin.

Public concerns about the Ohio River and Basin have not been restricted to the environment. Work with the Corps of Engineers, Ohio River Division has found us checking dams with safety inspectors while 600 feet in the air, and rappelling down the cliffs of the Red River Gorge to assess effects of a proposed recreational project. One of these jobs is generally enough to provoke a request for a nice quiet weapons system assignment.

The area of weapons system acquisition and logistical support has traditionally been a high visibility, high dollar impact field for GAO audit work. Wright-Patterson Air Force Base is the location of two major Air Force-wide procurement activities: Aeronautical Systems Division and Air Force Logistics Command, and over 50 other major government activities dealing in testing, developing, purchasing, and supporting domestic and foreign defense programs. Aeronautical Systems Division has an annual budget of over \$9 billion, and the Logistics Command is responsible for worldwide distribution of nearly 850,000 different items with an inventory value of \$35 billion. Unfortunately, our jobs do not involve finder's fees.



As with all complex and technical audit areas, our work at Wright-Patterson involves some unique challenges for the staff. The first problem is the language barrier. Witness the following passage from an important USAF directive:

#### Directive

In accordance with DODI 5000.1 and 5000.2, the DCP should document the DSARC decision as approved by DepSecDef. The DSARC should be based on DT&E/IOT&E reflecting the conditions specified in the ROC, GOR and SON.

#### Translation

GAO will never be able to follow this audit trail.

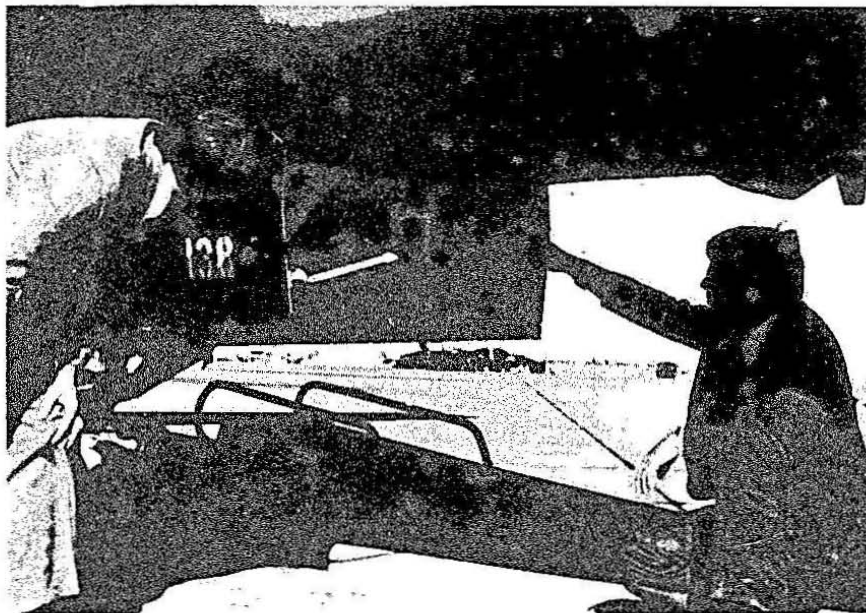
Every day our auditors brave the dangers of an overdose of military language and technical jargon. Their responses to this problem vary. One auditor, unfamiliar with military rank, used the first letter of each word in the phrase "Be My Little General" to remember the proper progression of rank for Air Force generals. Another long-time weapons system auditor was overheard telling his four-year-old that because Santa Claus had "excessively convex configuration charac-

teristics that would create excessive wind resistance," and his reindeer had insufficient thrust to weight ratios." Santa would have to make his rounds in a jet.

Weapons system work is not without its compensations. As the scope of our audits has expanded from specific contract audits in the early 1960's to complete program audits, and recently into mission area analysis covering multiple weapons, the fringe benefits of such work have improved. To understand properly the effectiveness of air superiority armaments, we must visit Nellis AFB test facilities near Las Vegas. Similarly, the complex manufacturing and political ramifications of the F-16 Multinational Program could not be fully appreciated without on-site observations in the participating NATO countries of Belgium, the Netherlands, Denmark, and Norway.

The technical environment of weapons system work could be on a different planet from the harsh realities of life only 150 miles away. The central Appalachian region has the smallest and least urbanized population, the lowest levels of income and educational attainment, and the poorest housing in all of Appalachia. Although the area is extremely rich in natural resources, the mountainous terrain has diverted traffic and progress around the area.

The geographic isolation of the area often leaves impoverished families clinging to a lifestyle that includes severe unemployment and related problems in nutrition, housing, medical treatment, and education. Despite frequent work in the area, the attitude of the local population to the "Feds" is not always conducive to our work. Once, midway through a congressional review of a poverty program, an audit team was working in the back of a feedstore in a small Appalachian town. The team arrived at work one morning to find the deputy program director emptying the file cabinet into cardboard boxes. When the GAO supervisor asked what was going on he was told that the townspeople did not like the way the program was being managed, and had run the director out of town the night before.



Meanwhile, back at the mine, a group of the director's friends were on their way into town with guns at the ready to get him his job back. The deputy director, familiar with the explosiveness of local politics, did not intend to present a stationary target. The GAO audit team, after determining that TIPS did not cover combat casualties, quickly reviewed their audit program and realized they had obtained all needed data in record time. They decided to reduce travel costs by returning to the regional office. They hurriedly filed their work papers in the trunk of a waiting car and left, trailing eye shades and arm garters across the coal fields.

Although coal is not the solution to America's energy problems, Appalachia and the rest of our region will play a central role in energy production. Coal mining is extensive in every State in our region. The Appalachian fields and the strip mining areas of western Kentucky are the nation's leading producers of coal. Past work on coal resources and mining and our ongoing work at the pilot coal liquefaction plant at Catlettsburg, Kentucky have kept us out in the coal fields, unsuccessfully challenging mammoth coal trucks for the right of way on the back roads of eastern Kentucky and West Virginia.

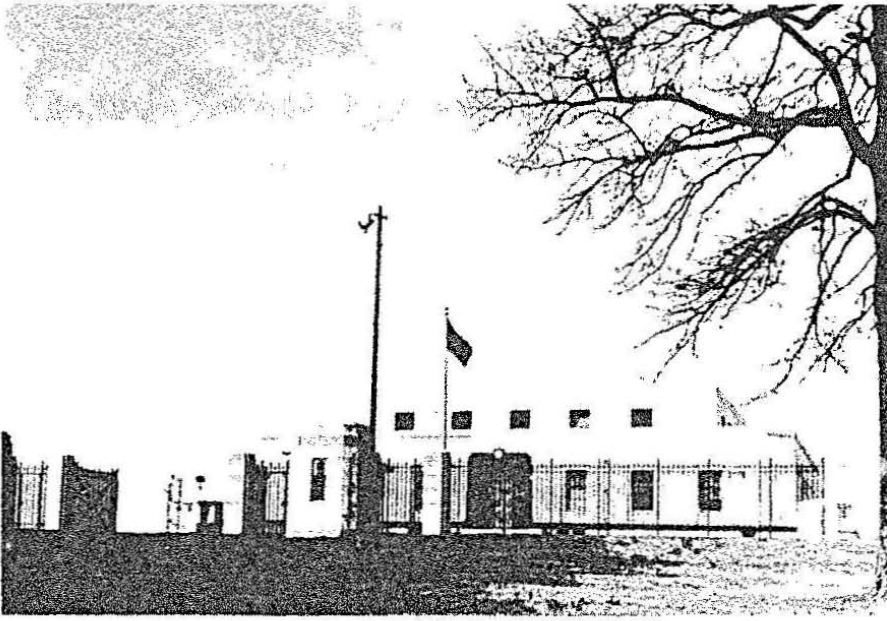
Tapping the vast coal resources creates other problems, particularly in the areas of transportation,

environment, safety, and health. Black lung disease is an endemic hazard of deep mining, and the hilly terrain of Appalachia has produced a relatively unique hazard—the coal slurry dam. Back-filling the steep valleys with the smoldering residue from mining operations creates mountainous, loosely compacted, water-retaining piles of dirt. The tragic failure of one of these dams at Buffalo Creek, West Virginia, in 1972 prompted us to review the Federal relief program for flood victims and the Corps of Engineers' dam safety program.

Although the coal fields provide some unusual audit work, they are not the only source of peculiar assignments. Fort Knox, Kentucky, a short distance from Louisville, is the home of the U.S. Army Armor Center and School. Fort Knox also has a unique tenant organization: the U.S. Bullion Depository.

The law requires that GAO periodically inventory 10 percent of the gold bullion in the vault. As the auditors drive down the expressway toward Fort Knox, visions of "Goldfinger" dance through their heads. The anticipation is heightened as the audit team winds its way past the tanks and armored vehicles, through the guards, gates, and super-sensitive metal detectors of the Depository, and past the intimidating array of marksmanship trophies in the guard's trophy case. Properly





U.S. Bullion Depository, Fort Knox, Ky.

cowed, the team's expectations peak as the massive vault door slowly opens. Hopes crash, however, when the stacks of dull, tarnished bricks chase away the visions of glittering brilliance from the movies. Apparently, the janitorial service has been neglecting its nightly rounds.

The Depository is also the storage site for a variety of other valuable stockpile items that are considered critical to the national defense. Recently, one of our assignments required verification of the inventory and protection of the 700 cases of stockpiled opium that had been transferred to the Depository in 1973. Huge exhaust fans are used to keep the fumes at a minimum, but after several hours in the basement vault, we did not feel quite up to our acorn-finding best.

Fort Knox isn't the only Army base in our region. If your tastes in military hardware run more to helicopters than tanks, we can still help. Fort Campbell, Kentucky, is the home of the 101st Airborne Division (Air Mobile). Although the division has adopted the helicopter for airmobility assault, the Screaming Eagles have not completely abandoned their parachutes. The opportunity to witness a parachute drop is still available in the hinterland of our region.

At heart, though, many of us are

accounting types, and there is nothing like a \$13 billion payroll to light up our beady little eyes. Fort Benjamin Harrison, Indiana, in addition to the Army Finance Center, has the Army Personnel Records Center, and numerous finance and administrative schools. Things have changed a bit at Fort Ben since GAO first arrived, but if you had lunch with our staff in the 1950s, you would have talked of "settling accounts," "notices of exception," and "granting relief."

Our switch from voucher auditing to statistical sampling was not without incident. That breakthrough—conducted under the watchful eye of numerous visiting GAO luminaries—was tested at Fort Gordon, Georgia, in the early 1960's. The audit was nearly aborted when our Indianapolis staff, lacking space to work, placed a key, computer printout on a waste basket. On returning the next day, they found that the janitorial service had efficiently disposed of it. Money changed hands and the janitor began a frantic search of the recycling bin. After moving tons of paper, he found the printouts and saved several careers. The snafu could have put us back to voucher auditing.

We have talked about the Army and the Air Force, but what good is a region without a Navy? In our landlocked region, 600 miles from

the nearest saltwater breezes, you'll find the Crane Naval Weapons Support Center, where they repair guns, assemble and load bombs, and stockpile small arms. But that's not all—we also have the Naval Avionics Facility near Indianapolis, and the Naval Ordnance Center near Louisville.

As you may have guessed, this article could go on forever. But enough is enough. We will finish with a brief personal message from the Big Guy himself.

"Although I have been regional manager in Cincinnati for a relatively short time, I can heartily endorse the pride in this regional office which is evident in this article. Whether our work provides a Golden Fleece award, as did our recent audit of HUD activities, or results in the quiet satisfaction of a job well done, we are proud of what GAO does, and we are proud of our part in it.

This article gives a good overview of our region but we have left out a lot more than we were able to put in. The most important resource in any GAO office is the people, and no article can introduce you to 125 people. However, we did get some of them in our photographs.

If you've read this far, we hope you will feel more familiar with us when we work together, and maybe a little more at home when you visit us."



# The Relationship Between Congressional Oversight and Program Evaluation – Past and Future

Pamela J. Pecarich

Pamela J. Pecarich has been the staff director of the Ways and Means Subcommittee on Oversight since April 1977. Prior to that time, she served as the first director of the Office of Policy and Planning for the Commodity Futures Trading Commission and consulted on the first comprehensive study of the Internal Revenue Service, done under the auspices of the Administrative Conference of the U.S. Ms. Pecarich served on the staff of the California State Assembly Committee on Revenue and Taxation from 1969 to 1974 at which time she moved to Washington, D.C. Ms. Pecarich has a B.S. degree in business administration with a specialization in accounting from California State University in Sacramento and did graduate work in administration and organization theory at the Graduate School of Business, University of Washington.

*This article is the sixth in a series of articles on program evaluation.*

The evaluation literature to date has focused a great deal of attention on the need to effectively integrate evaluation products with the decisionmaking process. The problems of achieving top-level agency support for evaluation activities and convincing agency decisionmakers to rely on evaluation findings have been universally recognized. Less thought has been given to the role of the legislative branch, as both users and sponsors of agency evaluation studies. Given the increasing emphasis in the Congress on the need for congressional oversight of agency programs, and the potential advent of a mandated "sunset" review process, this question takes on new importance.

## **Congressional Involvement in Evaluation Has Been Ad Hoc**

Admittedly, it is difficult to generalize accurately about congressional oversight activities, and similarly about congressional interest in, demand for, and use of evaluation products because of the tremendous diversity in diligence, sophistication, and even style among Members, committees and subcommittees.<sup>1</sup> Such diversity should not be unexpected. Indeed, the agencies also vary greatly in the scope, priority, and resources devoted to their in-house evaluation activities.<sup>2</sup> Nevertheless, until very recently, it was probably fair to characterize the Congress as being only haphazardly interested in either oversight or evaluation, and as only ad hoc users of evalu-

ation products.

To be sure, legislative committees which have responsibility for reauthorizing an agency or its programs have requested and relied, at least to some extent, on audits or reviews of the agency by the General Accounting Office. Yet the focus of these efforts usually has been on how well an agency was performing generally, and in particular, how well it had implemented programs authorized by the Congress. Rarely has a program itself been questioned, or has anyone asked whether the program could be expected to meet the stated legislative goals or objectives. At least one author has observed that the political sponsors of programs have a stake in not having such questions asked or answered,<sup>3</sup> and certainly this factor must be influential in many cases, most particularly in those involving "pork barrel" projects and programs.

With increasing frequency, Congress has, as part of the legislative process, included requirements for agency studies and evaluations of programs or policy issues, with periodic or final reports to Congress on the findings. Evaluators do not uniformly applaud such congressionally requested or required evaluations and studies. While evaluators welcome the increased demand for their services and products, they are often highly critical of the typical absence of specific policy and program questions to be addressed in such a study, as well as legislatively expressed goals and objectives for the program. These missing elements are troublesome and plague oversight efforts. However, in my own view, the constraints of the legislative process make it unrealistic to expect much improvement in this regard.

Until experience persuades Members of Congress of the value and utility of efforts to specify and prioritize their intentions and their questions, it is not likely that they will be willing to resolve these issues in committee. In addition to the everpresent time pressures in legislative deliberations, most Members of Congress are not attitudinally disposed or well prepared by experience to grapple with such issues. Further, the legislative realities are such that majority agreement is often built on a delicate coalition which could easily fall apart if the specifics were discussed in great detail. This factor adds a genuine reluctance to general disinterest. Accordingly, I would urge that instead of dwelling on these deficiencies, evaluators and committee staffs ought to be looking for feasible substitutes. For example, agency and committee staff could work together to improve the specification of corresponding committee report language, and the agency could involve committee staff and congressional sponsors to a greater degree in the design and implementation of new programs and of evaluation studies.

### Some Practical Pitfalls

This problem with congressionally requested evaluations is a minor difficulty in contrast to those posed when an evaluation is requested on a program or policy having high political stakes, where the evaluation subject is very controversial, or where the motives for the evaluation request are questionable. When a program or policy involves political controversy, or when identifiable parties have a stake in the outcome, the evaluator has much at risk and perhaps little to gain. An evaluation may very well be essential to rational policymaking, hence the congressional request, but most certainly political forces will attempt to affect the design and methodology of the evaluation study. These forces may also be responsible, directly or indirectly, for vague or inconsistent language in the study request which provides the leeway for such parties to press their case. The evaluator in turn must decide

whether accommodations can be made to reduce these pressures without compromising the study itself. When the results of the study are transmitted, there is again a high probability that political factors will affect the use of the findings. Displeased partisans may attack the study itself, raising questions about its credibility, or they may pose varying interpretations of and rationale for the findings.

Many times a study request results from a desire to delay any action on a program or policy. This tactic can be used by the administration or by congressional proponents to save a controversial program until the "heat" is off, or the agency may propose a study to ward off program opponents when the program shows promise in the longer term. The House action on hospital cost containment vividly demonstrated the use of a study commission by opponents to prevent a change in policy.

Another common source of evaluation requests is when studies are used to keep a Member's support while resisting one of his proposals. Many times it is the agency itself which suggests the study as an olive branch to a disgruntled Member. Again, the lack of specificity in the language requesting the study can often be explained by the motives of those involved. In these cases, it is difficult to perceive much real congressional interest in either the study design or its findings. Agency interest may also be suspect on occasion. Unfortunately, the affected agency's overall evaluation effort may be adversely affected; for example, using scarce evaluation resources on low priority projects or upsetting the overall evaluation planning and priority-setting process.

Because the impulse for these expedient but fainthearted requests is so basic to the politics of the legislative process, lasting and total solutions are unlikely. Greater initial diligence on the part of committee and agency staff could be effective in warding off some study requests, and remedial efforts to improve report language would help ensure that more meaningful studies are conducted. After the legislation has passed, follow-

up by both committee and agency staff would undoubtedly improve the process in terms of proper priority setting, better study design, and action on findings. In the longer term, it is at least possible that the development of more neutral, and hopefully objective, oversight subcommittees in the Congress can lessen the effect of political pressures and reduce politically motivated evaluation requests; however, the role of such subcommittees is not currently well developed and their intervention in this regard is somewhat speculative. At the minimum, agency and congressional evaluators must be aware of these factors and should consider them when planning and conducting their work.

### A More Systematic Congressional Role Is Needed

Where congressional interest in the evaluation is genuine and more or less politically neutral, it can be argued that the prevailing ad hoc nature of congressional interest in, and effect on, agency evaluation activities has not been effective, and indeed has contributed to our government's overall failure to critically evaluate programs and take action on the findings of evaluation studies. The congressional oversight requirements included in the 1974 Congressional Budget Act and House Rules were intended to address these shortcomings and to focus more congressional attention on questions of program effectiveness and efficiency.<sup>4</sup>

Although it is difficult to generalize about congressional oversight efforts because of the diversity among committees and subcommittees, we have not seen wholesale implementation of vigorous and effective oversight units. Indeed, the priority and interest accorded oversight activities vary dramatically between committees, and even where specific oversight subcommittees have been created, the methods and techniques used and the priorities assigned various types of activities again vary. Viewing the Congress as a whole over time, the predominant oversight activity has been investiga-

tive, and indeed the Congress is probably most effective and successful in these endeavors. At present, there is no accepted blueprint for conducting effective congressional oversight, in its broadest sense, nor is one likely to be developed, given diverse interests and personalities of chairmen, Members and subject matters. Yet, as oversight efforts continue and become more sophisticated and knowledgeable, their effectiveness will increase and we will be able to better define the proper role of these activities. To do so, however, we first must analyze the nature and source of the problems and constraints which are presently being experienced, and, as a result, what congressional oversight activities can and cannot be expected to do well.

### **Congressional Oversight Today**

It would seem reasonable to expect that subcommittees or other units formed to take specific responsibility for oversight activities should be the focal point for assessing, determining, and planning evaluation requirements and priorities for programs under the parent committee's jurisdiction. It would also seem that an oversight unit should be responsible for providing oversight findings in all committee reports, as required under the House Rules. The unit should be called on to advise the committee of oversight considerations in its legislative deliberations, and should carry out necessary liaison functions with other committees, the agencies, and congressional support groups. In reality, while most oversight groups perform these functions in their committees to some degree, it appears that none are solely responsible for or perform all of these functions.

Rather, the oversight function is typically shared with other legislative subcommittees and the full committee and responsibility is diffuse. Similarly, unified priorities and plans are not established, but typically determined by each subcommittee. The relevancy of the oversight group's work to matters under consideration by the full committee depends primarily on

the foresight of the oversight subcommittee, particularly its chairman. The degree to which oversight findings are requested or relied upon in the legislative process depends largely upon the interest and support of the committee chairman, and findings can be enhanced by persistent attention and focus by subcommittee members during legislative deliberations. Other important constraints include the diverse areas of committee jurisdiction, and thus of oversight responsibilities, combined with limited staff and resources.<sup>5</sup> This combination requires careful priority setting by the oversight group and forces it to rely heavily on outside sources, such as the executive branch agencies, CBO, and GAO for in-depth studies, evaluations, or audits.

One might conclude that the Congress has created the illusion that it cares about and is indeed conducting oversight, without the reality. There is some truth to this assessment. The lack of Member interest and institutional clout are of continuing concern to those engaged in oversight activities. In fact, other writers have observed that the incentives are stacked against oversight, as there is little payoff for Members who pursue oversight activities vigorously.<sup>6</sup> While it does seem that more Members are becoming aware of the longer-term rewards of diligent, though often unglamorous, oversight activities, the inherent problems will likely remain in the foreseeable future. On the institutional front, additional rule changes to increase clout by centralizing the oversight function within committees, or by stiffening the oversight requirements, are not expected. The continuing absence of a central and unifying role for oversight activities within committees makes it difficult for the Congress to move from an ad hoc to a rational system of reviewing program effectiveness, setting evaluation priorities, and acting on evaluation findings. But others might argue that while the present system may not give oversight the eminence it deserves, it does preserve the independence and neutrality of the oversight group, insulating it from competing pressures to review, or not to review,

certain programs or policies.

It must be acknowledged that congressional oversight activities are in a fledging stage and most, if not all, of those so engaged are experimenting with the process, methods, and techniques. Given the evolutionary nature of most new functions (an evolution that evaluation itself has experienced), it should not be too disturbing that the ultimate and optimal role is not now evident.

### **Congressional/Executive Cooperation**

It seems clear that the present development of congressional oversight activities will require us to rely largely on the agencies for program evaluation data and in-depth studies, and to a lesser extent, on congressional support agencies. Such reliance is not necessarily a cause for despair. Few would suggest that the Congress should attempt to duplicate in-house agency evaluation efforts, and such duplication is not likely in any case, due to differences in personnel, skills, and available resources. Rather, what is needed is a better understanding that this reliance is necessary and inevitable. Perhaps then the parties in both branches could begin to accommodate the relationship, more clearly recognizing the strengths and weaknesses of each, and acknowledge where the constraints are the same and where they are different.

The future of successful evaluation and of successful oversight may depend on the development of the appropriate collaborative relationships between congressional oversight units and agency evaluation groups. This thesis may seem overly optimistic, but consider for a moment the possible impact on both groups of pressures to cut spending and a mandated "sunset" program review process. There are significant institutional barriers to such collaboration, particularly on the agency side where the Congress is often seen as the enemy, or at least enough of an adversary to require a presentation of only the best case the agency can put forward. Agency heads and OMB may also fear a reduced flexibility—



knowledge is power. Yet such collaboration would not be unnatural. Evaluation and oversight activities are both attempting to accomplish the same general goals and both are vitally interested in affecting the decisionmaking process. As an equal partner with the executive branch in policy and program decisionmaking, the Congress arguably should have an equal role in setting evaluation priorities and equal access to the results. If this collaborative relationship were to develop, agency evaluators would multiply the demand for their products and their opportunities to influence policymakers. Enhanced legislative branch input on study and evaluation topics should also improve the ability of agency evaluators to perform relevant, useful studies in a timely manner.

In such a relationship, the necessarily greater political sensitivity of oversight staffs in the Congress should enable them to perform effectively as liaisons—between the agencies and Members of Congress—in assessing priorities, time considerations, and in handling politically controversial evaluations. Oversight activities, including hearings, staff studies, and program reviews, have the potential for assisting agencies and their evaluation groups in performing more effectively. For example, because of their greater contact with affected constituents and special interests, oversight groups can often identify problems faster than an agency can. Oversight hearings can bring issues and problems to the attention of top agency officials more quickly than internal processes. Oversight activities can force a reexamination of priorities that the agencies may also want resolved, but are hesitant to raise or are prevented from doing so by a lack of support or attention to the issue in the executive branch.<sup>7</sup> Where parallel studies or close monitoring of an internal agency review or evaluation have been undertaken by an oversight unit, congressional pressure for agency action on study findings can continue after the internal group has moved on to other issues.

Finally, oversight groups can provide needed and sometimes

critical support for internal evaluation efforts, and can emphasize the need for particular data collection efforts. This role is important. Despite the generally improving reputation agencies have in their evaluation activities, the agencies are not uniformly good in this area. Many have established small evaluation units with broad responsibilities at the department level, while large and relatively independent agencies or bureaus within the department have no evaluation unit, and their programs can go largely unevaluated unless there are known problem areas. Further, despite the neophyte nature of congressional oversight activities, often the constraints we have faced in particular review efforts have been posed by the agency. Most often the problem has been the absence of the data needed to evaluate the program in question or the absence of comparable data among programs for effectiveness comparisons. More often than not, program objectives are unspecified and criteria for determining program effectiveness have not been established.

In short, many agencies are no more advanced than their congressional overseers in applying evaluation methods and techniques. While many agencies have seriously begun their evaluation efforts, others have yet to establish the needed internal evaluation units or gather the data needed to assess program effectiveness. Congressional oversight groups initially must focus, if their own efforts are to be successful, on encouraging agencies to improve their evaluation efforts. Data collection activities are particularly critical since program effectiveness cannot be assessed without the necessary data. Further, oversight groups must become especially diligent in following up on requested evaluations and other studies to communicate consistently to the agency the congressional interest and support for the effort.

## The Outlook

Despite the clear and compelling evidence that a collaborative relationship is critical to both suc-

cessful evaluation and successful oversight, and that a sufficient basis for such collaboration exists, the perversity and multiplicity of the problems cited here will prevent, or at least inhibit, a full partnership in the near future. One might hope that as awareness of mutual interests and goals increases, so will communication between agency evaluators and congressional oversight groups. Greater information sharing at both early and late stages eventually could lead to congressional input at the planning and design stages, as well as consulting and strategizing at the results stage. GAO and CBO may be able to play a go-between role in improving the knowledge, understanding, and communication between relevant committees and agency groups.

In the near future, if legislation is passed which requires scheduled "sunset" reviews and reauthorization of programs, neither branch will have the luxury of developing these working relationships over an extended period of time. The demands of such a process will be massive for the agencies and congressional committees. As this article has suggested, neither branch is prepared to meet these demands at the present time. Congressional committees are too thinly staffed and too poorly organized to conduct any significant number of such reviews, and given the status of their evaluation efforts, many agencies are not presently capable to support such activities on the scale required. Only adequate leadtime for implementing a new sunset process can alleviate these problems—time for priority setting, adequate preplanning of the reviews, agency data collection efforts, and adequate study time for the agency and congressional staff. None of the sunset measures presently before the Congress provides adequate leadtime, however, and time alone may not be enough where the agency or bureau has no internal evaluation group, or where some sort of cooperative relationship has not begun between the relevant agency and congressional staff.

Ultimately, "sunset" will test congressional willingness to exercise the self-discipline and deter-

mination necessary to make the process a significant and meaningful one. But in the process, it will also test the abilities of agency evaluators and congressional oversight groups to measure up to the requirements. In my judgment, there is a greater than equal chance of failure on all sides. The congressional track record strongly indicates that at least initially the sunset reviews will be pro forma or superficial, an outcome that is more likely in the absence of good oversight and evaluation data, analysis, or findings. In the alternative, these reviews may even be used as a forum for publicity-seeking at-

tacks on vulnerable programs, given recent congressional tendencies. Either of these unsuccessful scenarios is unsettling. In the first, all of us who believe in the need for and value of critical and objective evaluations of our government programs have lost an opportunity to see evaluation results used to make decisions about priorities, and about what works and what doesn't. The public, too, has lost an opportunity to see their tax dollars being used on the basis of merit. In the second, the Congress will be the primary loser, its chance for a responsible role in oversight and evaluation will be

discredited and the executive branch will continue in its mistrust of such congressional activities. In the process, however, the executive branch may also lose its taste for critical self-evaluation, and thus agency evaluators may be affected as well.

This analysis suggests that congressional oversight activities and agency evaluation activities are inevitably linked. We have everything to gain—and to lose—together. Once this view is more widely shared, perhaps we can begin working together

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**John J. Cramsey**

Mr. Cramsey is a supervisory management analyst with the Logistics and Communications Division, currently serving as a team leader with the Surveys and Investigations Staff of the House Appropriations Committee. He received his education from the University of Tennessee and the University of Maryland, and is a member of the National Defense Transportation Association, the American Society of Traffic and Transportation, Inc., the Delta Nu Alpha Transportation Fraternity, and the Association of Government Accountants. Mr. Cramsey is a guest lecturer at the U.S. Army Transportation School, Ft. Belvoir, Va.

# Foreign Arms Sales Blasted by Freight Costs



Cover photo courtesy of Military Traffic Management Command

This article first appeared in *Distributor* magazine and is reprinted with permission.

The United States is presently engaged in an arms supply program which has caused considerable congressional and public controversy. The program began after World War II when the United States provided free military equipment to its allies under a grant aid program authorized by Congress and paid for by the taxpayers of the United States. As these allied countries became capable of buying their own military equipment, the sales of arms increased while the cost of the grant aid program diminished. The sales program has grown from about \$1 billion in fiscal year 1967 to over \$13 billion in fiscal year 1978. The value of the sales continues to climb in spite of the claims of President Carter, who in May 1977 publicly announced that arms sales would be an exception to policy and that the value of the sales program would be reduced. In 1972 the sales program and the aid program each cost about \$4.5 billion. Since 1972, sales have climbed steadily with a corresponding decrease in the grant aid program, the cost of which declined to about \$350 million in 1977.

Some costs, however, have increased substantially in the FMS (Foreign Military Sales) program.

Transportation and accessorial

service charges for shipments of FMS material arranged by the Department of Defense have cost the United States tens of millions of dollars. DOD failed to obtain sufficient reimbursement from foreign customers because of its inability to correlate specific shipments to specific sales agreements.

One report by the U.S. General Accounting Office (GAO) showed that out of \$61 million paid by DOD for transportation of new material from vendors during fiscal year 1976, an estimated \$24 million should have been reimbursed. The report also indicated that shipments from DOD supply depots to foreign customers cost the United States about \$140 million. About \$56 million should have been reimbursed on these shipments.

Another GAO report recommended actions that would permit DOD to determine the exact amount of transportation charges for each shipment. The report also recommended a method for specifically correlating shipments to country agreements and could allow DOD to bill the foreign countries for the same costs it had incurred in making the shipment.

The identification of transportation charges was a particularly difficult task in the early days of the FMS program. Shipments of FMS material were made on the same forms that DOD uses for its own military services and the material being shipped is similar. For example, an M-60 tank for the U.S. Army looks the same as an M-60 tank sold to a foreign country. Government bills of lading were also used for both types of shipments by commercial modes and appropriated funds were used for payment of transportation charges by the military service finance offices. Military shipping orders and manifests were used by the Military Sealift Command (MSC) and the Military Airlift Command



(MAC) for FMS shipments. This practice only added to the confusion of attempting to determine how much to bill a foreign customer for transportation.

The Department of Defense issued a directive detailing the various charges which should be made against the various shipments of FMS material. According to the instruction, for items sold with a unit price of less than \$10,000, DOD should apply one or more of a group of percentage factors to recover the cost of each accessorial service rendered on the sale. On items costing \$10,000 or more, actual or estimated charges were to be assessed if a more equitable charge would result. Fig. 1 shows the percentages to be charged

Type of service	Surcharge (Percent)
Packing, handling, and rating at storage depot	35
Port, post, freight forwarder	10
Transportation in the United States	30
Port handling at the U.S. port of exit	25
Port handling overseas	10
Overseas inland transportation	30
Ocean transportation from the United States to European, Latin American, and Mediterranean ports	46
Ocean transportation from the United States to Far East, Near East, African, and other ports	60

The percentages shown in Fig. 1 were established by DOD in 1969, and, with minor exceptions, remained unchanged until April 1978 when they were increased by .75 percent.

The failure of DOD to increase percentages over this long period of time lead to an inevitable loss of revenue to the Department since it was paying more for transportation services than it was recovering from the foreign customers. A notable example of the cost increase is ocean transportation rates which have increased over 200 percent since 1969 as a result of inflation and increased fuel costs. Further, rail and motor freight costs have increased dramatically in recent years.

Applying the percentage of dollar value alone is not a valid criterion for determining true transportation costs. Transportation costs are determined by the weight, volume,

commodity, mode, distance, and other requirements which have no direct correlation to the value of the item shipped.

Difficulties in determining the correct transportation charges on a specific shipment and relating them to the accessorial service shown above can be seen in a simple shipment being moved by code 3 that would describe a free along-side vessel, port of exit shipment, for which a 3 percent surcharge would be added if the item cost less than \$10,000. At the time the agreement for the sale is made, no one knows whether the item will be coming from a vendor in Indiana or a supply depot in California. Other unknowns are the modes of shipment, the port of exit to be used or whether the shipment will be commingled with DOD cargo going to the same port. Only when the material is physically ready for shipment can a traffic manager reasonably estimate the transportation charges, based on the mode and shipment configuration.

### Military Transport

The Military Airlift Command (MAC) and the Military Sealift Command (MSC) provide for air and ocean transportation services for the Department of Defense. Their services are also used for shipments of foreign military sales material when customer preference or the sensitive nature of the shipments require additional protection normally found in a military environment. Identification of FMS shipments and procedural problems plagued DOD's transportation and billing process. As a result, foreign customers were improperly billed or were not billed at all.

MAC offers two types of airlift transportation. Channel service is available on scheduled flights over established routes. Charges are based on either the weight or the cube, and whether the shipments are for U.S. Government customers or foreign customers. MAC also provides Special Assignment Airlift Missions (SAAM's), whereby MAC provides an entire aircraft to haul items from points of origin or to destinations not normally covered by channel service. Charges for SAAM missions are based on the

type of aircraft flown, the number of flying hours and the applicable tariff which provides rates for U.S. Government customers and another set of rates for foreign customers.

According to a report by the General Accounting Office, foreign customers were not properly billed for channel airlift service used to deliver FMS shipments. Many customers were underbilled or were not billed at all. For example, the Air Force stated that FMS shipments of material costing more than \$10,000 were billed at an estimated actual cost prescribed in the non-U.S. Government tariff while material costing less than \$10,000 is billed at the standard surcharge of 4 percent or 6 percent depending on the destination of the shipment. As discussed elsewhere, GAO found that the surcharge method did not recover surface transportation costs, let alone the more expensive air transportation costs.

The Army procedure was to bill either 4 percent or 6 percent for all material shipped regardless of the \$10,000 criteria previously mentioned. When the surcharge was applied, the Army used the U.S. Government tariff rates, which resulted in underbilling due to the significant difference between the U.S. Government rate and the rate used for foreign customers. For example, a Government user is charged 91 cents a pound for a shipment flown between Delaware and Iran, while a foreign country is required to pay \$2.75 a pound for the same service.

GAO also reported that the Air Force made 875 shipments at a cost of \$157,000 which had not been billed to the foreign customers. The Army made 17 shipments at a cost of \$69,000. The Army shipments were purchased on a code 4 basis—FOB origin—and should never have been in military transportation channels.

MAC flew scores of special assignment airlift missions to deliver material under an Army FMS agreement. The Army paid MAC for its service but made no attempt to recover costs from the foreign customer. The Army's FMS billing office was unaware of the shipments because it had received no delivery or cost information from either the shipping activity or the

Army finance center which paid MAC.

This situation was brought to the attention of the Army by the GAO audit staff who worked with the Army in identifying airlift costs that should be recovered on past shipments. GAO suggested a new procedure which gave the Army finance center the responsibility

for forwarding needed payment information on future shipments to billing officials in the FMS program. This change in procedure alerted the FMS billing office to bill the foreign country involved. As a result of the implementation of the new procedures, the Army collected over \$38 million for SAAM flights from one country alone as

of June 1978.

MSC is responsible for procuring ocean transportation for DOD for the shipment of its material and to arrange for shipments of FMS material under the following terms: Code 6, FOB port of discharge, Code 7, FOB destination, and Code 9, FOB port of discharge-landed.

In the early days of the FMS pro-

## DELIVERY TERMS FOR FOREIGN MILITARY SALES

Delivery terms and accessorial services—costs which include handling and transportation—are agreed to between the United States and the foreign customer through the use of a standard offer and acceptance form which states that the United States extends an offer to sell specified defense articles or services at an estimated total cost which the country agrees to pay.

DOD's basic delivery policy in shipping FMS material is that each foreign country shall be completely responsible for transportation of its own material. The Department of Defense requested each foreign government to manage all aspects of transportation from source to ultimate destination in accordance with U.S. laws, regulations, and policy. In early 1976 DOD recognized that some foreign government delivery systems had not been operating satisfactorily and exceptions were granted. These exceptions allow the United States to provide transportation assistance on a reimbursable basis.

DOD issues instructions which prescribe the terms of delivery on shipments of FMS material. These instructions determine the country responsible for paying transportation and accessorial service charges. The terms used by DOD are as follows:

Code 2, FOB Destination—inland origin to inland destination within the continental United States (CONUS) or inland origin to inland destination within the same overseas geographical area. DOD is responsible for inland transportation to named inland point.

Code 3, FAS (Free Along Side) vessel CONUS port of exit. DOD is responsible for transportation to a point alongside vessel.

Code 4, FOB origin. Recipient country is responsible for cost of CONUS inland transportation and subsequent arrangements for onward movement.

Code 5, FOB port of exit. DOD is responsible for inland transportation to the CONUS port of exit.

Code 6, FOB overseas port of discharge. DOD is responsible for transportation from CONUS point of origin to and including ocean transportation to the overseas port of discharge.

Code 7, FOB destination. DOD is responsible for transportation from CONUS point of origin to overseas inland point.

Code 8, FOB vessel. DOD is responsible for transportation from CONUS point of origin to stowage aboard vessel at port of exit.

Code 9, FOB port of discharge landed. DOD is responsible for transportation from origin to and including vessel discharge and port handling at overseas

port of discharge.

The recipient country is responsible for transportation charges beyond the points described above.

The use of these codes is often confusing to shippers who are trying to determine when to use which code. For example, what is the difference between a code 2 and a code 7? They are both entitled FOB destination. In the case of code 3—free alongside vessel—how is the person assigning the code to know in advance how the shipment is going to be moved to a port and from where? The use of code 4, discussed elsewhere in this paper, is the most confusing of all. To complicate matters, the terms of delivery are assigned by staff personnel rather than operations personnel who have control of the shipment. Conversations I had with the DOD supply and operating personnel indicated that the personnel assigning the delivery term codes knew little or nothing about transportation terms of shipment modes. Further, they knew virtually none of the individual military service billing procedures for transportation charges.

In view of the international character of shipments under the FMS program, the author believes that the International Rules for the Interpretation of Trade Terms,

Incoterms 1953, should have been used for FMS shipments. These terms have been used for decades and are well understood in the international marketplace.

Although DOD had prescribed eight types of delivery terms, an analysis of nearly two million transactions showed that 81% of the shipments were FOB origin. The next largest percentage was for FOB port of discharge with 11%. Eight percent of the shipments were distributed among the other six terms of delivery.

The above analysis shows the terms under which various shipments were made but does not show the types of material being shipped, the modes of transportation used, the cost incurred by the United States, or the amounts recovered from the foreign countries. By definition, a shipment could range from one small part which can be shipped by parcel post to an entire shipload of ammunition.

An analysis of the delivery terms used indicates that each country has its own preference which is unique to its requirements and capability of arranging for their own transportation. Iran and Israel have their own vessels and used FOB vessel more than other countries. Jordan relied on code 6—FOB port of discharge—almost exclusively. Korea, Kuwait, Morocco, and Saudi Arabia also used code 6 to a large extent.

gram (around 1972) the transportation charges for FMS shipments were identified by a general transportation account code. This code provided MSC with the information it needed to bill the military services for their shipments. This code, while it described a shipment as being for an FMS customer, did not specify the customer, the terms of delivery, the value of the shipment or the manner in which the country would pay the transportation charges.

When the Army sold material which was transported by MSC to an FMS customer, MSC sent the bill for ocean transportation charges to the Army. The Army paid MSC and presumed that reimbursement was being obtained by the FMS billing office responsible for collecting from the foreign customer. Unfortunately, for the Army and the taxpayer, these ocean transportation charges, like the air transportation charges discussed previously, were either underbilled or not billed at all. The example in Fig. 2 demonstrates cases developed by GAO which show that the Army lost nearly \$2.2 million on just three sales.

In addition to the three cases shown below, the Army estimated that it had underbilled FMS customers by more than \$7 million by applying the standard percentages on 40 other shipments of vehicles.

Large quantities of FMS material had been shipped direct from Europe to recipient countries as early as 1973. The Army absorbed millions of dollars of transportation costs on material shipped directly from Europe because it has failed to bill customers for the transportation charges involved. An analysis of shipments from Europe revealed that over \$9 million in ocean transportation charges alone had not been billed to FMS customers. Apparently, DOD had not contemplated that FMS items would be shipped from overseas since no reference in the FMS policy instruction to cover such shipments existed.

Some of these shipments were also audited by GAO in March 1975. They found that at least \$6.6 million in ocean transportation charges could be directly charged to the customer involved. In spite of the specific data provided to the Army by GAO, the final recovery of the \$6.6 million was not completed until December 1977, nearly 4 years after the shipments took place.

In view of the instances cited in this chapter, it is indeed strange that MAC and MSC were able to bill and collect from DOD for transportation services provided for U.S. forces shipments, while foreign customers were being provided with free transportation or transportation below the established tariff rates.

## Parcel Post

The cost of FMS shipments made through the U.S. Postal Service (USPS) during 1976 is estimated to be between \$17 and \$26 million out of a total of \$119 million paid to the Postal Service by the Army, Navy and Air Force. FMS shipments being made by USPS were generally on code 4—FOB origin—terms and should have been sent to a freight forwarder of the country concerned on a collect basis because the DOD instruction for FOB origin shipments states that the recipient government is responsible for the cost of transportation.

The instruction to transportation officers stated that FOB origin shipments would be made by commercial carrier on a collect bill of lading or by parcel post prepaid. This instruction was contradictory at best. In practice, if a shipment was too large for parcel post it was shipped commercial collect. However, if the shipment fit the parcel post size and weight restrictions, then the United States paid the postage. Thousands of FMS shipments are made to foreign freight forwarders by parcel post prepaid, even though the shipments were FOB origin. Consequently, millions of dollars of parcel post costs were paid by the U.S. Government which were not recovered from the foreign government.

Fig. 2  
Material Sold

Material Sold	Estimated transportation charges based on		Estimated loss to the Army
	Percentage	Actual	
Trucks	\$100.00	\$1,000.00	\$1,000,000
Motors	\$74.74	\$1,730.00	\$1,053,460
Trucks	\$14.25	\$178.00	\$1,368,900

### IMPROVED SHIPMENT PRACTICES

As a result of congressional interest, DOD has taken steps to identify, bill, and collect the proper transportation charges in support of the FMS program. Some of these actions include:

Increased use of FOB origin terms.  
Increased use of commercial freight shipments to freight forwarders.

Assignment of special transportation account codes which identify the special FMS use under which the shipments are made by MAC and MSC.  
Elimination of transportation costs incurred in shipping to MAC and MSC in activity covered by the program.

Identification and billing of FOB origin shipments made by parcel post prepaid.

Use of a trust fund account where money is deposited by the foreign country in advance and transportation payments are taken directly from it.  
Timely identification and billing of Special Assignment and Missions flows for the account of FMS customers.

Material sold under the program to recipient countries is shipped to the United States by the Army, Navy, or Air Force. The cost of transportation for such shipments is borne by the United States to the Middle East.

## Congressional Oversight

The Congress is responsible for the legislation governing the FMS program. The Congressional Committees involved in the FMS program include the House Committee on International Relations and the Senate Committee on Foreign Relations who authorize the FMS program. The House and Senate Appropriations Committees provide the necessary appropriated funds, for those countries receiving loans and grants for military assistance. The Committees then allow payment from appropriated funds for the FMS program and these costs should be reimbursed from the foreign countries.

Throughout the history of the FMS program, the Congress has



consistently required that full costs be recovered. In the case of transportation and accessorials services costs, the Appropriations Committees have had to resort to reducing the budget request of DOD in the amounts the Committees considered were not being recovered from foreign governments. The first such action took place during consideration of the Supplemental Appropriations Bill for fiscal year 1977 which considered the DOD request. The House Appropriations Committee reduced the DOD request by \$28.2 million for what they considered unrecovered transportation costs which were brought to the Committee's attention by GAO.

The Senate Appropriations Committee agreed that all costs must be fully recovered. However, the Committee restored the funds and directed DOD to make the necessary procedural changes in the FMS program to recover all costs. In conference the two Committees ultimately compromised and reduced the appropriation request by \$14.1 million.

At the request of the House Appropriations Committee, GAO reviewed the impact and implications that the FMS program could have on the fiscal year 1978 defense budget. GAO analyzed transportation cost data from the President's budget against actual payments made by the military finance offices. GAO reported to the Committee that tens of millions of dollars were included in the budget for appropriations which would be used for the FMS program. By including FMS shipments in the direct appropriation request, DOD was in effect obtaining more funds than were needed for its purposes, and was also being reimbursed—but not fully—by the foreign governments. This in turn provided DOD with an unauthorized supplement to their appropriations.

DOD felt the impact of the GAO report and congressional interest when Appropriations Committees agreed to delete nearly \$137 million from DOD's request for transportation and parcel post costs. By reducing DOD's transportation budget, the House Appropriations Committee finally got the attention of DOD officials. Those officials

had been told repeatedly by GAO over a 2 year period of time before the congressional action was taken, that they must take steps immediately to recover transportation costs which were being lost in connection with the FMS program.

Although DOD recovered millions of dollars since the congressional action, an untold amount of underbillings will never be recovered.

In addition, rebilling for shipments made 2 and 3 years earlier can only lead to an incalculable amount of ill feelings from the countries involved.

### Lesson To Learn

World trade in arms continues to be an issue of great controversy among both the supplying and purchasing countries. Many valid points can be made for each side of the argument. It is discussed at

length on Capitol Hill and receives wide coverage in the news media. The effect of the FMS program goes beyond the relatively simple matter of transportation costs. Other matters of concern include (1) the effect of the program on foreign policy, (2) the international balance of payments problem, (3) the regional impact resulting in the introduction of arms into overseas areas, (4) the regional impact in the United States where the weapons are produced, (5) the ability of the United States to maintain production lines, (6) the economies of scale when both the United States and the foreign country are buying the same type of equipment, and (7) the transfer of technology.

In the interest of economy in the United States, the lessons learned in the past from the loss of tens of millions of taxpayers dollars in transportation costs will hopefully preclude the loss of still more in the shipment of arms for which orders have already been finalized.



# Who Is Accountable? To Whom? For What? How?

Comptroller General  
Elmer B. Staats

This article was adapted from the keynote address given by Mr. Staats at the December 6, 1979 annual conference of NCAC/ASPA, Washington, D.C.



In a recent letter to a Washington newspaper, a lady from Springfield, Virginia, wrote, "I don't have any representation in our Government. I find it difficult to believe that American people are aware of what is happening in their Government . . ." Her final sentence should concern us. For the lady could just as well have said "no one in our Government is *accountable* to me, a citizen and a taxpayer." Is she correct in these heartfelt laments? Would she have been nearer the truth had she used the word "accountable"? To a measurable extent she would have been, because, although there has been progress in making public servants and public representatives more accountable for their actions, much remains to be done. To be accountable is to be answerable to someone for something. Account-

ability in American government today—Federal, State, and local—is not the positive force that it could be. This should not surprise us. Although accountability is what citizens like the lady from Springfield demand, as of today

- responsibilities of those accountable often are not set forth clearly enough to define their charge, and
- those to whom the accountable ones answer often don't know how well the responsibilities of public office are being discharged.

## The Roots of Accountability

The idea that man is accountable to his fellowman and to his God has been with us literally for ages.

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but the idea that a government is accountable to the governed is more modern. The Magna Carta represents what was perhaps the first time that the Western world recognized that government—in the form of a monarch—owes an accounting to its citizenry. Prior to that signing, the common view was that the monarch was accountable only to God. What started at Runnymede has in the subsequent 750 years led a few nations into democratic government. However, for too many people and too many nations there is no concept of accountability of the government to the governed.

Toward the close of his public life, Sir Winston Churchill observed that "democracy is the worst form of government except all those other forms that have been tried from time to time." This backhanded compliment makes its point and needs no further embellishment. We all know that in democracy accountability is a tenet implicit in our idea of popular representation. Representatives are chosen by the public to decide on its behalf the policies and actions to be pursued by a government and are charged with acting in the best interests of constituents. In doing so representatives are accountable to their constituents for their actions. Election day is the hour of truth for them.

The accountability of the President, his cabinet, and chief lieutenants is established by Article II of the Constitution. The President, it says, "shall take care that the laws be faithfully executed . . ." Article II further provides that "he shall from time to time give to the Congress information on the state of the Union."

The founding fathers would be surprised by the number of laws a President is expected to "faithfully execute" today and the amount of paper that is needed to produce his report on the state of the Union.

Our accountability problem has grown during this century as our government has expanded. Consider these figures:

1900 - Population, 76 million  
Federal Outlays, \$500 million  
Federal personnel, 265,000

1930 - Population, 123 million  
Federal Outlays, \$3.3 billion  
Federal personnel, 857,000

1979 - Population, 220 million  
Federal Outlays, \$493 billion  
Federal personnel, 4.9 million

Beyond the growth demonstrated by these statistics, the complexities of government are perhaps more clearly seen by considering the number of Federal programs. The figure is much in dispute—some estimates range as high as 10,000. If there are that many, we may well ask "who is accountable?"

## Legislative Accountability

Basically, our legislators are responsible. But because one of our accountability problems is inadequate information about performance, we must also ask other questions:

- What part of the citizenry do you think base voting decisions on reasoned and informed evaluation of how legislators discharge responsibilities?
- How many voters are swayed by a Senator's or Congressman's effectiveness in fulfilling day-to-day committee legislative and oversight duties?
- What should we infer from the fact that less than half of the electorate bother to go to the polls?

My own view is that the accountability of our legislators suffers to some extent because the selective information publicized by the media and public and special interest groups fails to adequately describe overall performance.

## Elements of Accountability

Accountability requires a number of basic elements. First, information regarding the actions and decisions of the person or organization being held accountable must be transmitted. Second, the infor-

mation must be received by someone who will examine it and take necessary actions. Third, a means must be found by which the information can be used to improve performance, correct deficiencies, or reward superior service. We have a responsibility to communicate information to the public, to open lines of communication between the government and its citizens, and keep them open. And, we must guard against developing our own dialect that stultifies communication and against creating a mentality that mechanically acts to withhold information.

Citizens actually have few means of recourse, but those that they do have are powerful if used. The loss of an election is a basic, but clear message to a defeated holder of public office. The use of initiative referendum, and recall allows citizens to become directly involved in policy decisionmaking. Too frequently, important issues are not placed on the ballot. Too often, public interest may be low because of a lack of knowledge of the issues. Even in cases where citizen interest is widespread and intense, as in Proposition 13, the intended message can be ambiguous. Ambiguities of this sort are typical of the referendum methods. I am not optimistic about the possibility of using that process to hold government accountable for its actions beyond the opportunity it provides to demonstrate widespread discontent. It seems unreasonable to expect large numbers of citizens to be sufficiently well-informed on detailed, frequently complex, issues to cast well-considered votes except on a few of those issues. These unavoidable limitations on the referendum make it important that we maintain and strengthen the electoral process. That is the most effective way to hold our elected officials' feet to the fire—to make them accountable and through them, government as a whole.

The accountability chain between the electorate and elected officials is a vital, indispensable element of democratic government. We must continue to develop ways of increasing citizen involvement in the process. Whatever can be achieved in this direction is clearly worth the effort.



## Executive Accountability

Various reforms in government over the years have built a strong base for achieving accountability. The establishment of GAO over 50 years ago, followed by various legislative changes which expanded and strengthened its audit powers and authority, helped to assure better accountability by the bureaucracy. Since its establishment, GAO has been at the forefront in Federal efforts to achieve accountability.

Other mechanisms for improving the government's accountability include the following:

- An Office of Inspector General was created within HEW in 1976 to combat abuses in Federal programs. And, in 1978, legislation established Inspectors General in 12 other Federal departments and agencies.
- A special task force was established by GAO to examine and assess the susceptibility of agency programs to fraud and other illegal activities.
- An Executive Group to Combat Fraud and Waste in Government and the Presidential Management Improvement Council were likewise created to reduce waste and fraud and improve management.
- The Civil Service Reform Act of 1978 will provide rewards and incentives for effective program management and, in this way, will hold managers accountable for program results.

## Three Types of Accountability

When accountability focused mainly on financial matters, it was relatively easy to answer the question, "For what is government accountable?" Today there are three types or aspects of accountability that help answer this question and the question, "How is government accountable?" One type, fiscal accountability, refers to the appropriate spending of public funds in

a lawful way and with proper accounting. The General Accounting Office has been conducting audits for decades and the government's auditing and accounting tools generally are well-developed. Admittedly, when a scandal or horror story surfaces it is because the system was not as well constructed as we had thought, or actions and controls required to prevent this totally were prohibitively costly.

Process accountability, the second type, requires that the agencies or organizations carry out policies or programs in intended ways. This means the procedures, operations, and management of the programs must be examined. Management audit techniques have been strengthened by stiffer audit standards, in recent years, and these techniques have been perfected rapidly.

Program accountability, the third type, is accountability for program results and requires that programs or policies produce results or changes intended. Program accountability is accomplished by conducting an evaluation focusing on whether a program was carried forward as planned and met its objectives, or whether a program produced some change, or both. Proper use of funds and management of the program must have been achieved before the final question is asked: Did the program achieve what Congress intended in legislation?

Thus, there are a number of different kinds of accountability mechanisms operating in the Federal Government. We should remember that accountability is a term used to refer to many activities conducted by many people to meet a variety of purposes. There is no stereotype or single accepted definition. I realize I can only begin to scratch the surface of this complex topic. I do, however, stress the importance of accountability to a democratic form of government and suggest how we might organize our thoughts regarding this issue.

## Accountability for Program Effectiveness and Results

Programs to deal with large social problems require money and personnel. Taxpayers are increasingly concerned with the value of these programs—whether they make sensible use of public funds. Accountability for each program rests mainly with the agency that administers it. Sometimes the legislative branch conducts its own evaluations of programs. Sometimes it relies on evaluations conducted by the executive agencies.

Recently GAO examined the evaluation function of executive agencies; we have completed such evaluations for the Departments of Housing and Urban Development and of Transportation. Now we are developing and testing a theoretical model of the evaluation function so that management and policy guidelines can be built on a sound conceptual base.

As evaluation becomes a more crucial part of the accountability process, problems are being highlighted by social scientists and other evaluators from both academic and government settings: problems involving research design and methodology, specification of goals and objectives, and utilization of results.

Much has been accomplished but there are many questions about programs and policies that go unanswered because of inadequate problem formulation, poor study design, and inadequate methods of application. During the course of its evaluation demonstration efforts, GAO examined over 1,000 studies by Federal, State, and local government agencies, economic researchers, private contractors, and consultants. We found that study results could have been improved by better design or by more appropriate application of methods used.

A continuing difficulty has been that of identifying the objectives for which program managers should be held accountable and against which evaluation should seek to measure progress. One problem has been that legislative language defining program objectives is often ambiguous. One reason for this is that government administrators tend to develop a language of their own. Another, more cogent reason is the purposeful "fuzzing" often needed to have the legislation

supported by a broad base of political interests.

We must continue to search for better ways to define the objective of programs—the achievements for which managers should be held accountable such as

- greater specificity in legislation and committee reports,
- more care in examining the circumstances in which legislation was enacted (revealing problems which the legislation was intended to overcome), and
- assessing the rhetoric surrounding a program as compared with the operating system actually in place.

Accountability can be an uncomfortable process. For the person held accountable, it carries the risk that shortcomings will be identified to the detriment of that person's ego, or even his or her livelihood. Many managers view evaluation and its role as a tool of accountability as a threat. Resistance from this source is difficult to overcome, but not impossible.

In summary, I would like to say that the prognosis for accountability in the Federal Government is favorable:

- The Congress by its Sunshine, Sunrise, and Sunset initiatives has shown an awareness of the need for openness and systematic oversight (as has its action in setting up Inspectors General across Government).
- We in GAO continue to improve our timeliness in providing the Congress with information on how Federal programs are working and Federal managers are doing their jobs.
- And finally, the administration has taken a number of steps including civil service "reform" and creation of the Presidential Management Improvement Council.

Without the discipline of the market place, we in the public sector have a special responsibility to keep our house in order, which, as in the private sector, must be based on specific responsibilities and adequate performance—in a

word, *accountability*. The urgency of this is brought home by the realization that there are now about 17 million public servants in this country. About one of every six persons in the workforce is employed by government: Federal, State, county, metropolitan, or local. We are sufficiently numerous to influence the economy. This means we must do our level best not to be a drag but to be a positive force.

Let me close by recalling once more that the idea of accountability has ancient roots recorded in much of the literature and history of Western civilization. It would be difficult to find an earlier and more authoritative reference than Genesis. "And the Lord said unto Cain, 'Where is Abel thy brother?' And he said 'I know not: am I my brother's keeper?'" Let us hope that public administrators who shun accountability do not suffer the fate of Cain. But if they do, they deserve the same end—becoming fugitives or vagabonds.

### Conclusion

So today and in the days and years to come we must pursue the must ruthlessly practice it upon

ourselves. We in government are more accountable than ever before. many means of increasing Government accountability.

We must continue to encourage and refine our systems of internal controls.

We must continue our effort to keep the public informed about Government activities.

We must increase our efforts to develop Federal evaluation policy and guidelines.

We must encourage long-range planning of evaluation activities.

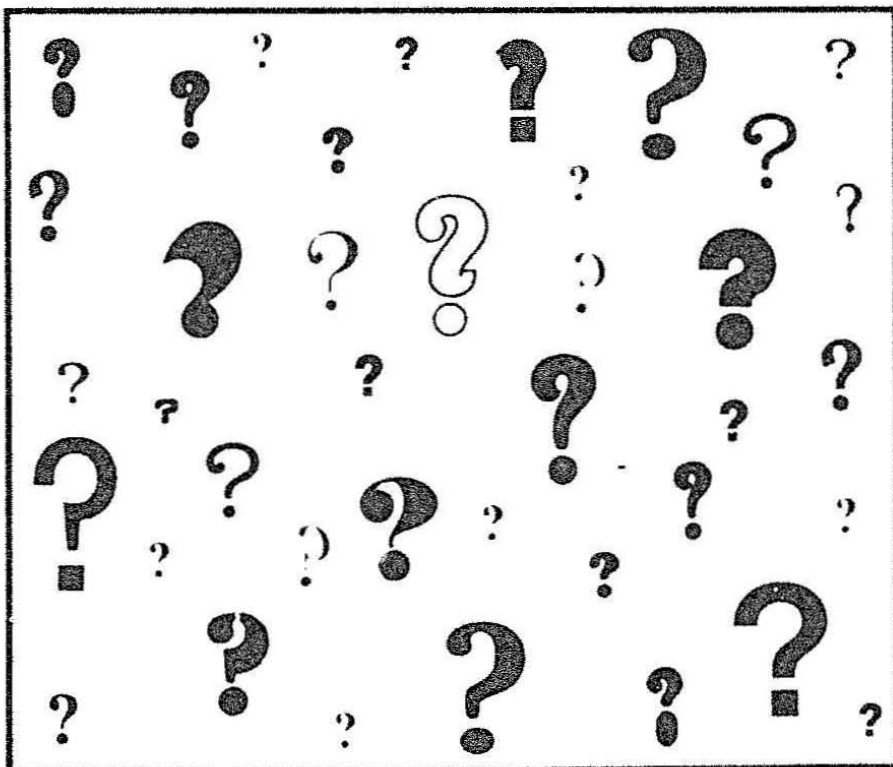
We must encourage interaction and communication among evaluators, users of results, and program beneficiaries.

We must emphasize a problem-solving, everyone wins approach so that the threatening nature of evaluation is reduced.

We must encourage productivity and reward exceptional performance

And we must continue to talk, to communicate, to exchange ideas among ourselves.

Above all, we who practice the art of accountability on others must ruthlessly practice it upon ourselves. We in government are more accountable than ever before.





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# Nursing Homes and the Elderly - An Evaluation of Avoidable Admissions

Entering a nursing home becomes, for many elderly persons, an irreversible and costly decision. Yet, despite the serious consequences of this action, most elderly are admitted without adequate consideration of whether institutional or community-based long-term care arrangements are the most suitable to the needs and preferences of the individual and the family. In fact, the most striking feature of the decisionmaking process leading to a nursing home admission is the "absence of order and careful consideration."

Many elderly who subsequently enter these facilities could have remained in their homes or in the community if appropriate support services had been obtained. The following case study illustrates how an individual may initially appear to be a candidate for nursing home residency; yet, if an assessment is provided and support services are available, community-based living can be maintained.

*Mrs. A is a 68-year-old widow living in her own, five-room cluttered house. She is obese, pale and disheveled and moves in a hesitant, unsteady fashion. Her speech is slow and slurred. Her primary problems revolve around feelings of nausea and dizziness and an unsteady gait resulting in decreased mobility. She is not maintaining a therapeutic diet for diabetes and her diet is nutritionally deficient. Her limited visual acuity caused her to read with difficulty using a magnifying glass and therefore, her previously enjoyed activities of reading and sewing were no longer possible. She was aware of her unsafe environment created by outside steps overgrown with vines and by icy, snow-covered*

*ground. The dirty clutter inside her house inhibited her movements and constituted a fire hazard. Pervasive throughout her conversation are expressions of loneliness, isolation, and depression and a worry about money and health. Isolation stems from her inability to socialize with peers due to a lack of transportation. Mrs. A. says she is ready to give up the struggle of maintaining herself and feels inadequate in coping with her problems.<sup>2</sup>*

Mrs. A. was able to stay out of a nursing home because she received the following services:

- A complete medical examination which revealed the need for discontinuing her tranquilizer.
- An eye examination and new eyeglasses.
- Snow shoveling.
- Cab transportation for such tasks as grocery shopping and medical appointments.
- Financial assistance with medications and additional health care services.
- Mental health counseling services to help with feelings of depression.

Unfortunately, many elderly do not receive comprehensive assessments or the services they require; as a result, some are admitted to nursing homes. While on a given day there are 1,303,000 individuals in a nursing home,<sup>3</sup> it is estimated that anywhere from 10 to 40 percent of these residents could have been maintained in the community with appropriate supportive services.<sup>4</sup>

The avoidable admission of individuals to nursing homes is one component of a complex issue currently facing the United States—the dilemma of designing a humane



yet affordable system of providing long-term health and social services to the chronically ill and disabled population.<sup>5</sup> This issue, which historically has taken a back seat to the national debate over methods of delivering and financing acute health care (i.e., national health insurance), is now the focus of increasing attention as the major burden of illness in the United States and other industrialized countries has shifted from acute infectious disease to chronic and degenerative conditions.<sup>6</sup>

Recent demographic trends reinforce the urgent need to design an efficient and cost effective long-term care delivery system. The elderly, particularly those over the age of 75, run the greatest risk of developing chronic illnesses and impairments. This is illustrated in their use of nursing homes. After an individual reaches the age of 65, the chances are one out of four that he or she will be admitted to a nursing home at some point; for the elderly over age 85 the chances may be one out of two.<sup>7</sup>

The number of elderly who may experience chronic illness is increasing dramatically. By the year 2030, 1 out of every 5 Americans will be 65 years of age or older. In 20 years almost half of the elderly population will be 75 or older. Since the elderly, particularly the very old, are the major consumers of long-term care services, the projected change in the size and composition of the elderly population has significant implications for long-term care planning.

### **Current Public Long-Term Care Policies Are Inadequate**

The long-term care system in the United States today falls far short of the needs and preferences of the chronically impaired population. Under an optimal system, an individual would be assured of receiving essential health and social services in a setting which fosters independent functioning. For most elderly and their families the setting would be the individual's own home or a community-based care arrangement rather than an institution. Nursing homes, although a critically needed long-term care

service, would be used only when community living is not a viable option.

Ironically, what currently exists is just the reverse—there is a lopsided public support for institutional care and minimal assistance to home-based care. Ninety percent of all public funds for long-term care services now go to nursing homes and 3 percent support residents in other institutions; only 7 percent finance community-based care.<sup>8</sup> Predominantly, this public institutional support comes from Medicaid—the Federal and State financed medical assistance program for the poor.

In 1978 Medicaid paid for 87 percent of all public expenditures for nursing home care; because most private health insurance plans exclude long-term care from their coverage, Medicaid has become the single largest third-party payer of nursing home care in the United States. As the figure below shows in fiscal year 1978 Medicaid financed 46 percent of the total national nursing home bill of \$15.8 billion, while Medicare and other public programs paid 7.1 percent and private health insurance and other private sources paid 1.7 percent. Private out-of-pocket payments from consumers financed the remaining 45.6 percent. (See Figure 1). In contrast, Medicaid during this same year paid \$211 million, or 1 percent of its budget of \$18.6 billion, for home health care.

### **Problems in the Nursing Home Admissions Process Contribute to Avoidable Placements**

Avoidable placement in nursing homes of many elderly residents is a major problem caused by the institutional bias in public financing of long-term care services. These placements have in turn contributed to the escalation in the public level of nursing home support (which has doubled over a 4-year period from fiscal year 1974 to 1978) and have had a direct effect on Medicaid, the dominant payer of nursing home care. Not only are payments for these services costly, but they represent

support for services which do not promote maximum independence or self care, a Medicaid program goal.

GAO has recently published an evaluation of the problems contributing to avoidable nursing home use. Titled "Entering a Nursing Home—Costly Implications for Medicaid and the Elderly," (PAD-80-12, Nov. 26, 1979), the principal objective of the study was to identify the effect which Medicaid and other public policies have on the decisions of the elderly and their families to use nursing home care when community-based services would have been appropriate.

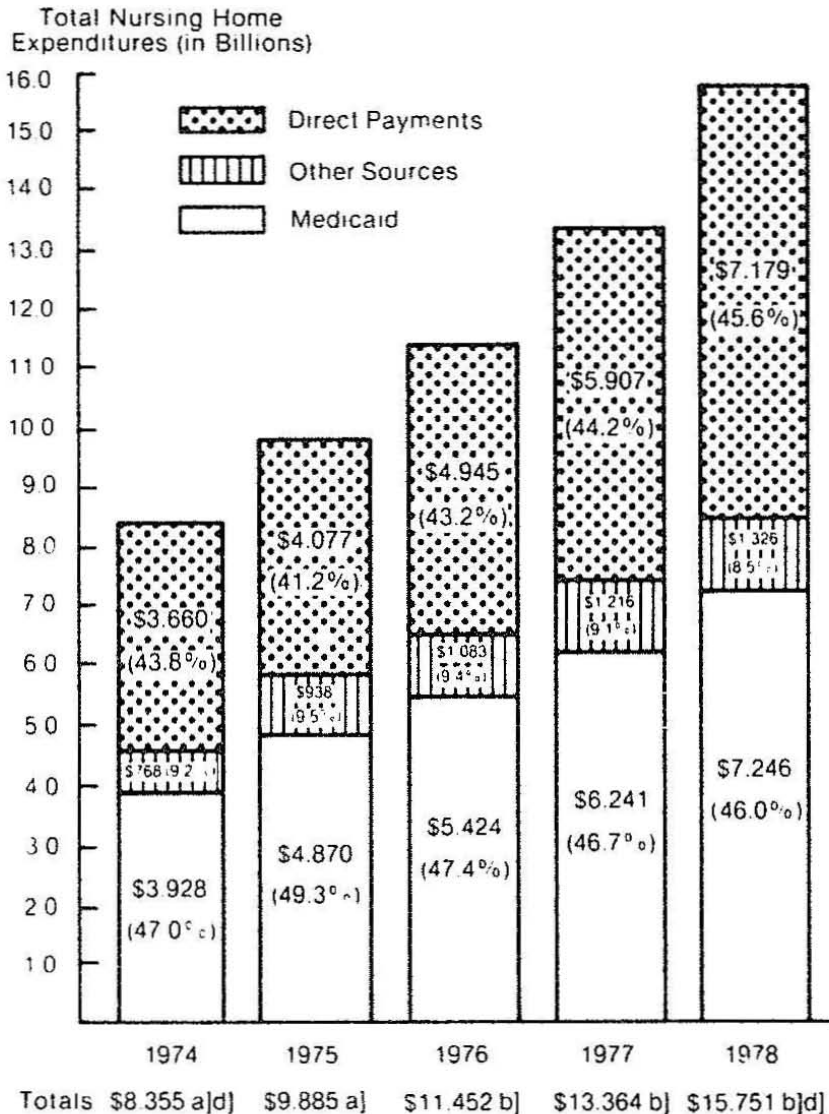
In conducting this evaluation, we incorporated several methodologies to address each of the complex factors which contribute to avoidable institutionalization and affect Medicaid's program effectiveness in meeting its legislative objectives. We included an extensive survey of existing research which was subsequently integrated with original analyses of a variety of data bases. For example, a special computer program was developed and applied to a large data base collected by the U.S. Bureau of the Census as part of the 1976 Survey of Institutionalized Persons. We also interviewed knowledgeable individuals in the Federal and State governments, in private social service and health organizations, and in academic institutions. And we relied on the expertise of a panel of eight outside reviewers who represented academic as well as practitioner perspectives.

Our analysis focused on three areas:

- Medicaid eligibility policies for individuals using institutional and noninstitutional services.
- Factors which discourage or prevent the elderly from obtaining community long-term care services in lieu of nursing homes.
- Medicaid's screening and assessment procedures for nursing home applicants

The following discussion summarizes our general findings in each of these areas.

Figure 1  
**Proportion of Nursing Home Expenditures by Source of Payment, Fiscal Years 1974 — 1978**



a) Unpublished data obtained from DHEW, Health Care Financing Administration, Office of Research Demonstrations and Statistics, Washington, D.C.  
 b) DHEW, Health Care Financing Administration, *Health Care Financing Review*, Summer 1979, pp. 26—28.  
 c) Other sources of payment, Medicare, Veterans Administration and State and local payments, private health insurance, philanthropy and industrial inplant services.  
 d) Numbers do not add due to rounding.

**Medicaid Support to the Chronically Impaired Elderly Is Biased in Favor of Nursing Home Use**

One cause of avoidable nursing home admissions is the fact that Medicaid coverage is limited or nonexistent for services needed by the chronically impaired elderly living in the community. On the other hand, its coverage for nursing home services is extensive and available to individuals who could not qualify for Medicaid outside of the institution.

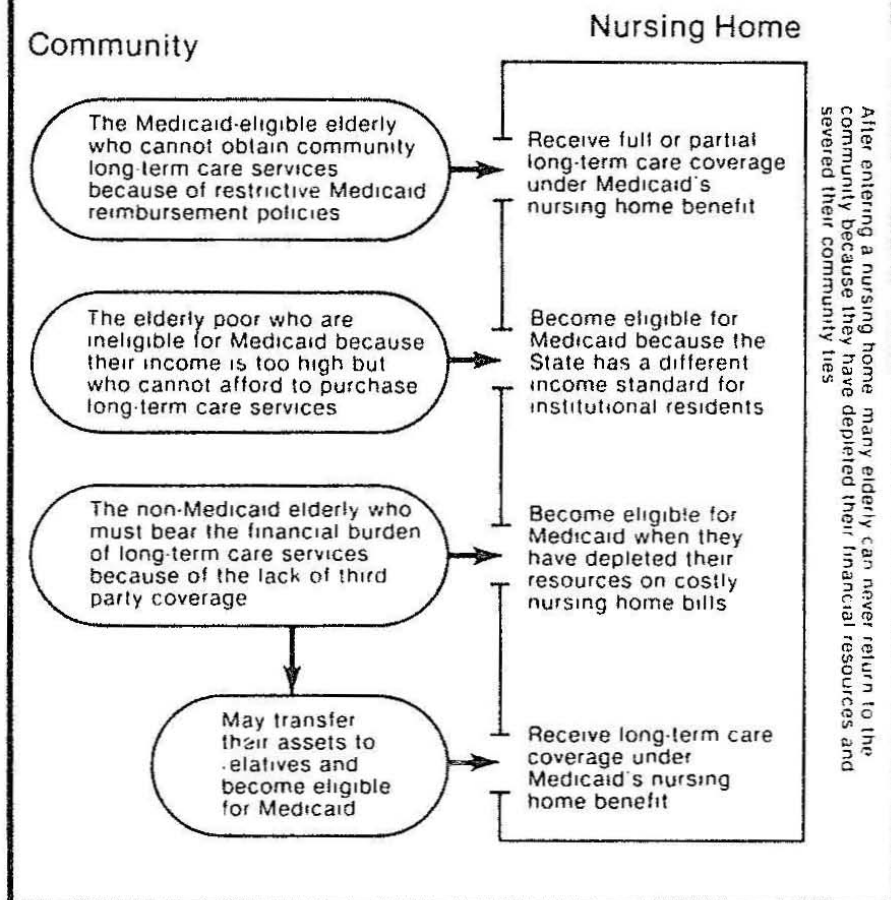
As shown in Figure 2, Medicaid policies support nursing home use in the following ways:

- Many elderly poor are ineligible for Medicaid benefits while living in the community; if they are admitted to a nursing home, different income standards apply and they are now eligible for Medicaid support.
- Many low and moderate income elderly enter nursing homes as private pay patients; if they become impoverished by using up their resources or transferring their assets to relatives, they are now eligible for Medicaid coverage.

One example of the dilemma which many elderly face as a result of these policies is shown in the following situation. An individual could have an income as low as \$200 per month and yet be ineligible for Medicaid coverage. However, with such a low income this same person is not likely to be able to afford expensive monthly drug prescriptions or other medical and social services he or she might need. On the other hand, if the individual is admitted to a nursing home, because different income eligibility policies are now in effect, Medicaid coverage may be obtainable.

In many States, an individual who has an income as high as \$600 per month could still qualify for Medicaid coverage if he or she entered a nursing home. Medicaid then pays the difference between the individual's allowable income

**Figure 2  
Medicaid Subsidizes Nursing Home Care  
for Individuals Ineligible  
for Community-Based Coverage**



(less a personal needs allowance which is usually \$25 a month) and the cost of care in the institution. And, because the person is now in a nursing home, Medicaid also pays for drugs, physician services, eye and dental care, and other covered medical services to the extent they are not paid for by Medicare.

Medicaid policies are also discriminatory to families who provide care for their elderly relatives. Extensive research<sup>9</sup> has documented that the key to why some chronically impaired elderly are in the community while others are institutionalized is often a difference in the personal, family, and community resources available to them. However, because there is limited or no public financial or social

support available to family caretakers, the physical, emotional, and economic strain can become unbearable and the family may be unable to continue providing care. If the elderly parent is admitted to a nursing home and is eligible for Medicaid, the family will be relieved of both the physical burden and the financial obligation to contribute toward the cost of care.

**Difficulties in Obtaining Community-Based Care**

There are several other crucial factors, in addition to financial barriers, which encourage the use of institutional services even when this level of care is not required or

preferred. Many elderly have been placed in nursing homes because of:

- A lack of information about noninstitutional long-term care options.
- The difficulties involved in locating and obtaining the appropriate mix of health and social services from the fragmented and confusing array of public and private service providers.
- The inability to obtain all the essential community services because the individual cannot meet the eligibility criteria for each service and cannot afford to purchase this care.
- The unavailability of the noninstitutional long-term care services and housing options required to permit an individual to remain in the community.
- The tendency of professionals assisting the elderly (physicians, social workers, hospital discharge planners) to recommend nursing home placement because they lack the time or the expertise to plan, arrange, and coordinate the community services needed to enable the elderly individual to remain in the community.

The latter problem was aptly identified in a 1978 study of the hospital social worker's role in the discharge planning process for elderly patients. Study results showed that the social worker spent an average of 5 hours on each nursing home placement, of which only 1 hour was spent with the elderly patient. Typically, elderly patients were referred to the social worker after they had spent 10.8 days in the hospital, which was over half of their total stay. As a result of last minute referrals, heavy caseloads, and the hospital administrator's expectation that patients will be efficiently discharged, the social worker often had little time to do anything other than locate a nursing home bed and arrange for the patient's transfer.<sup>10</sup>

Another problem—the fragmentation, lack of coordination, and



gaps in the long-term care system— makes it difficult to assemble the array of services which are often necessary to meet the multifaceted needs of the chronically impaired elderly. The following example indicates the range of services an individual might need if he or she is to be adequately served by a long-term care system.

*Mr. B. is a retired university professor who became a double amputee as a result of a car accident. He has been fitted with prostheses and can usually walk with the assistance of a cane. Mr. B. encountered multiple problems. The swelling and ulceration of his stumps made it impossible to use his prostheses. He also complained of severe congestion, stomach pain, and fatigue. His apartment, in a condemned building, was without heat. Mr. B. had become extremely depressed and isolated."*

The following services were provided to Mr. B. to enable him to remain in the community:

- The furnace in his old apartment was repaired and assistance was provided in finding a new apartment.
- He received proper medical treatment.
- Transportation for medical appointments was provided.
- An employment counselor found a part-time job for Mr. B.
- He was furnished with homemaking services, including home-delivered meals.
- Friendly visitors began to call on him.

Mr. B. received assistance as part of a long-term care demonstration project which was designed to assemble and coordinate the services he needed. However, many elderly, not served by demonstration projects, face the problem of negotiating for assistance within a system which is really a conglomeration of several Federal, State, and local programs, each of which provides specific types of services such as medical care, nutrition, or social services. Gaining help is further compounded because each

program has its own administrative unit, eligibility requirements, and financing mechanisms. There are a multiplicity of programs serving the elderly at the Federal level; at the local level the long-term care system can become even more confusing when State, city and county, voluntary, and proprietary service providers are also added.

### **Medicaid's Assessment and Placement Mechanisms**

Because the present system of financing and delivering long-term care creates strong incentives to use institutional services, even when an individual has the potential and desire to remain in the community, effective procedures are needed for assuring appropriate nursing home placement. Research has demonstrated that these procedures must include a comprehensive assessment if they are to provide an adequate basis for identifying the types of long-term care services most suitable for a chronically impaired elderly person.

A comprehensive assessment includes, in addition to the traditional medical examination:

- an evaluation of the individual's ability to perform activities of daily living;
- a psychosocial evaluation encompassing the individual's emotional condition, mental functioning, social adjustment and ability to communicate;
- an evaluation of the individual's and the family's preferences and lifestyles and of the willingness and ability of the family to provide various types of assistance;
- an evaluation of the individual's living conditions to identify any safety or health hazards; and
- an assessment of the individual's financial conditions.

To provide the elderly and their families with the greatest latitude in choosing a long-term care option, the assessment should be performed prior to a nursing home admission. After admission it is

much more difficult to help an individual return to the community if the determination is made that nursing home placement is inappropriate. At this point problems arise because residents may have given up their homes, severed their personal ties, and depleted their resources on costly nursing home bills. Others may not be able to withstand the trauma of being transferred to another environment.

Medicaid's assessment mechanisms, established by the Social Security Act (to guard against payment for unnecessary institutional services), have not been effective controlling measures in cases of avoidable institutionalization because of several problems in their design. Most of the procedures occur after the patient has already been admitted to a nursing home when it is too late to correct an avoidable placement. Medicaid's two reviews, which are conducted prior to admission, focus primarily on medical conditions and do not provide information on other factors which are essential in determining whether an institutional or community setting is the most suitable long-term care placement.

Even if effective preadmission screening procedures were instituted for all Medicaid-eligible nursing home applicants, Medicaid support for avoidable institutionalization would continue. This occurs because a substantial number of Medicaid-supported residents in nursing homes originally entered as private pay patients and are therefore not subject to screening procedures. Conversions to Medicaid are, in part, a response to the high cost of nursing home care; after individuals use up their private resources paying monthly bills, they are eligible for Medicaid. Recent data suggest that many of these conversions actually occur within a short time after admission to a nursing home. For example, of the 385 conversions approved for Medicaid coverage in Monroe County, New York, in 1978, 41 percent occurred while the individual had been in the nursing home 6 months or less as a private patient. Almost two-thirds of all individuals who converted to Medicaid had been in a nursing home as a private pay patient a year or less.<sup>12</sup>

The impoverishment of individuals by nursing home costs reduces the probability that they can be returned to a more independent living arrangement, should this be appropriate. It also increases the probability that Medicaid will be subsidizing their care for the duration of their nursing home stay, whether their admissions were medically necessary or not. For many, this stay can be lengthy. As identified in the 1977 National Nursing Home resident survey, sixty-four percent, or 828,600 individuals, had been residents in a nursing home 1 or more years; 48.4 percent of this group (400,800) had been in a home for 3 or more years.<sup>13</sup>

Under the current system, not only is Medicaid unable to effectively screen all individuals, it will ultimately support in nursing homes (private pay admissions who convert), but the process is also biased in favor of supporting conversion patients over Medicaid applicants. This occurs because nursing homes can determine which patients to admit and what rates to charge private patients. State payments to nursing homes for Medicaid patients are often much lower than rates paid by private patients even for the same care in the same nursing homes. Because there is often a wide disparity in these rates, private pay patients have greater access to nursing homes than public patients. In fact, low Medicaid reimbursement rates have caused problems for Medicaid applicants in gaining admission.

A recent review of inappropriate stay patients in New York noted the disparity in placement between patients on Medicare and Medicaid and all other patients. A 1-day census, conducted on February 28, 1979, reported that Medicare and Medicaid recipients made up 55.6 percent of all patients hospitalized in acute care hospital beds in the State on that day. Almost 11 percent of these patients (3,961) compared to 1.1 percent (348) of the non-Federal patients, were awaiting transfer to other than acute hospital care. The 2,514 Medicare patients and the 1,447 Medicaid patients had been awaiting placement for a total of 143,852 days. Because of the problems in obtaining appropriate placements

for public patients who no longer needed acute hospital care, the surveyors estimated an annual loss of \$216,864,750 to New York in unnecessary hospital costs.<sup>14</sup>

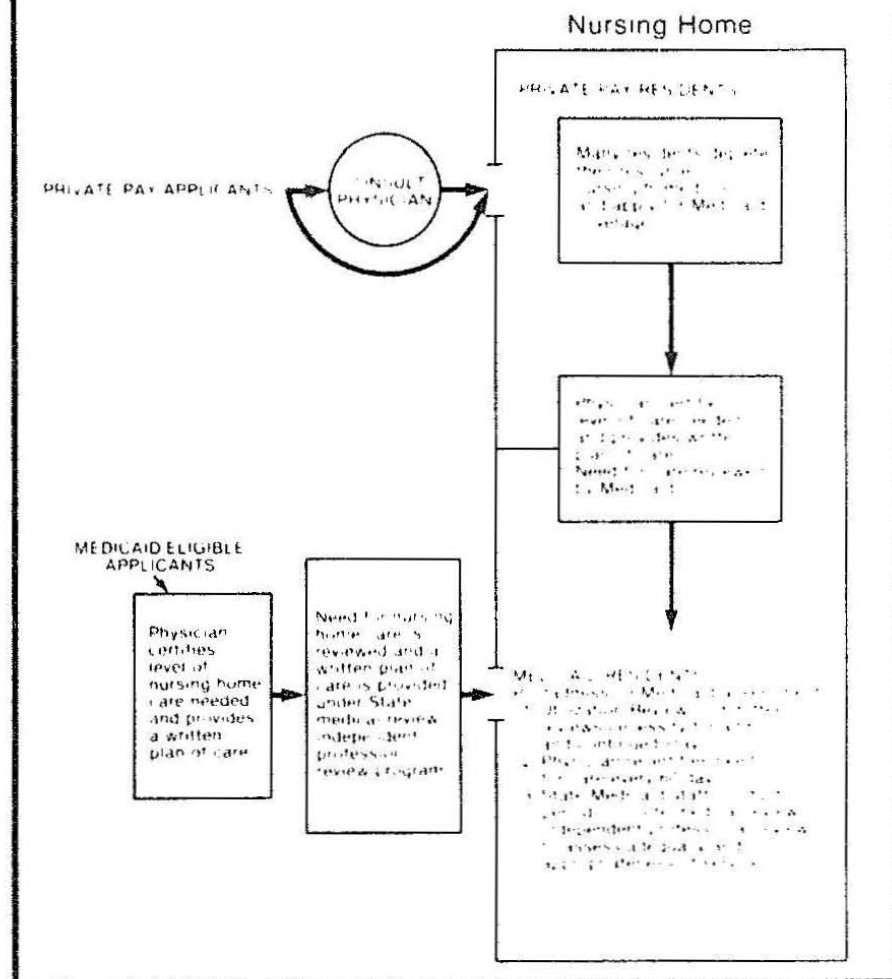
In summary, as the diagram illustrates, the current system for admitting patients to nursing homes does not assure that the patients most in need of this care will gain admittance. At the same time, many elderly who are admitted could more appropriately have been maintained in the community if the essential support services had been available. (See Figure 3).

### Conclusions and Recommendations

Several major impediments currently confound efforts to offset

the public bias to institutional support in long-term care. First, as long as Medicaid's nursing home coverage is the only readily available source of financial assistance for long-term care, many chronically impaired elderly will be placed in nursing homes even though this is a more intensive level of care than is needed. Second, the Medicaid program cannot control avoidable nursing home use because of inadequate assessment mechanisms and lack of authority to screen all applicants for admission. Finally, State and local efforts to reduce Medicaid support for avoidable institutionalization are impeded by the fragmentation and gaps in Federal long-term care funding and the current structure of the Medicaid program.

Figure 3  
How Medicaid's Patient Assessment Mechanisms Affect the Admission and Continued Stay of Medicaid and Private Pay Nursing Home Residents



Certain steps can be taken to increase the choices older people have when they need long-term care and for assuring that Medicaid expenditures for avoidable nursing home use are minimized. In the report, GAO proposed in general terms an approach aimed at providing the elderly with a viable option to institutional care. This approach includes the following components first, establishing a preadmission screening program to serve all applicants to nursing homes. This would include mandatory comprehensive needs assessments for all individuals applying to nursing homes whose care would be reimbursed by Medicaid or Medicare. These assessments would be available on a voluntary basis to all other applicants. These assessments could be covered as an additional benefit under both Parts A and B of Medicare. Second, after these assessments are completed and in consultation with the elderly and their families, plans of care would be developed for all those who have the potential and desire to remain in their homes or a community setting. Third, the required services would be assembled, coordinated, and monitored to assure that clients receive care which is both high quality and appropriate to their needs.

We proposed that the actual in-home or community-based services provided under the Preadmission Screening Program could be financed out of general revenues based on a Federal-State cost sharing arrangement comparable to the Medicaid program. The program could pay for those services which are (a) not available under an existing program (either because the services are not covered or they are inadequately funded) or (b) available under a program for which an individual is not eligible. Costs and use of services provided to individuals who remain in a community setting could be controlled by limiting reimbursement to some percentage of the cost of the appropriate level of institutional care, as determined by the comprehensive needs assessment.

This approach is designed to begin improving the long-term care options available to the elderly who may risk being institutionalized.

The approach provides a means of gaining the data and experience needed to develop a broad national long-term care policy and, using this approach, controls on costs for each individual served could be maintained at a comparable level to expenditures for nursing home care. Total program costs, however, are unknown because of the lack of information on the number of individuals who would participate in the program and the duration of this participation. In view of these unknown costs, we suggested that the Congress consider implementing this approach as a community-wide long-term demonstration project in several areas to obtain more information on costs, service use, persons served, and total system effects.

### Future Implications

While the deficiencies in the current approach to long-term care have long been acknowledged, long-term care reform has been postponed for decades. Currently, however, there is strong congressional interest in the subject of developing a viable and effective system for delivering services to the chronically impaired elderly. GAO's report, which was conducted partially in response to this interest, served as the basis for a congressional hearing (in

December, 1979) on "Community-based Care: Obstacles and Opportunities" by the House Interstate and Foreign Commerce Subcommittee on Health and Environment. Following this hearing, Congressman Henry Waxman, Chairman of the Subcommittee, and Congressman Claude Pepper, Chairman of the House Select Committee on Aging, introduced the Medicaid Community Care Act of 1980 which reflects the recommendations in our report.

In the Senate, staff of the Finance Committee have been at work on what they are calling "Title XXI." This is intended to be a broad based approach to the development of a long-term care system and includes many of GAO's recommendations.

The approaches in the House and Senate would both expand the opportunities the elderly would have to receive care in their own homes or another community setting. Rather than enforcing individuals to impoverish themselves to qualify for public support, the objective of these new strategies would be to supplement the elderly's resources to help them live as independently as possible. As such, they are positive steps toward improving national long-term care policy and offsetting the current institutional bias in public support.





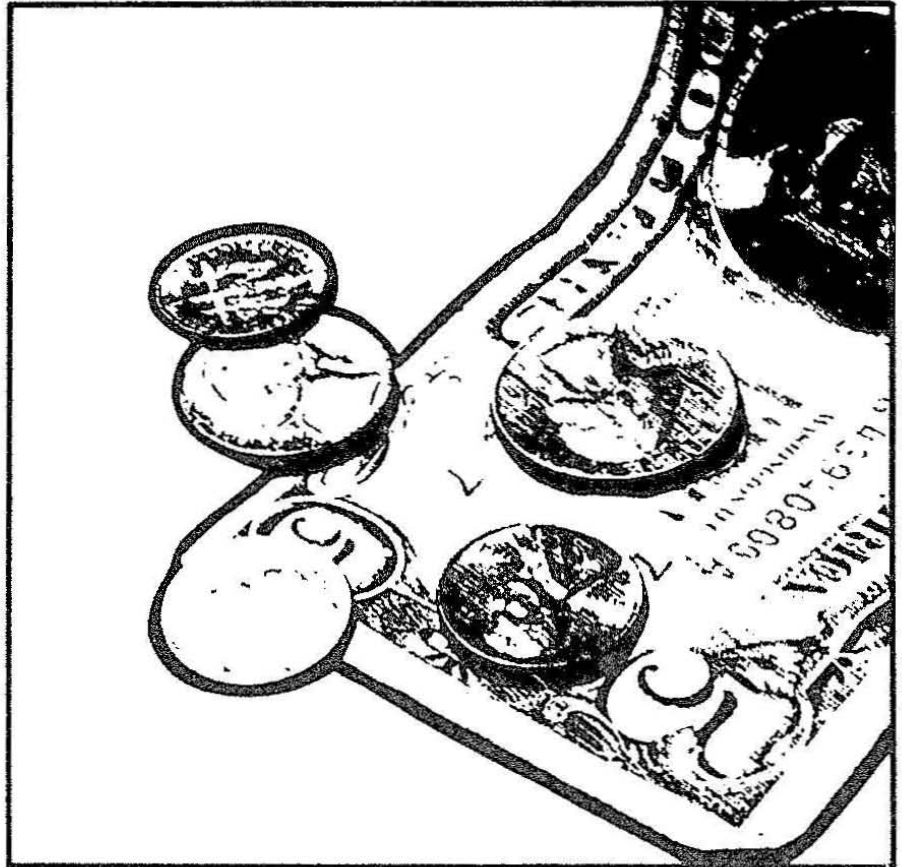




# Cash-Flow Analysis: A Technique for Detecting Cash Generation

## Francis M. Doyal

Mr. Doyal, a supervisory auditor in the Dallas regional office, joined GAO in 1964. He has a B.A. degree in accounting from New Mexico Highlands University and is a CPA (Texas). Mr. Doyal is a previous contributor to *The GAO Review*.



This article is based on experience Mr. Doyal gained working on a congressional detail to investigate allegations of corruption in Government contracting. The substance of this article has been presented by Mr. Doyal during talks before various Intergovernmental Audit Forums.

## Description of the Technique

Cash-flow analysis is the systematic examination of only those transactions which result in debits or credits to cash accounts. Its purpose is to detect and demonstrate cash generation schemes when bribery, extortion, or kick-backs are suspected. Schemes for

cash generation are important aspects of such cases because they shed light on all three elements of criminal proof—motive, method, and opportunity. While anything that motivates people—money, love and affection, social recognition, attention, etc.—can be compensation for corrupt acts, few of these, other than money, can be measured or traced.

The cash-flow analysis is effective because ours is virtually a "cashless society." The volume of cash needed to encourage or compensate corrupt acts is not readily available in most legitimate firms. It must be generated through schemes disguised as legitimate transactions, and the analysis is a

systematic approach to detecting such schemes.

Even though the analysis is a systematic approach, it is not a science. It relies heavily on the aggressiveness, imagination, and training of the persons who employ it. Because the analysis is rooted in financial books and records, well-trained auditors are usually well equipped to use it.

### When and Where To Use the Analysis

The cash-flow analysis is used when payoffs for corrupt acts are strongly suspected. The target of the analysis will generally be the organization which benefits most directly from the corrupt acts, even though the cash generation may actually take place in an organization far removed from where the cash ends up.

The normal approach to audit work is incompatible with cash-flow analysis. From the outset, most audit work requires some reliance on management representations. The auditor also relies on management for descriptions of systems and work flow and explanations of transactions. Additionally, normal audit work relies heavily on statistical and judgmental sampling and judgments about materiality.

Cash-flow analysis, however, rejects all management representations. This technique is applied when management is suspected of corrupt activity and management representations cannot be relied on. The persons performing the analysis must develop their own understanding of how systems work while examining both the form and substance of unusual transactions.

The analysis should be applied to the organization which would benefit directly from the suspected bribe, kickback, or other corrupt act. This does not mean that the cash generation scheme will be detected at this level. In fact, subcontractors or vendors often perform the acts which will generate the cash. Even so, the books and records of the primary beneficiary of the corrupt acts will contain evidence of the scheme.

### Examining Cash Transactions

Since the purpose of the analysis is to detect cash generation, there is little need to be concerned with any transaction that neither debits nor credits cash accounts. All bank statements, deposit slips, and cancelled checks for a predetermined period should be carefully examined. The first tasks, then, are to select a time period and assure that all the documents in the period are available for examination.

Selection of a period is based on judgment. Factors that can be considered in reaching such a decision include the length of the organization's normal business cycle (i.e., the time between ordering raw materials and receiving payment for finished goods), or the desirability of bracketing a certain event, such as a specific contract award date. Generally, when there is no other basis, selecting the most recently completed fiscal year is a safe choice and, if necessary, the time period can be changed later.

Assuring that all the documents are provided is a task that is never quite completed. The best that can be done is to set up a method for examining the documents that will highlight any absent records.

Cancelled checks are rather simple to control through a scheduling process based on check numbers. That is, begin with a schedule listing all possible check numbers. Information from each check, such as date, payee, amount, endorser, negotiation date, and whether cashed or deposited, can be recorded on the schedule.

When all available checks have been examined, missing checks will be easily identified. Additionally, the schedule will provide valuable information on patterns, such as out-of-sequence operations and a contemporaneous record of the auditor's observations.

Controlling deposit slips is more difficult. One method is a two-step approach which requires recording by date each deposit shown on the bank statement. Then each deposit slip is matched to the proper deposit date. As with the checks, recording contemporaneous observations on the control

schedule will provide valuable insights and serve as a memory device.

### Selecting Unusual Transactions

Cash transactions are examined primarily to identify unusual transactions that could be part of a cash generation scheme, but other benefits also accrue. This process provides knowledge of the organization that cannot be gained in any other manner. It identifies the sources of cash, who received it, and, to a large extent, tells how the cash was used.

After examining only a few months' cash records, it becomes quite easy to distinguish between normal and unusual transactions. However, until this predictive capability is developed, other criteria for unusual transactions can be asserted. For example, the following transactions could be considered unusual:

- Check payable to cash.
- Deposit transaction where currency is created.
- Check for an even amount in excess of \$50.
- Nonpayroll check endorsed by hand.
- Payroll check with a secondary endorsement.
- Check to a regular vendor that is cashed.
- Check to vendors whose services are difficult to measure after the fact (i.e., accountants, lawyers, consultants).
- Cash deposits in significant or even amounts.
- Nonpayroll check payable to or endorsed by a company employee.
- Interbank transfers or inter-company transfers.
- Noncheck withdrawals of cash.

Experienced auditors can add to this list, and the circumstances encountered will certainly alter these criteria. The point is to let the paper do all the explaining. That is, if the cash transaction is not clearly understandable on its face, consider it unusual for the purpose of this phase of the cash-flow analysis.



## Tracing Unusual Transactions

Once unusual transactions have been identified, the next step in the process is to trace each of the transactions from start to finish through the organization's books, records, and systems and across the organizational structure. The purpose of this process is to shed light on the legitimacy of each of the unusual transactions. Without doubt, many of the cash transactions identified as unusual in the first step will be determined legitimate and will be dropped as items of concern.

Tracing the unusual transaction will require reference to the many types of records that are usually kept by large organizations. For example, tracing transactions could involve reference to

- general journals;
- general and subsidiary ledgers;
- cash receipt and disbursements journals;
- petty cash journals and vouchers;
- vouchers, purchase orders, purchase journals, and receiving reports;
- employment and payroll records;
- sales journals, contracts, and subcontracts;
- stock transfer books and corporate minutes;
- bids and bid worksheets;
- rental purchase and leasing records for property and equipment;
- copies of tax returns;
- sales and purchase returns and allowance records; and
- written records of dealings with vendors and customers.

Additionally, the custodian of each set of records should be interviewed to determine who actually created the records for the unusual transactions. These interviews are not particularly critical; their primary purpose is to determine the source of the information in the books or records and to gain greater understanding of the organization's processes, systems, personnel, cash sources, and cash usage.

The tracing process is not confined to the books and records of the target organization. There is a high likelihood that a full understanding of the transactions will require examining the books and records of other parties to the transactions. However, if the tracing process requires moving outside the target organization, extra care must be taken not to get too deeply involved in outside organizations at this point in the analysis.

After the tracking process, unusual transactions not fully supported by the other records will be apparent. These transactions will probably have disclosed indications that they are, in fact, fraudulent. Among the indications of fraudulent transactions are such things as

- a second or supplementary set of books and records,
- concealed assets,
- missing or destroyed books and records,
- large and frequent currency transactions,
- payments to fictitious or closely related companies or persons,
- false or altered entries or documents,
- false invoices or bills,
- purchases at unreasonably high prices or sales at unreasonably low prices,
- large loans to employees or others,
- frequent use of noncheck withdrawals (i.e., cashier's checks, wire transfers, etc.),
- use of invoice or receipt copies rather than originals,
- payment of personal expenses with corporate funds,
- excessive billing discounts or spoilage,
- extensive use of holding, clearing, or exchange accounts,
- handwritten or other unusual endorsement on checks payable to corporations,
- vendor payments that are cashed rather than deposited,
- large bonus payments to officers, and

- second- or third-party endorsements on checks to corporations.

Like the criteria for selecting unusual cash transactions, this list of indicators of fraudulent transactions will be expanded by personal experience and the circumstances encountered. Remember, too, that the scheme for generating cash may not be fully evident in the target organization's books. For this reason, there is a need to consider the possibility that the remaining unusual transactions may facilitate cash generation at a different contractual tier (i.e., related parties, vendors, officers, or employees).

## Confrontation Interviews

The last phase of the analysis consists of in-depth interviews with the parties to the unusual transactions. The remainder of the analysis depends on interviewing skill and the luck that comes with preparation. The earlier phases of the analysis have equipped the performer with an extensive knowledge of the target organization, its vendors, its personnel, and the sources and applications of its cash. The interviewer has the understanding needed to propound initial questions, evaluate the responses, and pose the follow-on questions that will probe every facet of any cover story that is concocted.

Plan for the interview in advance. Ask all the questions and listen well to the answers. Once the subject understands the questions and realizes the depth of the interviewer's knowledge about the organization which resulted from the cash flow analysis, any pretense of cooperation will evaporate. The timing and location of the interviews, the persons to be interviewed, and the sequence of the interviews must be as well planned as the interview itself. Mistakes at this stage are seldom fatal, but recovery from them is extremely difficult. Questions that are unasked often remain unasked for extended periods.

One thing more about confrontation interviews. Keep in mind that

this is not a sporting event. There will be no prizes given for sportsmanship. The interview subjects are suspected of bribery or extortion or of being a party to a conspiracy. Don't break the law, but by the same token, don't give the crook a break.

## A Case Study

The target company in this case study manufactures a line of products used in most business operations. The Federal Government buys more than 85 percent of the company's total output for about \$20 million a year. The company is publicly owned and its shares are traded "over the counter." There are some 300 shareholders, but the firm's cofounders hold more than 90 percent of the outstanding shares.

Everything the company produces is subject to quality inspection by Government inspectors assigned to the plant. In earlier years, each item was inspected prior to shipment. More recently, the Government has applied statistical sampling and has allowed the company to operate as an approved quality manufacturer.

In hearings, Government witnesses' testimony raised serious questions about the quality of the company's products. At the same time, the company president testified under oath that the company produced quality products at a competitive price. The president also stated that the company had neither paid off Government employees nor offered gifts or gratuities. The company president also demanded an investigation to clear the company name and offered full and free access to the plant, books, and records.

## Initial Examination of Records

The team members had not fully developed an approach to the cash-flow analysis by the time of the first visit to the plant. During this visit, as the team members randomly traced transactions through some of the books and records and met and interviewed key company personnel, they began to understand the workings of the company. They also identified two or

three potential cash generation schemes and noted that the company often did business with closely related firms. This initial visit lasted 8 days and raised more questions than it answered.

During the month that followed the first visit, the staff discussed at length how to proceed. They considered the suspected schemes and related party transactions, but because their approach had not been systematic, questions concerning intent, extent, and participants could not be answered. From these discussions grew a consensus on an approach keyed to considering only cash transactions.

## Second Visit

During a second visit to the plant, the investigative team began to examine and schedule all checks and deposits for a 1-year period. For 2 weeks, three persons examined every check written and every deposit made by the company for the selected period.

The team relied heavily on familiarity with company personnel and procedures they had gained during the first visit, and conducted no interviews with company personnel during the second visit. Their findings supported their suspicion of cash generation schemes and confirmed the related party transactions. As a result, subpoenas were issued for the books and records of the company, its audit firm, and one of the related parties.

## Results of Examining Cash Transactions

The examination of cancelled checks and deposits disclosed the following unusual transactions:

- Numerous checks payable to cash
- Nonpayroll checks issued to the cofounders and one other official.
- Sales commission checks payable to a person who was not considered a salesman.
- Large cash deposits.
- Substantial interbank and interaccount transfers.
- Checks signed by other than

designated company officials.

Numerous other cash transactions raised questions, but these are sufficient to illustrate the effectiveness of the technique.

The team identified the transactions listed above by examining every nonpayroll check written by the firm on its 12 different bank accounts. Because the company was writing more than 1,000 payroll checks per week, the payroll checks were examined for only 4 pay periods during the year.

In total, payroll and nonpayroll, some 15,000 to 20,000 cancelled checks were examined. All cancelled checks and deposits were scheduled on forms that showed detail for all items on each bank statement.

## Tracing Unusual Transactions

Unusual transactions identified and listed above were traced through the company's books and records. Because the company's records were subpoenaed, interviews were not conducted with the custodians of the records. Nonetheless, tracing the unusual transactions disclosed indications of fraud

## Large and frequent currency transactions

The team's first significant indications of fraud were the company's large and frequent cash transactions. For example, during the 5 years the investigation ultimately covered, the company generated \$484,400 in cash. Except for 13 months during that 5-year period, the records showed that the cash on hand was in excess of \$10,000 and at one time, the company had \$258,900 in cash on hand.

The investigation team also noted with interest that the books showed the company had deposited \$484,400 in cash during this same period. Company officials stated that the cash had been generated to buy equipment at auction. If unsuccessful at the auction, the company redeposited the cash.

The generated cash was recorded

in the petty cash account. The checks to generate the cash were for \$1000 each with up to 25 checks on 3 or 4 banks written and cashed during a single day. Like the checks, cash deposits of several thousand dollars would be made on a single day to several different bank accounts.

### **Payments to closely related firms or persons**

The next significant indicator of fraud was in the form of payments to related parties. The largest group of such payments was to the company's trucking firm. The trucking firm and the company were related in the following manner:

- The trucking firm was an Interstate Commerce Commission (ICC) contract carrier that served only the company.
- An employee of the company represented the trucking firm before the ICC in license applications and hearings.
- The trucking firm and its owner dealt with the company under several names.
- Some company checks to the trucking firm or its owner were cashed or reendorsed to others.
- The owner of the trucking firm was shown to be an incorporator and director of a wholly owned company subsidiary.

Besides the related party transactions, the checks from the company to the trucking firm showed other indicators of fraudulent transactions. For example:

- Some checks were endorsed by hand and cashed; others were rubber-stamped and deposited.
- Some checks contained second- and third-party endorsements.
- Some service rendered by the trucking firm could not be measured after performance.
- Services were billed on two different types of invoices

### **Petty cash transactions**

Tracing the frequent checks payable to cash gave reason to examine the petty cash journal and petty cash vouchers. This process disclosed two items of interest:

- The petty cash vouchers showed that the company was paying a \$5 tip to each truck driver who came to the plant. These tips totaled about \$1,500 per month. The vouchers were often unsigned and showed neither the name of the truck driver nor the name of the trucking company.
- The company paid two sets of petty cash vouchers for meals each day. One set was supported by a counter check from a nearby diner. The other set was unsupported and amounted to about \$400 per month.

### **Commission payments**

One official of the firm had been introduced as the firm's general counsel. However, the investigation team found no payroll record for him nor any payroll checks made payable to him. Rather, this person received a sales commission check each month, which was more than the salary paid to the cofounders. Further, all of the company's business was obtained through formally advertised sealed competitive bids.

### **Other matters disclosed during the tracing process**

Several other matters disclosed during the tracing process raised questions or provided other indications of fraudulent transactions:

- Even though the company maintained large amounts of cash on hand, they were in a dangerous cash position much of the time and all accounts receivable were factored at 6½ percent above prime.
- The company often had up to \$2 million in undelivered checks to vendors. Some of these checks were more than 4 years old.
- Corporation principals' personal expenses were being

paid from corporate funds.

- One employee received several substantial interest-free loans or advances.
- Travel and entertainment costs were allocated to expenses such as factory expense or shipping and selling expense, although there seemed little justification for making such allocations.
- All the company's internal control systems could be overridden by the comptroller and the two cofounders.

### **Confrontation Interviews**

The team had little opportunity for confrontation interviews with company officials. They conducted some interviews during the first visit, but at that time they had very limited understanding of the firm and its operations. Following delivery of subpoenas, corporation principals hired lawyers to represent their interests. When called for an interview, the comptroller whose testimony was important to a full understanding of the company and its records, asserted his right against self-incrimination.

Four lower level company officials did respond to requests for interviews and answered questions under oath. These interviews provided information on certain aspects of the firm's operations, particularly the suspected cash generation scheme. However, when called a second time, they too asserted their rights against self-incrimination.

Eventually, five company officials and three Government inspectors asserted their rights against self-incrimination. Although these assertions made the cash-flow analysis more difficult, the technique proved effective in that it detected and documented a currency generation scheme. Through circumstantial evidence and third-party testimony, later investigation confirmed the scheme identified by the analysis.

### **The Currency Generation Scheme**

Through 465 checks drawn to cash and styled auction expense, the company generated \$484,400 in



cash during a 5-year period. Later investigation located a retired company employee who, in a signed statement verified by polygraph, said it was common knowledge that the company paid Government inspectors to accept low quality products.

The investigation also showed that the \$484,400 in cash deposited by the firm was probably not the same currency that had been generated by the checks drawn payable to cash. Company officials who cashed the checks testified that they requested only the largest denomination of bills available, and bank officials stated that tellers who cashed most of the checks had enough large-denomination bills to respond as requested. However, on the one

occasion the firm's CPAs counted the currency on hand and recorded the denominations, the firm had 3,600 \$20 bills, 1,399 \$100 bills, and 940 \$50 bills. Further, the currency was a mix of mostly older bills bound with rubber bands rather than bank wrappers.

The cash the company used to pay off inspectors had to be replaced, and this was accomplished by cash kickbacks to the company by its trucking firm. The retired employee testified that when the company ran short of currency, the trucking firm was notified and currency was delivered. Further, the company sometimes made currency deposits shortly after the trucking firm cashed checks. For example, on one occasion, the trucking firm cashed several checks

late on a banking day at a small branch bank office, receiving mostly small bills. A short time later, the company's CPA firm made a cash count and found \$44,000 in small-denomination bills on hand.

## Conclusion

Cash-flow analysis is an effective way to disclose cash generation schemes, which are often a first step in engaging in corrupt acts. The analysis is not an end, but a means to an end. Done properly, and with the luck that comes with hard work, the analysis lays bare the scheme and provides a springboard to an effective prosecution.



## Judy G. Kopff

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# The Inspectors General— On-the-Spot Watchdogs

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Ms. Kopff became interested in the subject of her article after attending a panel discussion in October sponsored by the Washington Women's Network. The five female Inspectors General spoke at that time about their perspective of the Inspector General movement.

In October 1978, the President signed into law one of the most important pieces of legislation relevant to the mission of the General Accounting Office. The Inspector General Act of 1978, along with related legislation, can potentially save the Government billions of dollars. In the first annual report to Congress by the Inspector General (IG) at the Department of Health, Education, and Welfare (HEW), the IG conservatively estimated that losses from fraud, abuse, and waste at HEW totaled more than \$7 billion annually. In the medicare program alone, he estimated that 25 percent of the funds were misused. Patterned after the Office of Inspector General created in 1976 in HEW, the Inspector General Act establishes similar offices in six Federal departments and six Federal agencies. The IGs play a key role in the process of governmental accountability because their activities are designed to promote economy and efficiency and to prevent and detect fraud, abuse, waste, and mismanagement in Federal programs and expenditures.

## Background

### Billy Sol Estes and the First IG

The history of the Inspector General Act of 1978 can be traced back to Billy Sol Estes, the Texas wheeler-dealer who was convicted of fraud charges in the early 1960's.

For almost a decade, beginning in the early 1950's, questionable activities by Estes had been the subject of uncoordinated scrutiny by various audit and investigative units of the Department of Agriculture (USDA) and other Federal

agencies. One such activity involved a large grain storage operation under a USDA program. To comply with USDA regulations, Estes had to submit financial statements. The statements showed that his net worth had increased from \$6 million to \$13 million in about 6 months. The Director of USDA's Dallas Commodity Office, after looking at the statements, became suspicious and forwarded them to the Internal Revenue Service (IRS). He included a memorandum which said in effect, "If he is really doing this, you should be interested; and if he is not doing this, we would be interested." The IRS pulled Estes' tax returns and found they showed exactly the reverse. They indicated Estes owed no taxes because of multi-million dollar losses.

At that point, the IRS "promptly forgot about it," according to James Naughton, Counsel to the Intergovernmental Relations and Human Resources Subcommittee of the House Committee on Government Operations. Moreover, "they never even bothered to tell the Department of Agriculture that they might be wise to look into the situation."

Various other Federal agencies turned up 'acts about Billy Sol Estes in the late 1950's and early 1960's, but because they failed to coordinate their investigations, they were unable to put the whole picture into perspective.

In early 1962 an enterprising country editor wrote a series of articles in his Pecos, Texas weekly newspaper, strongly suggesting that Estes had used nonexistent fertilizer tanks as collateral to obtain multi-million dollar loans. The resulting publicity finally brought action by the Federal Government.

In response to the mishandling of the Billy Sol Estes affair, Agriculture Secretary Orville Freeman in 1962 created an "Inspector General" by consolidating auditing and investigative responsibilities

under a single high-level official reporting directly to him. A motivating factor in Secretary Freeman's action undoubtedly was a comprehensive investigation conducted by Congressman L. H. Fountain's Intergovernmental Relations and Human Resources Subcommittee, which disclosed the many uncoordinated USDA investigations of Estes' operations.

The administrative initiative at USDA did not endure: in 1974, Secretary Earl Butz abolished the office and split the audit and investigative responsibilities.

While the IG office existed at Agriculture, it served as a model for the second IG position which was set up in 1972 at the Department of Housing and Urban Development in response to the subsidized housing scandals. In January 1978, the Veterans' Administration followed suit at its own initiative.

### Legislative History of IG Act

The first statutorily-mandated IG office was at HEW and resulted from a comprehensive review by Congressman Fountain's subcommittee in 1974 and 1975 of the procedures and resources being used by HEW to prevent and detect fraud and program abuse in its operations. The subcommittee found that

*"HEW's operations—which then involved about 300 separate programs totalling about \$118 billion annually—presented an unparalleled danger of loss from fraud and abuse. HEW's investigative resources were ridiculously inadequate. Although the Department had more than 129,000 full-time permanent employees, its central investigative unit had only 10 investigators with a 10-year backlog of uninvestigated cases.*

*"We found that personnel of fraud and abuse units lacked independence. When serious deficiencies were disclosed in reports to program officials, there was little incentive for those responsible to take prompt and aggressive corrective action which might necessitate public laundering*

*of their own dirty linen."*

Following the 1974-1975 investigation, Congressman Fountain introduced legislation in 1976 to establish the first statutory Inspector General at HEW. Despite opposition by that department, the legislation was passed by both houses of Congress and was signed into law later that year.<sup>1</sup>

In February 1977, with the co-sponsorship of Congressman Jack Brooks, Congressman Fountain introduced legislation to establish 11 more statutory offices of Inspector General in 6 other Federal departments and 5 agencies. Nine days of hearings on the Fountain proposal were held in May, June, and July 1977.

In the meantime, at the initiative of Congressman Brooks, a statutory Inspector General was created as part of the new Department of Energy (DOE).<sup>2</sup> Accordingly, the Energy Research and Development Administration, one of the components which became part of DOE, was dropped from the Fountain bill; two other agencies—Community Services Administration and Small Business Administration—were added.

On the basis of its 1977 hearings, the Fountain subcommittee found:

*"... serious deficiencies in auditing and investigative organization, procedures, and resources, such as:*

- *multiple audit or investigative units within a single agency, organized in fragmented fashion and without effective central leadership,*
- *auditors and investigators reporting to officials who were responsible for the programs under review or were devoting only a fraction of their time to audit and investigative responsibilities,*
- *lack of affirmative programs to look for fraud or abuse,*
- *instances in which investigators had been kept from looking into suspected irregularities, or even ordered to discontinue an ongoing investigation,*

- *potential fraud cases which had not been sent to the Department of Justice for prosecution; and*
- *serious shortages of audit and investigative personnel, even though such personnel repay many times their savings and recoveries."*

In commenting on Congressman Fountain's proposed legislation during the 1977 hearings, each of the 12 departments and agencies covered by the Inspector General bill opposed the establishment of statutory IG offices. Congressman Fountain countered by expressing his committee's concern about "... the waste, the extravagance, and the abuses which we found in some agencies. And we are hopeful, if we statutorily establish an Inspector General in some or all of these agencies that it will come within that old saying of 'an ounce of prevention is worth a pound of cure.'"

Despite the departments' and agencies' opposition, Congress enacted the legislation.<sup>3</sup>

On the day that the House passed the bill, Congressman Don Fuqua of the Committee on Government Operations commented on the need for the legislation. While pointing out that "Congress continues to have a critical role to play in agency oversight investigations," he cautioned that "the Federal Government has grown far too large for Congress to effectively police it without the benefit of an on-the-spot watchdog such as an Inspector General."

When President Jimmy Carter signed the Inspector General Act on October 12, 1978, he said

*"The Inspector General will be of prime importance to my administration in our continuing, concerted effort to root out fraud, abuse, and waste in agency programs. Over the long term, this legislation will be of great value to this administration's commitment to improving economy, efficiency, effectiveness, and integrity in the administration of Federal programs."*



## Major Provisions of the Act

### Houses the "Watchdogs" Watch

The 1978 act consolidated existing audit and investigative units into new Offices of Inspector General within each of the following 12 departments/agencies: the Departments of Agriculture, Commerce, Housing and Urban Development, Interior, Labor, and Transportation; the Environmental Protection Agency, the Community Services Administration, General Services Administration, National Aeronautics and Space Administration, Small Business Administration, and the Veterans' Administration.

These departments and agencies employ over 600,000 people and spend over \$100 billion annually. They are also the departments and agencies with particular responsibility for administering most of the federally funded programs which have been major targets of fraud, abuse, and waste. Four departments omitted from the legislation are Justice, Treasury, State, and Defense.

The statutory IG offices previously created at HEW and DOE continue to function under the provisions of their own legislation. A statutory IG has also been included as part of the new Department of Education.

### IG Duties and Responsibilities

An Inspector General's duties and responsibilities include:

- Providing policy direction for and conducting, supervising, and coordinating audits and investigations relating to the programs and operations of the agency.
- Reviewing existing and proposed legislation and regulations relating to programs and operations of the agency and making recommendations to the head of the agency and to Congress concerning the impact of such legislation or regulations on the economy and efficiency in the administra-

tion of programs and operations, or the prevention and detection of fraud and abuse in these programs and operations.

- Recommending policies for, and conducting, supervising, or coordinating other activities carried out or financed by the agency for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations.
- Recommending policies for, and conducting, supervising, or coordinating relationships between the agency and other Federal agencies, and nongovernmental entities with respect to: (a) all matters relating to the promotion of economy and efficiency in the administration of, or the prevention and detection of fraud and abuse in, programs and operations administered or financed by the agency, or (b) the identification and prosecution of participants in such fraud and abuse.
- Keeping the head of the agency and Congress fully and currently informed concerning fraud or other serious problems, abuses, and deficiencies relating to the administration of programs and operations administered or financed by the agency, recommending corrective action concerning such problems, abuses, and deficiencies, and reporting on the progress made in implementing such corrective action.

The law also requires the Inspector General to prepare semi-annual reports to the Congress, including:

- A description of significant problems, abuses, and inefficiencies in the administration of programs and operations.
- Recommendations made by the Inspector General for corrective action.
- Identification of all previous

significant recommendations in which corrective action has not been completed.

- A summary of matters referred to prosecutive authorities and resulting prosecutions and convictions.
- A listing of each audit report completed by the Office during a reporting period.

These semi-annual reports are transmitted to the head of the agency and then to the appropriate congressional committees or subcommittees within 30 days.

If the Inspector General discovers particularly serious or flagrant problems, abuses, or deficiencies, the legislation requires that the IG immediately notify the head of the agency who, in turn, must notify the Congress within 7 days.

Additional significant provisions of the law require that

- Any "whistle-blowers" (department employees who report possible violations to the IG) be granted confidentiality, unless the Inspector General determines such disclosure is unavoidable during the course of the investigation.
- The Inspector General must comply with standards established by the Comptroller General for audits of Federal establishments, organizations, programs, activities, and functions.
- The Inspector General must pay particular attention to the Comptroller General's activities to avoid duplication and ensure effective coordination and cooperation.

Passage of the IG legislation clearly showed that Congress took the problem and responsibilities seriously and wanted to upgrade the auditing and investigative functions in the executive agencies. The legislation provides that the IGs' sole responsibility is to coordinate auditing and investigative efforts and other policy initiatives designed to promote the economy, efficiency, and effectiveness of the programs of their agencies.

## Independence: Teeth of the "Watchdogs"

In order to make the Inspectors General independent of their agency heads, Congress made them presidential appointees subject to confirmation by the Senate. Congress went a step further by requiring the President to report to Congress his reasons if he ever chooses to remove an Inspector General. And the presidential appointments are to be made "without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations."

The Inspector General reports to and is under the general supervision of the head of the department/agency. Nevertheless, the agency head may not prohibit, prevent, or limit the IG from undertaking and completing any audits or investigations which the IG deems necessary, or from issuing any subpoenas deemed necessary in the course of such audits and investigations.

The Inspector General derives additional independence from the fact that the agency head can add his or her comments to the semi-annual report but cannot prevent it from going to Congress nor change its contents.

Congressman John Wydler of the House Intergovernmental Relations and Human Resources Subcommittee described the benefits of having an IG who

*"... will not get fired as a result of criticizing the boss. Everybody has the theoretical right to criticize their boss, but it is theoretical because you know that the consequences of doing that, in most cases, are such that he would say, 'Fine, it was nice having you with us and I wish you great success in the years ahead, and I will see you around someplace.'"*

The Report to the Senate Committee on Governmental Affairs on Congressman Fountain's bill explained why the audit and investigative functions are assigned to an individual whose independence is clear and whose responsibility runs directly to the agency head and ul-

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timately to the Congress. In certain situations, evidence of waste, mismanagement, or wrongdoing may reflect on the agency head personally. In other situations, recognition of wrongdoing or waste may reflect adversely on his or her other programs and undercut congressional support for them. As a result, as the Senate report indicates, "It is a fact of life that agency managers and supervisors in the executive branch do not always identify or come forward with evidence of failings in the programs they administer."

## GAO's Concerns with Fraud and Abuse

The act lists four objectives for the IG offices: (1) to supervise and coordinate audits and investigations; (2) to increase economy, efficiency, and effectiveness; (3) to prevent and detect fraud and abuse in Government programs; and (4) to keep the department/agency head and Congress informed of the IG's efforts. However, the third objective, preventing and detecting fraud and abuse, has received the most publicity and emphasis. This emphasis dates back to the 1974-1975 congressional hearings on fraud and abuse within HEW, when testimony revealed that HEW had almost no investigative capability.

Federal program officials and auditors are concerned about the emphasis on the fraud and abuse provisions. Comptroller General Elmer Staats expressed these concerns during the hearings, when he stated that an increased emphasis on fraud detection as opposed to improved management controls would not be the best use of staff.

Mr. Staats highlighted the importance of the Inspector General's audit responsibility by recommending that the bill be modified to indicate clearly that the audit function should not be subordinated to the investigative function. In stressing his belief that "the name of the organizations established by the bill will set the tone for how they operate," he suggested the title be changed to "Office of Auditor and Inspector General." He stated that the organizations created by the bill should maintain a balance between "audit," as a means of

preventing fraud, and "investigations," as a means of detecting fraud that has already occurred.

Mr. Staats said he was convinced that fraud detection might draw staff away from audit. Much of the fraud which occurs in the Government's economic assistance programs, he explained, is attributable to the illegal actions of a sizeable number of people who cheat the Government out of amounts which are relatively small in themselves, but which add up to a substantial sum. If the IG offices directed most of their efforts toward detecting these instances of fraud, the Comptroller General said they would be overwhelmed by the sheer number of individual cases they must pursue.

Better use would be made of the IG staff resources, according to Mr. Staats, if most of the IG's efforts involved assisting management in implementing strong internal controls which will prevent funds from being misused in the first place. Mr. Staats added, "Strong internal audit goes hand in hand with such internal controls because audit lets management know if these controls are in existence, and functioning properly, and what modifications are needed to close any loopholes."

Although the Congress chose not to change the title of the Inspectors General, the House Committee on Government Operations attempted to alleviate GAO's concern in its report on the bill. The House report emphasizes that

*"... the Inspectors General are to be responsible for performance of all audit functions required under the 'Accounting and Auditing Act of 1950,' including audits to determine financial integrity and compliance with pertinent laws and regulations, audits to identify inefficiency and waste, and audits to assess effectiveness in achieving program results"*

GAO's support for explicitly requiring comprehensive audits and compliance with appropriate standards in the bill was based on its experience in evaluating internal audit activities of Federal agencies. GAO's involvement with Federal internal audit goes back 30 years to the Accounting and Auditing Act of



1950. That act requires GAO to give consideration to the effectiveness of agency internal audit in carrying out its own audit responsibilities. Over the years, GAO has relied more and more on the work of internal auditors. Standard policy for GAO auditors includes obtaining relevant reports and working papers prepared by agency internal auditors before undertaking a review in an agency.

Because GAO frequently relies on the work of internal auditors, it must make comprehensive reviews of each agency's internal audit system. In fact, GAO has issued over the past several years more than 50 reports to heads of agencies and to the Congress on internal audit operations. Other recent GAO reports on auditing include "Financial Audits in Federal Executive Branch Agencies" (FGMSD-78-36, June 6, 1978), which disclosed a variety of weaknesses in Federal agency financial auditing, and "More Effective Action Is Needed on Auditors' Findings—Millions Can be Collected or Saved" (FGMSD-79-3, October 25, 1978), which pointed out the need for more top management involvement in the auditing and investigative functions.

GAO recently emphasized its views on the importance of fraud prevention. A November 1979 addition to the GAO Comprehensive Audit Manual states that "the detection of fraud is not a primary reason for our making audits . . . The prevention of fraud, however, is of first importance and the responsibility for prevention rests in agency management." The section notes that any indications of fraud which come to an auditor's attention should be investigated to determine whether they should be referred to the proper criminal law enforcement agency and coordinated with the respective agency Inspector General office.

In 1979 GAO also established a Special Task Force for the Prevention of Fraud.<sup>4</sup> The task force's major responsibilities are to: (1) evaluate in Federal agencies the adequacy of management control systems that are necessary for the prevention of fraud, and (2) assess the adequacy of follow-up and corrective actions taken on reports of

auditors and investigators.

At about the same time Mr. Staats testified at the congressional hearings on the importance of the audit function, GAO issued a report entitled, "Federal Agencies Can, and Should, Do More to Combat Fraud in Government Programs" (GGD-78-62, September 19, 1978). Included among the report's recommendations were steps for agencies to take to identify fraud more actively and systematically.

### **New IGs: Problems and Accomplishments**

Now, more than a year after the act went into effect, how do the new IGs feel about their jobs: what problems have they encountered in attempting to meet their goals? And, what goals have they accomplished so far? In interviews in November and December 1979 with 7 of the 12 new IGs, and in a meeting on December 14 of all the IGs with Mr. Staats, they candidly answered these questions.

### **Problems in Achieving Goals**

The Inspectors General see five problems which must be overcome before they can achieve their goals.

*First, they must transcend the traditional perception of the IG as a "supercop."* SBA's Paul Boucher says, "I must reach out and show that the IG can be much more constructive, creative, and innovative, and engender within and outside SBA the belief that the role of the Inspector General extends far beyond tracking down people who break the law."

*Second, they must determine what concepts should dictate how the new IG office is structured.* IG Marjorie Knowles, at Labor, says this type of problem is ". . . the conceptual one of thinking through how you structure this organization to achieve the statutory goals; it's not self-evident and it's never been done before, so we have to invent, using creativity along with the recent experience of HEW, DOE, HUD, and Agriculture. It's not as if we have a lot of history to go on."

*Third, they must be allocated adequate resources.* Inadequate re-

sources are a problem for all of the IGs. The Senate report on the legislation said that the failures found in Federal agency audit and investigative units were preordained; the units were "hamstrung by a lack of resources and independence" because "executive agencies have emphasized program operation over program oversight and review." Moreover, "OMB has repeatedly reduced the size of audit and investigative units in the executive agencies." The Congress found fault with itself, too, in creating this problem because "Congress has enacted legislation with very little regard for how well it could be enforced or administered."

The Department of Interior was no exception to the general problems of minimal resources and attention devoted to audit and investigation, stated Interior IG June Brown, who spoke of the office's "absolutely overwhelming workload." She describes a start with six investigators for a backlog of 1,100 investigative matters which had not been analyzed or classified. The staff could not be increased due to personnel ceiling constraints, so she converted seven vacant audit positions into investigative positions. The IG Act, however, caused an influx of new work, so the backlog grew to 1,500 before it began to decline to its current state of approximately 1,000. "Even where known problems exist, we can't investigate promptly," says Brown. The audit function at her department is also severely understaffed. Brown's semiannual report to the Congress states:

*"It is statistically certain that the Federal Government [and state governments] loses millions of dollars in royalty each year due to token audits of lessees. For example, recent audits of selective portions of seven Outer Continental Shelf [OCS] lessee accounts have resulted in collections/recoveries of \$10.8 million. However, these are the only audits conducted over the last 13 years. There are approximately 1,000 OCS lessees upon which \$1.5 billion is collected annually in royalties."*



A resource problem also appears at GSA, where the IG needs additional staff resources to conduct audits. By the end of fiscal year 1981, he hopes to have 450 auditors to deal with the 5 to 7 billion dollar Federal expenditures controlled by GSA through the contracts it lets. Unfortunately, IG Muellenberg finds it "a tremendous handicap to attract high quality white collar crime investigators to a nonglamour agency like GSA."

*Fourth, they must develop training programs for auditors and investigators.* The IGs, in their "Executive Group to Combat Fraud, Waste, and Abuse in the Federal Government," are coordinating available training resources. "There is no higher priority of the Inspectors General than training," says USDA's Tom McBride.

The education of IG staff is also very important to Commerce IG Mary Bass. She described her present, overall situation: "No satisfactory curriculum or program is devoted to producing young people who have auditing and investigative skills required to do the job we have to do." Such a curriculum would have to include "courses on criminal law and criminal procedure, investigative techniques, psychology, accounting, auditing, and writing skills."

At Interior, the IG wants "to enhance the span of capabilities and specialties available to do this work." For example, she sees a need for more staff expertise in computer science to evaluate the department's systems and to provide guidance for developing computer systems with internal controls and security.

*And fifth, they must overcome the "bureaucratic reluctance" of the auditors and investigators to work together closely.* The IG law has caused "a change in the status quo—and it's human nature not to like to accept change," said one IG. Another added, "People are always nervous about the complete disruption of their jobs, particularly when they don't know how it will affect them personally."

### **Accomplishments**

Most of the IGs believe their biggest accomplishments have been in the organizational changes  
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they have made and the key staff they have added. Mary Bass, the only IG of those interviewed who was not appointed directly from another Federal Government position, remarked, however, that she doesn't consider increasing a staff to be an accomplishment. She says, "This is the Federal perspective; an accomplishment is what you do with those people once you get them."

At Labor, IG Knowles believes the IG office can make long-term contributions by preventing fraud, waste, and abuse in Federal programs, so she thinks "we'd better be judged over the long term rather than look at the number of indictments." GSA's Muellenberg agrees, "I don't think in terms of so many successful investigations and so many savings of millions of dollars."

Organizationally, the IG offices include a number of different types of new units. In GSA, the Office of Special Projects has seven attorneys and a few investigators and auditors. GSA's new Office of Inspections will have 80 inspectors who will be specialists in such areas as building, leasing, and automatic data processing.

Commerce established a policy unit within the IG office and charged it with developing and coordinating audits and investigations policy and developing new initiatives to combat fraud, waste, and abuse in the department. IG Bass also established an Office of Legal Counsel, which provides, for the first time within the department, criminal law and investigative expertise. She also established a fraud abatement program which includes initiating or strengthening a fraud control unit, applicable management information systems, an audit leads file, and extended audit steps.

The DOT IG office is the only one which was completely reorganized. Four audit and three investigative units, which were previously decentralized, were combined to form the IG staff. IG Frank Sato has "revised the concept of operation" for his staff—they now are independent and operate under no constraints from program officials in the field.

An innovative organizational con-

cept developed by SBA's Boucher is his Inspector General Advisory Council—a forum which will provide an opportunity for an ongoing exchange of ideas between SBA employees and the IG. As described in his November memorandum to all SBA employees, members of the advisory council will meet with the Inspector General "to identify and discuss those aspects of selected programs which are susceptible to fraud and abuse and develop recommendations by which their internal controls and management could be significantly improved and strengthened." The Inspector General will forward the council's substantive program and operational recommendations to the SBA Administrator for his consideration and appropriate action.

Membership on the advisory council will be voluntary and will include SBA employees at all levels who are experienced experts in the particular program area being studied.

The advisory council concept has the wholehearted support of the SBA Administrator. In a memorandum to SBA regions and districts, he urged all interested SBA employees to volunteer for council service. He believes that the council "... will provide a valuable opportunity for SBA employees to help the Inspector General's Office identify the practical problems encountered in the administration of SBA programs and to assist SBA management by proposing improvement and constructive alternatives to our current operations."

In addition to setting up the IG Advisory Council, Boucher, like his counterparts, has also taken steps to consolidate audit and investigative resources, both in the central office and at the field level. For example, he has transferred certain positions from smaller field offices to regional SBA centers of activity to improve the management and administration of his field operations and to provide a more timely response to the audit and investigative needs of the IG's Office and SBA program officials.

Another step which Boucher has taken was establishing the position of Counsel to the Inspector General, patterned after the one at

Commerce. The Counsel, who is independent of SBA's Office of General Counsel, provides the IG's staff with legal guidance and expertise on numerous matters related to the operations of the Office of Inspector General.

At NASA, Eldon Taylor also viewed organizational changes as his major accomplishment as IG. He gives a high priority to organization and management "to provide a strong foundation for the substantive work of the office." Seven regional audit offices and four investigations offices were consolidated into three regions—an arrangement which Taylor feels "provides greater flexibility in the use of limited staff resources and permits the IG to focus audits and investigations activities more effectively in priority areas." Both audit and investigative staffs are now located physically together. He sees two advantages in this: (1) overhead costs will be reduced and (2) different perspectives will be brought together—the auditors' documentation trail technique and the investigators' interview technique

At the Department of Labor, IG Knowles is proud that "we've started planning a very good office, both in terms of quality of staff and structure."

June Brown's greatest achievement at the Department of Interior has been "to provide professional audit/investigative products that are accurate, objective studies which agency officials can rely on when making management decisions." "If our work isn't useful to those who must run the Department and make policy decisions," added Brown, "then there is no reason for our existence." Brown feels her office has made excellent progress in achieving this objective



**Mary Bass**  
**Department of Commerce**

### **Personal Glimpses of the New IGs**

During Mary Bass' confirmation hearings, Senator John Warner noted that she had accomplished much during her career, "bearing in mind, and I say this with sympathy and compassion, it has not always been easy for a lady to achieve these accomplishments." Bass would agree.

At the age of 19, Bass graduated from the University of Chicago. She stayed at the university for the next 3 years to earn her law degree. For the next several years she practiced law for a social service agency in Chicago.

Over the next 20 years, the opportunities for women—or their lack—shaped her career. For example, she had wanted to work in public law, yet she is "not certain that doing so wasn't dictated by the fact that when I graduated from law school, it was virtually impossible for a woman to get a job in a private firm."

After time out to start a family, Bass' law career continued in 1966 with the City of New York. From 1968 to 1969 she was with a private law firm in Paris. At the end of

1969, she returned to New York City's law department where she held various legal positions. Prior to her appointment as Inspector General, Bass served for almost 6 years as General Counsel and Vice Chancellor for Legal Affairs of New York City's Board of Higher Education.

Bass feels her experiences as an attorney for a large public institution prepared her to be an Inspector General. She notes that the problems she confronts as an IG are the same problems facing any large organization. "Working as a municipal and public lawyer is not too different from Federal practice: the Board of Higher Education, with a budget of \$500 million, had the same kinds of organizational problems as the Department of Commerce." Bass believes her legal background also helps her as an IG because it has taught her to think logically and write precisely.

She has not, however, had specific experience in auditing, but she does not perceive this to be a serious drawback. She says she has a "very good auditing staff," and has found that "auditing is not something so arcane in its nature that the kinds of problems it addresses don't occur to a non-auditor." Also, Bass studied accounting both at law school and later at the Harvard University Institute for Educational Management

Through no initiative of her own, the White House contacted Bass to ask if she would be interested in being considered for an IG position. She assumes that they were motivated by three facts: "I'm a woman, I was General Counsel and Inspector General at a large institution, and I'm good." She also assumes that "if someone sought to assemble a list of good women—as they did—my name would come up." The position fit her own sense of morality, her own abilities, and offered a tremendous challenge—so she accepted.

"Although one never knows what the future will bring," at age 44, Bass hopes to remain as Commerce's IG at least until the program is well established. She considers the position to be extremely important and, consequently, wants to stay.



**Paul Boucher  
Small Business  
Administration**

"More evolutionary than revolutionary" is the way Paul Boucher describes how his IG responsibilities at the Small Business Administration fit into his employment pattern of the past 15 years. According to Boucher, in the midst of serious problems and scandals surrounding SBA's business development program, the SBA Administrator asked President Carter for help in selecting a person for the IG job.

The Administrator didn't want a "supercop"; he wanted "someone who can look beyond that—beyond just saying there's something wrong. The IG must also say, 'here's how it happened and here's how to avoid it in the future.'"

"Totally out of the blue," then Deputy Attorney General Benjamin Civiletti approached Boucher, who had been working at the Department of Justice since 1972 and asked if he'd be interested in having his name submitted to the White House along with others for consideration as IG of SBA. After quickly reviewing the IG legislation and talking to professional acquaintances who had worked in other nonstatutory IG offices, Boucher agreed.

He felt that the IG position at SBA "appeared to be a natural progression of what my inclinations were of what I'd like to do ... I viewed it as a new challenge; a new opportunity to make meaningful contributions to SBA programs

and operations." Boucher felt privileged to be considered. He describes his reaction as "pleased that Deputy Attorney General Civiletti and Attorney General Bell wished to recommend me to the President."

During his 15 years of service with the Federal Government, Boucher gained considerable experience in all facets of investigative and prosecutive functions covering a wide range of Federal criminal statutes. After receiving his B.S. degree from Merrimack College in 1963, Boucher was on active duty in the U.S. Army until January 1964. His civilian service then began as a Special Agent with Naval Intelligence, now the U.S. Naval Investigative Service, and until 1970, he engaged in a wide range of criminal and counter-intelligence investigations and operations.

After receiving his law degree from Suffolk University Law School in 1969 and being admitted to the Massachusetts State Bar in early 1970, Boucher transferred to the Naval Investigative Service Headquarters in Alexandria, Virginia, to become that agency's staff legal advisor. In that capacity, he provided legal guidance to the Service's worldwide investigative staff and served as the counselor to the Director of the Naval Investigative Service.

From May 1972 to July 1979, Boucher was on the staff of the Criminal Division of the Department of Justice first as a trial attorney and later (June 1975) as the Deputy Chief of the General Crimes Section.

In providing evidence of his qualifications during his confirmation hearings before the Senate Select Committee on Small Business, Boucher noted, "In recognition of the fact that the traditional prosecutive functions, standing alone, cannot and have not brought about a reduction in certain crimes, the role of the General Crimes Section has been expanded

in a significant manner as a result of its active involvement in the initiation and implementation of various crime prevention and deterrent programs." Similarly, in SBA Boucher sees his biggest challenge as assisting in management and leadership and trying to effect long-term improvement in the management of SBA's programs.

While at Justice, Boucher distinguished himself when he was requested by two Attorneys General to direct the efforts of attorneys assigned to investigate violations of Federal laws by the Central Intelligence Agency, National Security Agency, Federal Bureau of Investigation, and other U.S. intelligence and law enforcement organizations. His experience in organizing, managing, and directing the efforts of these significant task forces as well as his supervisory responsibilities as Section Chief gave him what he believes to be a solid background for his "basically management role" as SBA's IG.

At age 37, the youngest of the Inspectors General, Boucher will "have to let the future take care of itself." He considers himself a career Government employee "serving on a presidential appointment, but not serving as a political appointee," and he plans to continue his career of Government service. He has set no fixed term as to his stay at SBA, enjoys the challenges and responsibilities which go with being the Inspector General, and plans to remain there "in order to accomplish what I'd like to accomplish." Where would Boucher like to go after SBA? "I don't have any set plans as to where I go from here," he says. For the present, however, he likes "being independent and assisting the Administrator of SBA to make a meaningful contribution to and changes in SBA."





**June Brown**  
**Department of Interior**

June Gibbs Brown believes that almost everything in Government operates on a system; therefore, understanding these systems is essential to fulfilling the very basic purpose and intent of the Inspector General Act.

Brown's business history and governmental service have provided her with the strengths and experience needed for each of the areas of expertise the law spelled out for the Inspectors General: "accounting, auditing, financial analysis, law, management analysis, public administration or investigations." In private industry she was assistant comptroller of an international company, staff accountant for a public accounting firm, and college accounting instructor. Her Government service includes accounting, auditing, and systems development. From 1972 to 1975, she established and headed internal audit operations at the Navy Finance Center in Cleveland. For the next year she was Chief of Financial Systems Design, Bureau of Land Management, Department of Interior in Denver. Before becoming Interior's Inspector General, Brown spent 3 years at the Department's Bureau of Reclamation in Denver, where she directed the designing, programming, documenting and implementing of a new integrated pay personnel system to be used by several Government agencies.

Brown received her Juris Doctor degree from the University of Denver School of Law where she

majoried in natural resources. She also holds a master's in business administration and a bachelor's degree in business administration from Cleveland State University, where she graduated summa cum laude. While pursuing her education, she received the University's highest honor, the President's Award, and the Raulston Award, given to the outstanding senior from the Colleges of Business and Economics, as well as a graduate teaching fellowship. She is a CPA, a member of the American Institute of Certified Public Accountants and is serving her third year on the Association of Government Accountants' National Executive Committee and the National Ethics Board. Brown received her three degrees by attending college, graduate, and law school at night over the course of 10 years, while at the same time raising her family and working full-time.

Interior's IG believes her accounting and systems design experience together with her legal training are useful in successfully executing the Inspector General responsibilities. Being an employee of the Department of Interior, she discussed the prospects and expectation of the position with Secretary Cecil Andrus and her congressional representatives from Colorado and was encouraged to apply for the position. An enthusiastic supporter of the IG legislation, Brown had also prepared legislative comments on the draft bill for the Association of Government Accountants.

At 46, Brown believes she has many more years to contribute: "I'm still trying to meet my potential." After she has met the demands of this job, she expects to look for another opportunity full of challenge. She acknowledges, "A lot of it is up to me and my ability to perform. Since I intend to perform, I assume I'll have other options."



**Marjorie Knowles**  
**Department of Labor**

The feminist perspective of Marjorie Fine Knowles causes her to have "a good deal of skepticism about institutions' goals and motives" and "a different understanding of the way society is structured." In most places where she has been, women were a clear minority.

Prior to her appointment as Inspector General at the Department of Labor, Knowles had served 1½ years as the Assistant General Counsel for the Inspector General Division at HEW. During that time, she was also involved in discussions of the recruitment of IGs. When the call came from the White House asking if she would be interested in an IG position, Knowles says, "I was pleased, but I knew it would be an enormous challenge and a lot of hard work."

Knowles, who is 40 years old, was educated at Smith College. She graduated in 1960 magna cum laude and earned membership in Phi Beta Kappa. She then attended Radcliffe College Graduate School for 2 years as a candidate for a Ph.D. in government, and after transferring to Harvard's Law School, received her LL.B. cum laude in 1965.

Knowles clerked for a District Judge in the Southern District of New York and served as a U.S. Attorney in the Civil Division for the Southern District of New York. She left the U.S. Attorney's Office after less than a year to be an Assistant District Attorney for New

York County. Although she had wanted to work in the Criminal Division as an Assistant U.S. Attorney, "only men were allowed to work there."

From 1970 to 1972, Knowles was the Executive Director of Joint Foundation Support, Inc. in New York City. This organization provided professional and administrative staff for five foundations that focused primarily on projects designed to foster equality of opportunity for rural and urban poor people. Before her appointment as IG, Knowles was a tenured professor of law at the University of Alabama Law School. From 1976 to 1977, she was also an American Council on Education Fellow in Academic Administration.

In addition to Knowles' work experiences, her participation in community and public service activities also enhanced her qualifications. For example, she sits on the Board of Directors of the Ms. Foundation for Women and formerly served on the Advisory Board of the National Women's Political Caucus. She has also served as Chair of the Advisory Board of the Women's Rights Project of the American Civil Liberties Union.

Knowles, like each of the six other Inspectors General interviewed, does not believe she would leave her position because of a change in administration. She will leave "only because of a change in what I can contribute."

Her personal predilections are against long-term career planning. Three years ago, she explains, statutory IG positions did not exist. If at that time she had planned what she wanted to be doing 3 years from then, she points out she would not now be the IG at Labor. "So I don't do this kind of thinking. Life is too unpredictable."



**Kurt Muellenberg**  
**General Services**  
**Administration**

Under the circumstances, Kurt Muellenberg decided saying "no" to the President would be very difficult.

When asked to become Inspector General at GSA, Muellenberg had been Chief of the Organized Crime and Racketeering Section of the Department of Justice's Criminal Division; he was quite happy there. "All I knew about GSA and its scandals was what I read in the newspaper."

The President had asked Attorney General Bell to give him a list of candidates for IG of GSA. Bell asked Muellenberg if he'd be interested in the job. In reading the IG Act, Muellenberg discovered that the IG's responsibilities go beyond investigations and inspections; he sensed a requirement for special management expertise. Although not trained as a manager "in the sense of going to the Kennedy School of Government," he is "not altogether clear that management by common sense isn't just as good as management by objectives." Bell and OMB Director James McIntyre told him they thought his organized crime program was very well managed, and that was a sufficient testimonial to his management capabilities.

After his initial surprise at being considered for the job, Muellenberg had mixed feelings at leaving the Department where he had worked for 14 years and which he highly regarded. Nonetheless, he was

confident that he could make a real contribution at GSA and decided to take on the new responsibilities because "it's terribly gratifying for a Federal career employee to be asked by the President to take a presidential appointment."

Muellenberg's background—mainly in investigation and prosecution—made him a good IG candidate for a GSA beset with numerous allegations of scandals. Born in Germany in 1932, Muellenberg arrived in the United States in 1952. For the next 4 years he was on active duty in the U.S. Air Force. After receiving a Bachelor of Arts degree (1958) and an LL.B. (1961) from the University of Maryland, he worked as a trial attorney at the Department of Agriculture for 4 years. In November 1965, he became a trial attorney at the Department of Justice in the Criminal Division's Organized Crime and Racketeering Section. In 1968 and for much of 1969, he served in Detroit as Deputy Attorney in Charge of the Department's Organized Crime Strike Force and in Cleveland as Attorney in Charge of the Strike Force. In September 1970, Muellenberg returned to Washington where he served for 9 years as Deputy Chief and then Chief of the Organized Crime and Racketeering Section. In 1976 he acted briefly (10 months) as Chief of the Criminal Division's Narcotic and Dangerous Drug Section.

For all his experience, however, Muellenberg is finding that it is not an easy task to meld into a team organizational structures such as audit and investigative staffs that had previously worked separately. "I'm not sure you could hold a job like this for more than 4 or 5 years and still be effective . . . You'd be so burned out, you'd be better off to leave." After his first few months, however, Muellenberg has no plans to leave.



**Frank Sato**  
**Department of**  
**Transportation**

After initial interviews at several departments, Frank Sato told the White House he was not interested in becoming an Inspector General. He had been with the Department of Defense audit organization for almost 25 years, where he had served as the Deputy Assistant Secretary for Defense (Audit) and the Director of the Defense Audit Service. In that capacity he had a greater responsibility than some of the IG jobs for which the White House was considering him.

What changed his mind? "Vice President Mondale called me to convey the President's request that I take the position and help him restore the credibility and public confidence in the business of government. This he considered one of his top priorities, and I then accepted the challenge the job offered."

Of the various departments and agencies the White House asked him to consider, Sato chose the Department of Transportation. His experience in auditing, as opposed to investigating, makes him "right for this job because we haven't had the experience of fraud cases in this Department. Because 90 percent of the work in an IG organization is audit work, and a predominance of the staff is auditors, my extensive background in audit gives me a leg up on this kind of work."

Several people had submitted Sato's name to the White House for IG consideration, including the American Institute of Certified Pub-

lic Accountants. (He is a member of the Institute and is active on a variety of committees.) Sato is National President of the Association of Government Accountants and serves on the President's Executive Group to Combat Fraud and Waste in Government.

Born in the State of Washington 51 years ago, he received a B.A. degree in business administration with a major in accounting from the University of Washington. He became a Certified Public Accountant in California, where he undertook graduate studies in engineering and management at the University of California in Los Angeles.

In 1955, after spending several months with a CPA firm in Tacoma, Washington, Sato worked with the U.S. Air Force Audit Agency in Washington, California, and Washington, D.C. (a position he held for almost 11 years). In 1965, he transferred to the Office of the Secretary of Defense, where he worked for 14 years in positions of increasing responsibility: Director for Special Activity Audits (1965-1969), Director for Audit Operations (1969-1971), Director of Defense Agencies Audits (1971-1973), Deputy Comptroller for Audit Operations (1973-1974), Deputy Assistant Secretary of Defense/Audit (1974-1979), and Director of Defense Audit Service (1977-1979).

Sato plans to stay at the Department of Transportation "until such time as the office is set up and running . . . When I'm through here and gone, the best compliment would be that I've set up a real professional outfit to carry out the task."

As a matter of general principle, "staying in this job 4 or 5 years is enough." Had Sato not taken the IG job, he would have retired in 5 years. Like the other IGs, he does not plan to resign if the administration should change. "In my judgment, right or wrong, waste and fraud and mismanagement aren't Republican or Democrat. They don't revolve around political affiliation. I see no problems with a change in Secretary."



**Eldon Taylor**  
**National Aeronautics and**  
**Space Administration**

Eldon (Ed) Taylor is the only Inspector General who does not have a background in auditing, law, or investigations. In fact, his public administration experience caused him some difficulty in his confirmation hearings before the Senate Committee on Governmental Affairs. The IG Act, however, specifically included public administration as one of the fields of "demonstrated ability" for IGs. Ultimately, the Senate voted unanimously to confirm him.

As agency missions and programs differ, so should the background of their IGs, according to Taylor. What NASA needs in an IG, he believes, is an ability to build an organization that can perform audits useful to program management in a scientific and technological environment. Taylor's experience appears well matched to these needs.

Taylor has devoted his entire adult life to the study and practice of public administration at the Federal level. He entered the Federal service at the age of 19 as an accounting clerk with the Office of Naval Research. In the decade that followed, he completed a tour of active duty with the U.S. Air Force and served in several accounting and budgeting positions as a civilian with the Navy Department. While working for the Government, Taylor pursued his academic study of public administration. He received both his B.S. degree and his



M.A. degree in public administration from American University.

From 1960 to 1970, Taylor worked for NASA, where he held several managerial and budget positions. For 8 years he was Director of Program Review and Resources Management in the Office of Space Science and Applications. During this period, he participated in the planning and budgeting of all early unmanned space and launch vehicle programs.

In 1970, Taylor was detailed to the Office of Management and Budget to help establish the Environmental Protection Agency (EPA). He later became EPA's first Deputy Assistant Administrator for Resources Management. In 1973, Taylor transferred to the National Science Foundation (NSF), where he was Deputy Assistant Director and then Assistant Director for Administration.

When Taylor learned that career civil servants were eligible for IG positions, he asked that his name be included. He expressed a pre-

ference for NASA, since he had spent most of his professional life in the science and technology field. Although he enjoyed his position at NSF, Taylor believed that the opportunity to be nominated by the President to establish the first Inspector General organization at NASA was something he'd been striving for as a public administrator. "It was that unique, creative aspect that tipped the scales and encouraged me to compete."

Taylor feels a special responsibility to his profession to perform his job well, to pave the way for future public administrators. He believes that an individual with strong managerial ability and broad experience in public administration can succeed as an IG and that he or she can develop sufficient expertise in the audit and investigations field to deal effectively with the experts carrying out these tasks.

What does 50 year old Taylor have in mind for the future? "Although no one lasts in this job

indefinitely," he answered, "I don't have any plans to leave. I may even stay beyond the voluntary retirement age."

## Conclusion

What lies ahead for the Inspectors General? The next couple of years will be crucial for them to demonstrate the administration's "concerted effort to root out fraud, abuse, and waste in all Government programs." At this point, the new IGs have not been in office long enough nor been given sufficient resources to accomplish much more than the organizational and staffing changes which they proudly described. Nonetheless, the ultimate test of the Office of the Inspector General in each department/agency will be based on the concepts developed and policies implemented by the first people in these positions. Undoubtedly, the successes they have in executing their responsibilities will be the subject of future GAO work.

<sup>1</sup> Public Law 94-905

<sup>2</sup> Public Law 95-91

<sup>3</sup> Public Law 95-452

<sup>4</sup> GAO Order 1130-1 *Handling Information Indicating Violations of Federal Criminal Law and Potential Fraud or Abuse in Agency Programs* issued June 1, 1979



## Gil Bowers

Mr. Bowers, currently Project Planning and Appraisal Coordinator for the San Francisco regional office joined GAO in 1965. Prior to his current assignment he was a member of the PPMA task force and Career Development Officer in the San Francisco regional office. He is a lecturer in business communications at San Jose State University, a member of the American Society for Public Administration, the California Commonwealth Club and the Association of Government Accountants. He holds an MBA degree (Beta Gamma Sigma) from San Jose State University (1973) and is a CPA in California (1971).

# Project Planning: Its Impact on a Regional Office

What can a GAO regional office do to enhance productivity and staff development while developing a framework for implementing the merit pay provisions of the Civil Service Reform Act and GAO personnel legislation? One approach to this question is to take a close look at the effectiveness of project planning and appraisal within the region and provide staff support to teams as they perform these functions.

With the publication of the GAO Guide to Project Planning and Management (PPMA) in January of 1979, the San Francisco regional manager attempted to provide assistance to regional teams implementing PPMA. This was done not only to have the assignment planning process promote regional productivity, but also to accomplish certain regional staff development goals. These goals included improved on-the-job training, more meaningful work responsibility for assigned staff, meeting specific development needs of assigned staff, and improved planning for performance appraisal and feedback.

This support was provided by designating a regional project planning and appraisal coordinator to

- develop, collaboratively with teams and regional management, expectations for assignment plans and aid teams in developing plans meeting these expectations.
- conduct planning conference with regional management and two or three participating project teams to provide cross fertilization of ideas and to maximize learning for all assignments of 75 staff days or more,
- conduct a project appraisal conference for each assignment of 75 days or more to discuss with regional management lessons learned and possible future preventative measures, and
- develop a results-oriented performance appraisal approach (to supplement the existing behavioral appraisal system) using the expectations-setting requirements of PPMA as the standard.

This community development project obviously needed strong management support from the regional manager, his assistants in regional management, and teams. The effort was included in the SFRO staff day budget, and as project planning and appraisal coordinator, I charged about 70 percent of my time to the project during 1979.

## The Past: SFRO Assignment Planning 1975 through 1978

A formal project planning system was implemented in the San Francisco regional office in the fall of 1975. This system, under the audit manager and project manager approaches, emphasized project planning with a management by objectives (MBO) orientation and segmenting work by location, process, or agency. Segmentation by issues, task analysis, and setting performance expectations and measures (as presented in PPMA) were not a normal part of this system.

Management advocated an audit program approach only to the extent of addressing the "whats." However, some staff continued past practices of writing detailed audit programs covering the "how" of assignment execution. These programs were often written by remote Washington or field supervisors and allowed the person responsible for the work little role in planning the details of that work. Budgets were usually established for SFRO projects based on the Form 100 budget rather than on a detailed task analysis.

SFRO completed 112 assignments under this planning approach during 1977. These included

surveys, assists, and single region and lead region reviews managed under the audit manager and project manager approaches. Eighty-seven of these assignments had formal assignment plans; the other 25 assignments had no formal assignment plan because they were assignments of 75 staff days or less. Only 15 percent, or 13 of these 87 jobs, were finished on time. The average overrun for the 74 late assignments was about 6 weeks. None of the 10 lead region assignments were finished on schedule, and the average overrun for these 10 assignments was about 10 weeks.

During 1978 the office was moving to the teams approach. Roles were being defined for teams, division and regional management. As a result, some assignments did not go through regionally conducted planning conferences and some projects did not have a formal plan.

In December of 1978 there were 26 active SFRO team-led assignments. Six of these assignments had a formal written assignment plan to provide a basis for comparison of actual results to plan. In December of 1978 none of these six jobs were meeting plan; the average delinquency was 8 calendar months and the average overrun of original budgeted staff days was 94 percent.

This data should be considered in light of the major organizational changes being implemented in GAO during this time. Data on GAO-wide performance developed by the Office of Program Planning showed that the SFRO statistics are comparable to GAO-wide performance during this time.

### **The Present: SFRO Assignment Planning in 1979**

In January 1979 the previous MBO approach was expanded, using PPMA techniques, to include segmentation of assignments by issues, task analysis for each job segment, plus performance expectations and performance standards for each staff member assigned. In collaboration with SFRO teams and regional management, I developed and applied the following set

of expectations for assignment plans:

- Final target dates, for which team staff estimate a 0.75 probability of meeting.
- Issues, customer, timing, cost and communication method established.
- Results-oriented job segments for each staff member.
- Expectations in terms of results, staff development needs and performance standards for each assigned staff member.
- Specific budgetary control mechanisms for tracking and variance analysis.
- Performance criteria sufficient to assess job and staff performance during the evaluation phase.

I assisted SFRO teams in developing plans that met these expectations and conducted a planning conference for each assignment of 75 days or more. In these conferences, the plan was critiqued by regional management and team directors (whenever possible), based on these expectations. I also assisted teams with any retargeting or replanning necessary during the implementation phase, and during the evaluation phase conducted a project appraisal conference comparing actual results to the plan and identifying lessons learned.

### **Project Accomplishments**

Results from this approach are quite promising in terms of SFRO productivity. During 1979, planning conferences were held for 52 assignments. Project appraisal conferences were held for 17 of these completed assignments. SFRO furnished the team leader for 7 of these and a subteam leader for the other 10. The appraisal conferences have shown that the quality of work has been high. Issues identified during the scoping phase were addressed and either proven or disproven. Grade complexity levels for the senior person on the jobs ranged from GS-13 through GS-15.

Twelve of these 17 assignments, 70 percent, were finished by the date originally planned. The follow-

ing schedule compares the number of calendar months actually needed to complete assignments during 1976, 1977, and 1979, and shows the percentage of assignments that met their targets in each of the 3 years (1978 data are omitted because the transition to teams makes it not representative of normal operations for comparison purposes).

	Productivity Trends		
	Calendar months		
	1976	1977	1979
Assists/subteam leader	8.1	4.8	5.0
Lead region/team leader (single region)	4.9	5.8	5.1
Percent of planned final targets achieved (timeliness)	N/A	15%	70%

This data shows great improvement in SFRO's ability to meet planned final targets—a very important consideration. The slight reduction in 1979 calendar months to complete assignments also indicates that this improved timeliness is a function of something other than inflated planning estimates.

This improved timeliness is apparently due to careful task analysis, including a sound estimate for unknowns. This estimate for unknowns represents an element which had apparently been present on nearly all our assignments, but not adequately considered in previous planning estimates. The reduction in calendar months to complete assignments is—according to supervisory team staff from the 17 completed assignments—attributable primarily to the elimination of time-consuming work not essential to issue development. None of the supervisors from the 17 assignments stated that they had worked faster or longer hours than on previous assignments. Eleven of the 17 supervisors did say, however, that early establishment of assignment issues and segmenting responsibility by issues had served to focus team efforts on results or outputs earlier in the assignment, and thereby reduced work steps not essential



to developing the issues as reported.

It is true that between 1977 and 1979 two major changes occurred in SFRO—teams and improved project planning—and that some of the improved productivity is attributable to teams. It is important to recognize, however, that the 1976 and 1977 data reflect all assignments completed during those years, whereas the 1979 data exclude assignments initially estimated at 75 staff days or less. Similar exclusion of short duration assignments from 1976 and 1977 data would increase the average calendar time shown for these years. Thus, the real productivity gain in 1979 is greater than the gain reflected in the schedule. The 1979 data also reflect the PPMA learning curve. Staff members, without exception, stated that the PPMA planning process is quicker and more efficient the second time used, as they become more familiar with the techniques.

### Staff Development Accomplishments

Perhaps the greatest benefit from the planning process has been in terms of staff development. Project appraisal summaries for the 17 completed assignments have consistently shown that

- segmentation by issues has provided more meaningful, results-oriented work for teams staff,
- staff responsibilities, set out at the beginning of a job in terms of expectations, with associated performance measures, have been very important motivators and useful at appraisal time, and
- task analysis, including task flow and task phasing tempered with an estimate for unknowns, has provided confidence that calendar and staff day targets can be achieved.

In addition, the Civil Service Reform Act and GAO's personnel legislation require that agencies develop a performance appraisal system on which to base merit pay decisions. This legislation calls for the appraisal to be based on per-

formance expectations and measures agreed to by supervisor and subordinate near the beginning of the appraisal period. Segmentation by issues serves as the basis for establishing staff performance expectations, and good task analysis provides reliable measures of performance in terms of time, quantity, and quality. Thus, project planning provides a regional office framework for the future implementation of the performance appraisal and merit pay provisions of these two acts.

### Project Appraisals – Lessons Learned

Prior to each project appraisal conference, I assisted each participating team in comparing actual job results with the results expected in the assignment plan; analyzing significant variances that occurred; and listing lessons learned from the assignment. During the appraisal conference, in a supportive setting, the assignment appraisal was discussed with the entire team, the regional manager, and the responsible assistant regional manager. This process has brought out a number of important considerations which will aid future assignment planning in SFRO. Some of the more frequently mentioned lessons learned follow:

- Scoping work should be performed in more than one geographic area to assure the validity of issues across the board. This is especially necessary for programs for which State and local governments have a role in determining how programs are administered, and less necessary when programs and activities operate under uniform management or regulations at all locations.
- Subteam leaders should be on the assignment at least 2 weeks prior to the team planning conference if they are to have meaningful input into the assignment plan. The job staffing system has often worked such that subteam leaders spend their first days on an assignment in a planning conference at a time when they have little

knowledge of the job and can make only limited contributions. They are saddled, however, with agreements reached at this conference.

- Calendar and staff day time that should be budgeted for unknowns in the planning process varies depending on the adequacy of scoping (i.e., firmness of assignment issues), the thoroughness of task analysis, the number of GAO and external organizational units involved in the assignment, and the calendar duration of the assignment. Actual time for unknowns has ranged from 10 to 25 percent of total budget and no assignments have been free of unknowns.
- Detailed work programs (either audit programs or task analysis) developed by someone other than the staff doing the work usually prove inadequate. This occurs because the programs either do not fit local conditions and circumstances or the staff is not motivated or knowledgeable enough to fulfill them.
- Report outlines consistent with the issue segmentation approach are a must by the end of the planning phase. This allows each staff member to know the format of the expected output from his or her segment. It provides a results focus to each staff member's work.

Lessons learned are being compiled and kept on file in SFRO and the Field Operations Division to further aid team directors, leaders, members, and resource managers in more effectively planning and managing our assignments.

### The Future: SFRO Assignment Planning in 1980

Will regional management in SFRO continue its support for assignment planning through 1980? The regional manager assures me that it will. About 20 percent of SFRO team staff have yet to go through a planning conference and

there is still much to be learned about assignment planning in a GAO teams environment, especially with regard to large, complex, multiregion, lengthy assignments. In addition, merit pay looms on the horizon, and good project planning

is a prerequisite for the effective administration of pay based on merit in a project oriented organization. The need for on-the-job training, meaningful work for assigned staff, meeting staff development needs, and planning for

performance appraisals will also continue.

A satisfying year, 1979, but there is much more to be done in the area of better planning and appraising our projects.



### Todd D. Weiss

Mr. Weiss is a supervisory management analyst in the Community and Economic Development Division. He joined GAO in Washington, D.C. in 1972. He has an M.B.A. from George Mason University and a B.S. in business administration from Point Park College in Pittsburgh.

# Food, Agriculture, and Nutrition Inventory: A New Dictionary on Food

Do you need information on what the Department of Energy is doing on agricultural research information or on some other Federal food, agriculture or nutrition program? Well, up until a few months ago you could have spent weeks making phone calls and doing research trying to find out which Federal agency handled which programs and what those programs did. But now, through the Food, Agriculture, and Nutrition Inventory (FANI), you can get the information in a few minutes.

The CED food staff, with the cooperation of the Department of Agriculture (USDA) and Office of Management and Budget (OMB), designed and developed FANI at the request of the Subcommittee on Agriculture, Rural Development, and Related Agencies, Senate Appropriations Committee. The committee asked GAO to develop this inventory to gain a better grasp of the massive amounts of information which exist in this policy area.

The committee, from its standpoint of funding Government activities, was concerned about several issues. One was the real dollar constraints in appropriating funds. Since there is a limit on available dollars, it seemed logical to strive for the most efficient division of the dollars among the most beneficial activities. Second, increasing inflation and a dollar squeeze was making the division of dollars even more difficult. Third, growing public concern over the effectiveness and productivity of Government focused attention on Government spending. And, finally, there seemed to be a glaring lack of a rational baseline to work from in appropriating funds. Appropriations were generally made in a ratchet-like fashion based on prior year spending.

There was no comprehensive list of Government activities or pro-

grams from which to pare or compare. If the Department of Energy and the Department of Agriculture were running concurrent programs with identical missions, there was no way to find out easily unless it was common knowledge. With these issues in mind, and hoping to begin to resolve the problems of increasing complexity and unmanageable amounts of information, the Senate Appropriations Committee asked us to design and build a prototype inventory of Federal programs involved in food, nutrition, and agriculture. The result of this request was the Food, Agriculture, and Nutrition Inventory (FANI).

## Designing FANI

FANI can best be compared to the card catalog in a library. The books, magazines, newspapers, etc., in any subject area can be located by using the card catalog. In this same way, the different programs in the food area can be found by using FANI.

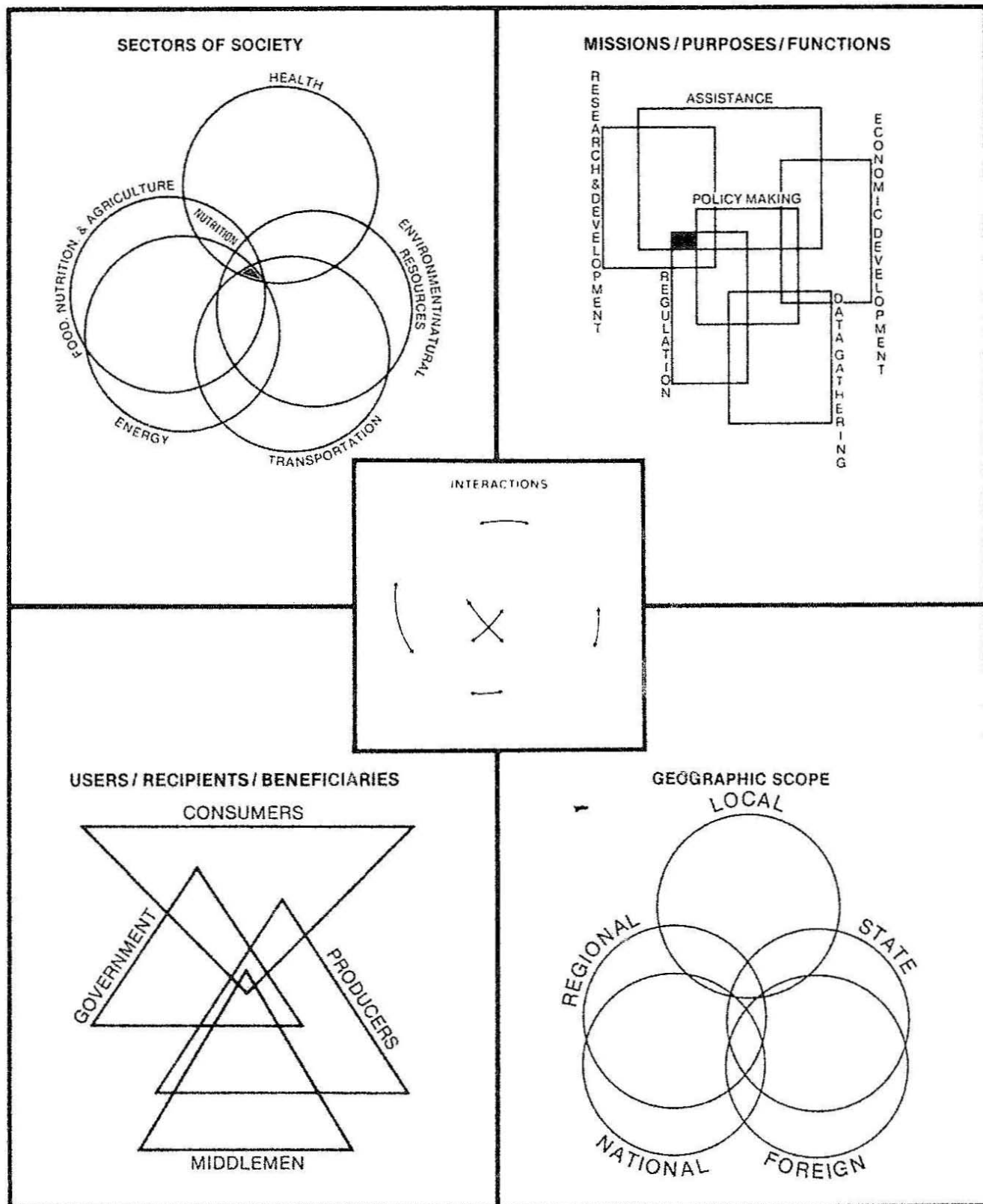
One of the specifics of the committee request was that the inventory be designed to be easily used and quickly accessible. To do this we spent the summer of 1978 designing a classification matrix by which any program could be described. After much deliberation with FGMS, USDA, OMB-President's Reorganization Project, and committee staff, a four-dimensional matrix was agreed on. The matrix categorized programs according to four broad characteristics—(1) food system sector (supply of intermediate inputs, production, marketing and distribution, and consumption), (2) function, (3) intended users, and (4) geographic scope. A user of the inventory could then, for example, ask for all programs involved in regulating (function) the production of beef (sector) for



the elderly (intended users) and on international basis (geographic scope). This classification method

is much more flexible than most other methods. For example, the OMB budget sub-function method

allows for a program to be classified in only one way—by a single function.



## Collecting the Data

The next step was to create a questionnaire or data collection instrument to collect all of the required program information. Since we had to depend on the agencies' program officials to complete the collection form, it had to be easy to understand yet complex enough to capture much detailed information.

During January and February of 1979, we gave instructional briefings to all of the involved departments and agencies and received completed questionnaires on 359 different programs from 28 different agencies and departments. As the questionnaires came in they were edited for accuracy and key-punched. By March 30, 1979, all of the data was punched and entered on the USDA computer system and ready to be accessed by the committee.

## Selling FANI

The inventory was now ready to be used. But, how do we publicize it? How do we let people know it's available, easy to use, and full of useful information? As with any information, if no one uses it, it's useless. To avoid this happening, we prepared a briefing package explaining the purposes, uses, and ease of accessibility of the inventory. The briefing included examples of a few of the "surprises" discovered after we had analyzed the data in FANI. For example, the inventory contained information on (1) 19 different programs from 4 agencies involved in nutrition research and development and (2) 21 programs in 5 agencies dealing with the production or consumption of fish. On September 11, 1979, at the request of the Secretary of Agriculture, we presented this briefing at the Secretary's staff meeting with the Comptroller General attending. This briefing was one of our biggest successes in convincing executive branch managers that FANI was useful to them. Because of our marketing efforts, the inventory was in fact used by OMB, various agencies within USDA, and GAO to prepare budgets and plan programs. Most recently it has been used by the

White House Conference on Library and Information Services. We were invited to participate in the Information Center at the conference (along with over 100 other data base developers) to provide rapid, summarized information to the conference delegates.

## The Future of FANI

Because of the success of our prototype effort, the committee directed USDA to update the inventory for another appropriations cycle. Dorothy Fisk, who was detailed to CED from the Office of Information Management to assist in the first FANI effort, was detailed to USDA to help them perform the update and maintain the continuity of the process. As of January 1980, the agency list had been expanded to 55 and the number of programs was expected to exceed 500. Interest has now grown to where a similar system has been requested for all Government programs, and one State legislature has shown interest in designing such a system on a

statewide basis and integrating it with the Federal inventory. The Program Analysis Division has now taken over the responsibilities for FANI and is working to further develop the Government-wide program inventory as part of its role under the "Program and Budget Information for Congressional Use" issue area.

The next step in resolving the overall complexity and information overload problems in decisionmaking involves combining a total program inventory with an inventory of indicators of the economic, social, political, technical, and demographic trends of the nation. Such a linkage could compare what the Federal Government is doing to what is happening in the environment. One step beyond this linkage is adding on a system of possible future conditions.

In adding this third phase, not only could Government activities be compared to environmental trends, but possible future conditions could be assessed to determine the most effective changes to Federal programs.

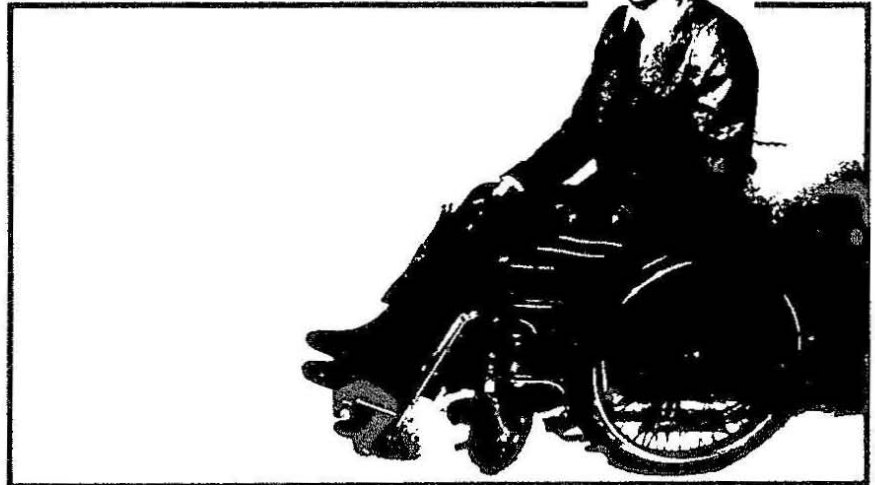




**Jeff H. Eichner, Jr.**

Mr. Eichner, a supervisory auditor in the San Francisco regional office, joined GAO in 1961 after receiving an M.S. degree in accounting from Armstrong College. He is currently the regional handicapped coordinator.

## **“Hire The Handicapped” Is More Than a Phrase**



We of GAO's San Francisco regional office are proud of our handicapped program, and we believe rightly so. Since 1977, our office has gone from virtually no involvement in hiring the handicapped to instituting a broadly active program for recruiting and developing handicapped staff members. We also maintain contact with other agencies and organizations which deal with handicapped persons. Our office aims to foster better attitudes about employing the handicapped and to make our own staff more aware of facts and myths surrounding handicapped people.

### **In the Beginning**

In early 1977, SFRO set a policy of providing handicapped persons employment opportunities in positions for which they qualify. I was asked to serve as handicapped coordinator, and after some preliminary planning our staff went to work.

One of the considerations involved in employing the handicapped must be the environment in which handicapped persons must function as employees. This includes, but is not limited to, accessibility to the work site, lunch areas, and restroom facilities. Accessibility is too often taken for

granted and generally the public is not fully aware of the problems architectural barriers can present to the handicapped. Such barriers have been recognized, however, by the Architectural Barriers Act of 1968, as amended. Standard specifications for making buildings and facilities accessible to, and usable by the physically handicapped are mandatory. So, one of the first things we did to implement our policy of hiring the handicapped was to survey our work environment to determine whether the building or our office environment imposed any physical barriers to the handicapped. This was of the utmost importance because we wanted no person who could be an effective and productive GAO employee to be excluded from employment because of a lack of reasonable facilities.

The regional office was moving into new quarters so we reviewed the plans for the new office space and made inspections of our existing building to ensure the following:

- At least one building entrance at ground level.
- Level thresholds to the building and rooms.
- At least 32-inch wide doors.
- Non-slip floors.



- Public telephones and water fountains low enough for wheelchair users.
- Restrooms with wide stalls and "grab" bars for wheelchair users.
- Access of the handicapped to elevators.

It looked like our new quarters would be accessible to the handicapped. The office space that we were then occupying was another story. It did have some barriers, especially in restrooms, but accommodations could be made for the handicapped until we moved.

Next, we analyzed professional, technical, and administrative positions from the standpoint of physical and environmental demands and specific job requirements. We identified several jobs that could be filled by people with physical handicaps. We were ready! We started interviewing, made our selections, and hired four handicapped people to fill professional, technical, and administrative positions in our region.

From the first, we expected these employees to do top-notch work and our expectations were justified. They have made contributions in their jobs and continue to perform at the level expected of all employees. Our goal for 1980 is to increase the number of our handicapped personnel in the auditing and administrative staffs.

For recruiting purposes, we established and still maintain contacts with the Office of Personnel Management (San Francisco region) and various State agencies, organizations, and schools involved with the handicapped. Our contacts include Galludet College (for the deaf) in Washington, D.C., the University of California at Berkeley, San Francisco State University, the Center for Independent Living, Berkeley, and the California State Department of Vocational Rehabilitation.

## Getting Involved

As part of our commitment to hiring the handicapped—in SFRO and throughout the Federal Government—we prompted OPM in San Francisco to establish a referral and personnel information exchange system for handicapped job appli-

cants. The idea came to us in conjunction with our recruiting activities, and we began referring names of qualified applicants to OPM's "clearinghouse" for use by other Federal agencies seeking skilled employees.

Another aspect of our role in the handicapped community involves job training for the Center for Independent Living in Berkeley. The Center for Independent Living started in 1972 as a group of physically disabled people with some ideas about what it takes for people like themselves to live independently. Today, CIL has a staff of over 80 people—most of whom are physically disabled—working in service programs that deal with the day-to-day needs of living independently. CIL projects tackle the social, political, and environmental problems that affect nearly all disabled and elderly people.

One CIL component is the Computer Training Program, which trains people with severe disabilities in computer programming and places them in jobs. The instructors and CIL service staffs work with the students to prepare them for the working world. The training program involves numerous advisors drawn from the State Department of Rehabilitation, local community colleges, and the business community. Over the past 2 years, two of our regional staff members have served on their business advisory committee, which aids in course planning, provides lecturers from the computer programming field, and provides opportunities for on-the-job training. In this regard, we provided a 3-week work experience during 1979 in our office for one of the Center's handicapped computer science students. Another student will be placed with SFRO in the summer of 1980.

Although SFRO might have started a little later than some organizations, we are now one of the more active Federal employers of the handicapped in the San Francisco area. We believe that our staff is our most important resource and that handicapped people can help to fill staffing needs throughout GAO. In an effort to foster a commitment GAO-wide, we arranged for the movie "A Different Approach" to be shown in the GAO

building during the 1979 national "Employ the Handicapped Week." The movie was previously shown to staff in the region as part of the handicapped awareness program.

Another aspect of this program was a roundtable "rap" session held early in 1978 with handicapped staff, their supervisors, management, and handicapped representatives of the University of California and the San Francisco Employment Project for the Handicapped. Participants generally agreed that the session was valuable and that it helped dispel some myths about handicapped people.

GAO will soon be given some publicity for its role in hiring the handicapped in two movies showing how two of our handicapped staff (both paraplegic) function in the working world. The movies are being produced by a nonprofit corporation under a contract with the Department of Labor. One of the movies has been completed and SFRO participated in captioning the film for the deaf. Also, one of our handicapped staff members was seen in December 1979 on a San Francisco television newscast in a special feature exposing inadequacies in Bay Area Rapid Transit District (BART) elevators for the physically handicapped. The staff member was trapped for nearly 2 hours in a BART elevator in which neither the alarm system nor the telephone worked. This experience exposed a design deficiency in BART's alarm system for all elevators.

## There Is No End

SFRO has a firm commitment to implement GAO's affirmative action program for hiring the handicapped, and so far we believe we have been successful. But we do not want simply to maintain the status quo. We will strive to broaden and improve our program in the future and try to make "hire the handicapped" more than just a phrase.

# Monitoring and Evaluating the Work and Management of the GAO



**Marvin Brown**

Mr. Brown, assistant to the director, Office of Policy, joined GAO in 1964 and has worked in several Divisions. He is a CPA and an attorney.



**Harry R. Finley**

Mr. Finley is a deputy associate director in the International Division. He previously served as an assistant to the director, Office of Policy, and an assistant director, Far East Branch. A graduate of St. Vincent college, he received an M.B.A. degree from Indiana University before joining GAO in 1964. Mr. Finley is a CPA, Virginia, and a Certified Professional Manager. He is a member of the American Institute of CPAs, the American Society for Public Administration, and the Association of Government Accountants.



**Stephen C. Swaim**

Mr. Swaim, an economist, joined the Program Analysis Division in 1978 and has been with the Office of Policy since January 1979. He has also worked for the U.S. Bureau of the Budget, the U.S. Government, and the House Select Committee. Mr. Swaim obtained his B.A. degree from Oberlin College and holds an M.P.A. from the Woodrow Wilson School, Princeton University, and a Ph.D. from the University of Maryland.

Given GAO's primary mission of auditing executive branch operations, it is often asked, "Who audits GAO?" At first blush it may seem no one is auditing the auditors but, in fact, GAO comes under intensive and continual scrutiny by the Congress, the press, the public, and not least of all the agencies which are audited by GAO. All this is in addition to the searching self-evaluations GAO makes. Virtually all GAO reports are public documents (the exceptions are classified from a national security standpoint) and are often the subject of congressional hearings and extensive coverage by the media. The broad dissemination of its reports results in GAO being continually in the public eye. Following is a brief discussion of the many ways GAO's work products and internal operations are critiqued. The theme they support is "auditing in a fishbowl—the

visibility of GAO and its work." GAO's sensitivity and responsiveness to the feedback it obtains is of first importance.

## The Congress

There are many ways in which the Congress evaluates the quality of GAO's work and its internal operations.

GAO, like other agencies, must justify its request for appropriations each year. This process involves thorough hearings by the appropriations committees into all aspects of GAO's operations, including such matters as personnel management, possible duplication among congressional support agencies, and the amount of resources GAO devotes to various areas of investigation. During the year the committee staffs request information from GAO on matters dis-

cussed in previous hearings or to use in preparation for upcoming hearings.

GAO's operations are also occasionally reviewed more intensively by the Congress. In 1978, the Select Committee on Congressional Operations examined GAO's assistance to the Congress, but many of the committee's findings were applicable to GAO's self-initiated work as well. The committee gave generally high marks to GAO but pointed out areas needing improvement. In response, GAO took a number of actions to improve the timeliness and relevance of its actions, including improving working relationships with the Congress, adopting a project team approach for carrying out assignments, using the most effective and least costly reporting medium in satisfying the needs of intended users, allowing greater flexibility in the quality control process govern-

ing GAO reports, developing a better accountability system, and improving training for the staff.

Action was also taken to obtain agency comments on draft reports more quickly. In response to the committee's findings, GAO has surveyed congressional recipients of its reports to obtain their views on report quality and timeliness. The reports received generally favorable evaluations.

GAO's operations are also reviewed by the Congress when substantive legislation affecting GAO is considered. Recent examples include the GAO Personnel Bill, which establishes a separate merit system for GAO to avoid the inherent conflict of auditing executive branch personnel operations while GAO itself is subject to executive branch regulations. Also, the GAO Omnibus Bill deals with matters concerning the appointment of the Comptroller General and Deputy Comptroller General, GAO's access to certain executive branch records, and GAO's process for obtaining agency comments on draft reports. Hearings on these proposals were extensive and GAO was required to supply the fullest justification for the proposed actions.

About a third of GAO's work is specifically requested by committees and Members. This gives them an opportunity to work directly with GAO during the course of the audits and to evaluate the quality and timeliness of GAO's work. Also, many reports issued by GAO result in hearings at which GAO may testify, in addition to other witnesses. In fact, the number of appearances by GAO representatives at hearings has increased dramatically during the past few years, rising from 24 times in fiscal year 1969 to 229 in calendar year 1979.

As can be seen, the Congress continually monitors the quality of GAO's work products and its internal operations in various ways. As a legislative branch agency responsible to the Congress, GAO is continually striving to improve its assistance to the Congress.

## Agencies

It has been a longstanding GAO policy to give those criticized, dis-

cussed, or affected by its reports an opportunity to review and comment before the reports are issued in final form. This is based on principles of fairness and allows GAO to make sure the report is accurate and complete. Also, it allows those responsible for acting on GAO recommendations (usually Federal agencies) to inform GAO of their plans or progress in implementing GAO's recommendations. Moreover, the agencies sometimes point out the infeasibility of proposed recommendations, which permits GAO to develop final recommendations that are designed to correct the problems identified in the reports.

Written comments from those affected by GAO reports are included in the reports, unless the comments are voluminous. If oral comments are obtained, they too are presented in GAO reports. Oral and written comments obtained from those who can speak for the commenting party represent official views on the matters discussed in GAO reports.

Whether GAO requests oral or written comments depends on such factors as the sensitivity or controversial nature of the findings, and whether the report must be issued to meet a deadline, e.g., congressional hearings. Written comments are more reliable as an expression of the agencies' positions, but oral comments can be obtained more quickly.

Section 236 of the Legislative Reorganization Act of 1970 requires that, within 60 days of issuance of a report which contains recommendations to the head of a Federal agency, the agency must notify the House Government Operations and the Senate Governmental Affairs Committees of actions the agency plans to take in response to the recommendations. Also, the first budget request the agency makes to the House and Senate Appropriations Committees after this 60 day period must be accompanied by the agency plans. Agencies may also present their agreement or disagreement with GAO reports in testimony at congressional hearings and in other direct communication to the Congress.

GAO departs from its policy of obtaining agency comments when

the agencies delay in providing them. GAO normally gives the agencies 30 days to provide written comments and a lesser period for oral comments. Even if written comments cannot be provided within the 30-day period, GAO will attempt to get oral comments. However, on some congressional request assignments, the requester may instruct GAO not to get comments.

GAO reports include an evaluation of comments received. If GAO agrees with the comments, appropriate revisions are made to the report. Conversely, if GAO disagrees, a rebuttal of the commenting parties' position is presented in the reports. This lets the report reader know what the agencies think, what they plan to do or are doing regarding GAO's recommendations, and GAO's evaluation of the agencies' comments and actions. Any material changes made in GAO reports as a result of comments must be explained in the report so the reader knows why revisions were made.

Incidentally, GAO has a policy of not making a recommendation to an executive agency if the recommendation is applicable to GAO's own internal operations, unless GAO is also prepared to adopt it. Before being issued, each report is reviewed for possible internal applicability. GAO's Report Manual states:

*"If the report contains a finding which has possible internal applicability, a statement as to whether the potential deficiency has been brought to the attention of the official with managerial responsibility for the area and to the Director, Office of Internal Review"*

should be made. GAO's Comprehensive Audit Manual states:

*"Direction of effort decisions should in no way be affected by the possibility that needed improvements in the management of our own operations may be identified."*

The process of agency review and comment on GAO reports allows the objects of GAO audits to continually evaluate GAO's work product. Their evaluations are not only included in GAO's reports,



which are usually publicly available, but the agencies also communicate their views on GAO's reports directly to the Congress and the press. Further, there are continuing conversations between GAO's managers and top agency officials. Indeed, department heads on occasion call the Comptroller General directly with criticisms or observations on GAO's work. GAO, by its own policy and necessity, must take into account the views of those it audits.

## Public

GAO receives continuous scrutiny from the public—especially the media. Although GAO is not covered by the Freedom of Information Act, it complies with the spirit of the act by making available to the public data supporting its conclusions and recommendations. This allows members of the public to assess the quality of GAO's work products firsthand.

Articles concerning GAO reports and testimony appear in newspapers across the counter almost daily. Additionally, these and other papers often provide analyses of GAO products and operations—often in the form of editorials. Also, national magazines often have commentary and critiques of GAO. Recent critical articles have appeared in the *National Journal* and *Business Week*.

Television and radio also cover GAO's work. An example of this is a recent segment of the television show "60 Minutes," which followed a typical audit from inception to conclusion.

Additionally, GAO has been the subject of several books. The most recent *The GAO: The Quest for Accountability* was written by Dr. Frederick Mosher and sponsored by the National Academy of Public Administration to ensure the objectivity of the author's effort. Professor Joseph Pois of the University of Pittsburgh authored another book on GAO that was published in 1979—*Watchdog on the Potomac: A Study of the Comptroller General of the United States*.

Finally, GAO has two standing panels of consultants that meet periodically with top GAO management—one is composed of top

educators and the other of eminent individuals from business, government, and academic circles. In addition, ad hoc panels of subject matter experts are frequently convened to critique planned and completed GAO efforts. A recent example of an ad hoc panel was the GAO's use of a blue ribbon group of management and methodology experts to review a number of GAO reports, identify any methodological shortcomings, and offer suggestions to avoid similar shortcomings in the future.

## Internal

There are several types of internal controls in GAO which hold the organization accountable to stated goals and policies. Some relate to how work is planned and carried out. Others are directed more toward compliance with laws, regulations, and policies in such areas as personnel or travel. Some of the control mechanisms are ongoing efforts which are an integral part of the agency's administrative operations. Others, such as the recent Task Force on Improving GAO Effectiveness, represent self-study efforts which have resulted in significant changes in agency operations.

With respect to substantive aspects of GAO work, several internal control devices supplement the scrutiny of GAO by the Congress, other agencies, and the public. These internal accountability processes involve report planning, execution, quality control, and followup.

One important accountability mechanism is the Comptroller General's Program Planning Committee, composed of GAO's top managers. It meets periodically to review lead division plans for the forthcoming 18 months and to discuss other major program issues. (A lead division plan encompasses a broad functional area such as transportation, facilities and materiel management, or automatic data processing.) One Program Planning Committee session is devoted to each of the 36 lead division areas. These sessions provide an opportunity for GAO officials to determine the degree to which GAO plans address national

problems of congressional interest and reflect coordination within GAO. An important aspect of the documentation for these meetings is a summary of past work, which indicates how reports were used and their effect. This is known as an "accountability model."

Plans for major self-initiated assignments are also reviewed by the Office of Program Planning for consistency with overall lead division plans. Individual assignments of all types may be discussed by a small group of top level GAO managers (called the Assignment Review Group) before a major investment of resources is made. GAO's management information system tracks progress on individual assignments and keeps top management aware of differences between plans and actual performance.

Controls concerning GAO report quality involve the division that prepared the report and the Offices of Policy and General Counsel, who review all reports signed by the Comptroller General. Each GAO division director is responsible for following Office-wide procedures dealing with report quality. These procedures assure that all reporting documents are carefully checked by someone who did not prepare them. This review involves checks of facts by another GAO staff member and reviews of overall conclusions and recommendations by top management officials in each division. Occasionally, outside experts may be called in to review the work.

The report review conducted by the Offices of Policy and General Counsel provides an independent check on compliance with the GAO policies requiring reports to be clear, logical, legally sound, well-supported, and constructive. The Office of Policy has recently initiated a more structured approach to reviewing reports to assure that each of the elements contributing to effective reports is given attention in the review process. From time to time, the director of the Office of Policy meets with division directors individually to review the most and least effective aspects of a division's reports.

Through the ongoing work of the Office of Policy and through special ad hoc efforts, GAO reviews its

policies and procedures which deal with the timeliness, effectiveness, and quality of GAO work. The Office of Policy is responsible for revising the Comprehensive Audit Manual and the Report Manual. These manuals guide GAO work and contain the standards which are applied in the report review process. The Office of Policy is currently evaluating the adequacy of guidance given to GAO staff regarding methodology selection for particular jobs and the amount of detail needed in describing what GAO did and what it found.

Recent ad hoc efforts by GAO staff have resulted in significant improvements in the way GAO undertakes its work. These efforts represent an important way in which GAO tries to apply evaluation techniques to its own operations. In 1978, the Task Force on Improving GAO's Effectiveness took a comprehensive look at GAO's policies and practices to identify ways to eliminate or reduce barriers to timely completion of work. Based on the task force's findings, a number of actions have been taken, some of which involved

- improving working relationships with the Congress,
- adopting a project team approach for carrying out assignments, and
- using the most effective and least costly reporting medium in satisfying the needs of intended users

An internal Task Force on Project Planning and Management Approach undertook a comprehensive analysis of the ways jobs are planned and executed throughout GAO and compared them with report approaches used in other public and private sector organizations. As a result, GAO changed its approach to project management to emphasize gains in efficiency and effectiveness through better planning of individual job assignments. Valuable comments on GAO work have also been received as a result of periodic meetings of GAO's Educator Consultant Panel.

Other internal studies in recent years covered various aspects of personnel management—an upward mobility program, staff training needs, performance appraisals

of the staff, and the staff rewards system. Currently, a task force is working on designing a senior executive service for GAO. Other studies have covered Washington/field relationships, report processing and review procedures, program planning, and information management.

The Office of Internal Review, which reports to the Comptroller General and the Deputy Comptroller General, is responsible for reviewing the operations and performance of all divisions and offices within GAO. The responsibilities of this office include

- evaluating performance under established policies, procedures, regulations, and laws;
- identifying ways of achieving more effective, efficient, and economical performance;
- examining and evaluating compliance with prescribed Office policies, plans, and procedures; and
- examining management controls and records.

The directors of Administrative Services and of Personnel have responsibilities for overseeing many aspects of GAO's internal operations. The Office of Equal Employment Opportunity, which reports directly to the Comptroller General

and Deputy Comptroller General, also has specific responsibility for monitoring compliance with GAO's equal employment opportunity program. GAO encourages feedback to top management through the Career Level Advisory Council, the Women's Advisory Council, and the Handicapped Advisory Council. An employee suggestion program is also maintained.

Also, at GAO's request, the FBI made a comprehensive evaluation of GAO's procedures for handling and safeguarding classified materials. As a result, GAO has taken or plans to take a number of steps to improve its handling of classified documents.

GAO was deliberately established by the Congress as an agency in the legislative branch so that it could make independent reviews of executive branch operations. Other countries have also established similar institutions with a comparable degree of independence. Given this mission and the need for independence, it would be inconsistent for the executive branch to have oversight responsibility for GAO. However, within the Congress, the House Government Operations Committee and the Senate Governmental Affairs Committee have a specific assigned responsibility for oversight of the work and operations of GAO, and, as discussed above, GAO comes under continual scrutiny in many other ways.





## Harold E. Lewis

Mr. Lewis is the senior group director in charge of special programs in the Federal Personnel and Compensation Division. He began his career in Washington, D.C. and served in the Far East Branch (Honolulu) from 1961 to 1972. He received a B.S. degree in accounting from Mount Saint Mary's College in Emmitsburg, Maryland, and is a graduate of the Industrial College of the Armed Forces.

# EEO Progress in the Federal Government in the Seventies

This article is adapted from a speech presented by the author at the Fourth Annual Equal Employment Opportunity Conference of the San Francisco Bay Area EEO Officers Council, San Francisco, California, in November 1979.

GAO has devoted considerable time and resources to the evaluation of EEO and antidiscrimination programs affecting both the public and private sectors. For the past several years, GAO has used about 50 staff years a year for this purpose.

Our reviews have covered a wide range of activities and programs, including

- discrimination in providing services under Federal financial assistance programs,
- assessment of school desegregation efforts,
- effectiveness of Federal agencies' organizations to achieve equal opportunity and nondiscrimination objectives,
- employment discrimination in skilled craft unions,
- the need for a generally accepted methodology for determining equal employment opportunity status, and
- assurance that equal employment opportunity is accorded to all Federal employees.

This work is carried out by two GAO divisions. The Human Resources Division is concerned primarily with EEO issues in the private sector and with other civil rights issues. The Federal Personnel and Compensation Division is concerned with the issue of ensuring that EEO is accorded to all Federal employees and applicants for employment.

This article discusses only the progress of EEO in the Federal Government and GAO's role in that progress.

The Federal Government is the largest employer in the nation,

providing jobs to approximately 5 million civilians and military people. However, certain civil service employment patterns and practices still have exclusionary aspects which continue to deny equal employment opportunities to Federal workers and applicants.

Since fiscal year 1977, GAO has issued over 15 reports to the Congress and agency heads dealing with EEO issues relevant to Federal employment. These reports have covered such topics as upward mobility, discrimination complaint systems, the effect of veterans' preference on women and minorities, Federal testing and selection practices, problems of the physically handicapped, and the effectiveness of EEO programs in specific agencies.

Although these reports discussed EEO problems and program weaknesses which required legislative, regulatory, and administrative changes, we believe that the Government has made progress in removing barriers to Federal employment and in providing more equal access to jobs for women, racial and ethnic minorities, and the handicapped. We believe that GAO's work has helped increase the rate of progress being made. Nevertheless, the Government has yet to arrive at the point where special EEO emphasis is no longer needed. One has only to look at the percentages of women and minorities in the upper grades to find that there is still much progress to be made.

## Issues of the Seventies

One of the early issues we were concerned with was how the Government could improve the opportunities of individuals currently employed but stuck in low-graded, dead-end jobs; jobs which were, and are, heavily populated by women and minorities. To examine



this issue, we evaluated upward mobility programs in 19 different departments and agencies. We found that 10 of these agencies did not have significant upward mobility programs and that the programs were poorly structured in the 9 agencies which had them. We made several specific recommendations to the Chairman of the Civil Service Commission aimed at enforcing existing regulations, providing better instruction and guidance to agencies, and monitoring agency programs. Many of our recommendations were adopted, and since that time many improvements have been made in the effectiveness of upward mobility programs in Federal agencies.

However, the basic issue of career progression and representation of the Federal work force at all levels will be with us for a long time. One of our ongoing evaluations deals with the question of whether women and minorities, once hired, are progressing in their careers at the same rate as their white male counterparts.

Another major EEO issue we addressed was that Federal EEO programs were in many ways confused, fragmented, and in disarray. We reported to the Congress that there was disagreement on just exactly what "equal employment opportunity" meant; program goals and objectives were not clearly stated; there were poor criteria for setting goals and for evaluating accomplishments; enforcement agencies treated the Government's internal programs differently from programs of private business and of State and local governments; and statistical data needed to evaluate EEO program progress and problems were usually unavailable or inadequate.

Another issue which GAO studied involved barriers to the employment of minorities and women at the entry level. One of our initial reports dealing with selection procedure barriers assessed the conflicting national policies of veterans' preference and EEO. We reported that veterans' preference was, in many instances, almost an insurmountable barrier to women seeking Federal employment, and we testified before a congressional committee to point out the impact

veterans' preference has on women. The Administration supported modification of the preference given to military veterans and early versions of the civil service reform legislation contained language to that effect. However, the Congress did not modify the practice, and consequently, this selection barrier is still with us.

Another report focused on the Professional Administrative Career Examination, more commonly known as PACE, the Junior Federal Assistant examination, and two "unassembled" examinations. We reported and testified in May 1979 that both PACE and the Junior Federal Assistant examination screened out black job applicants at a much higher rate than white applicants, and that of the blacks who passed, few scored high enough for a realistic job opportunity. Data, unfortunately, did not exist to determine how well Hispanics and other ethnic minorities did on the tests in comparison to whites.

While OPM had developed a substantial amount of evidence in support of PACE, our report contained several recommendations aimed at ensuring its full compliance with the Uniform Guidelines on Employee Selection Procedures. Most importantly, we recommended that OPM comply with the Uniform Guideline requirement to search out substantially equally valid alternative selection procedures with less adverse impact than PACE. OPM agreed with our recommendations, and several changes have been proposed.

### **Congress Acts Boldly**

In January 1979, some very important changes occurred which should, in time, have a dramatic effect on equal employment opportunity in the Federal Government. First, the President's Reorganization Plan No. 1 of 1978 took the EEO policymaking and enforcement functions away from the Civil Service Commission (now OPM) and gave them to the Equal Employment Opportunity Commission. As a result, the Federal Government, as an employer, will now be treated as a private em-

ployer with respect to the enforcement of EEO laws.

The second major change resulted from the Civil Service Reform Act of October 1978. This act, together with the Reorganization Plan No. 2 of 1978, abolished the Civil Service Commission and created the Merit System Protection Board, the Office of Personnel Management, and the Federal Labor Relations Authority. The act was intended to accomplish a number of different goals, but the goal we emphasize here is having a "competent, honest, and productive work force *reflective of the Nation's diversity*." The primary mechanism established in the act to achieve this goal was laid out in section 310 under the heading, "Minority Recruitment Program." This program, commonly referred to as the Garcia Amendment, has been renamed the "Federal Equal Opportunity Recruitment Program."

The Congress imposed a sense of urgency for implementing this program. EEOC was given 60 days from enactment to establish initial policy, and OPM was given another 120 days to issue implementing regulations, evidence that the Congress is serious about EEO. GAO sees the Garcia Amendment as a vehicle for getting agencies to do some of the things GAO has urged them to do for some time.

Because of our interest in this matter, we began promptly to monitor and evaluate what EEOC, OPM, and the agencies were doing to get this program underway. In June of 1979 we wrote to the OPM Director and the EEOC Chair to tell them we were concerned with certain omissions in the implementing regulations. For example, the regulations did not ensure that the authority given to those carrying out the program would be commensurate with their responsibility. Also, no mechanism was set up for evaluating the effectiveness of the program, and time-specific recruiting goals were not required. We believed that these controls were needed to get the program off to a good start.

We are continuing to observe agency progress in getting this program off the ground. Frankly, we are concerned that the program is not progressing at the expected

rate. It seems that neither OPM nor the agencies have reacted to this program with the same sense of urgency the Congress demonstrated when it passed this provision of the Reform Act. We plan to report to the Congress on this matter in early 1980.

## Future Emphasis

GAO's work in the future will continue to identify weaknesses in Federal agencies' programs. GAO will also provide methods for improving the administration of these programs to ensure their compliance with laws, regulations, and executive orders concerning non-discrimination and equal employment opportunity. Our work will involve:

- An analysis of the cost and effectiveness of EEO advocacy programs such as the Federal Women's Program and the Hispanic Employment Program.
- An evaluation of DOD's management structure for carrying out an effective EEO program for members of the uniformed military services.
- An analysis of whether the standardized qualification requirements for general schedule positions result in adverse impact on minorities, and if so, whether they are valid and job related.
- A review of the discrimination complaints system for Federal employees under EEOC's new implementation responsibility.

Some of this work is already underway and will be the subject of reports to the Congress during the next several months.

## Alternative Approach to Reaching EEO

Ideally, if programs work well, they will achieve their aims and eliminate the problems they were created to deal with. Programs should not be established merely to perpetuate themselves. The real challenge for the next decade is to work toward the full achievement of the EEO program aims; that is, to eliminate discriminatory employ-

ment practices and achieve a representative work force.

Many personnel directors we have interviewed agree that EEO and good personnel management are interrelated and interdependent. A good personnel system is not biased either for or against any one group. These personnel directors also admit that the barriers to minority and female job applicants match closely with the basic personnel functions of recruiting, examining, and hiring.

The consequences of combining or separating EEO activities from regular personnel management have been little understood and gone relatively unnoticed. Yet the organizational placement of EEO programs may have a critical bearing on workers' attitudes toward EEO objectives and the success of an agency's EEO efforts. For example, establishing staff positions for program coordinators for women, Hispanics, and others outside the personnel system offers a visible, official commitment to EEO. But it can also lead to worker criticism that an agency confines its EEO efforts to "special" groups. Workers not of these groups may be inclined to believe that affirmative action excludes them. Since the success of EEO programs for minorities and women depends, in part, on the cooperation of persons already in the work force, it is important to create the organizational reality that EEO is for all employees. But to do that, we must show through deeds that EEO is in the business of changing personnel systems to achieve equality for all.

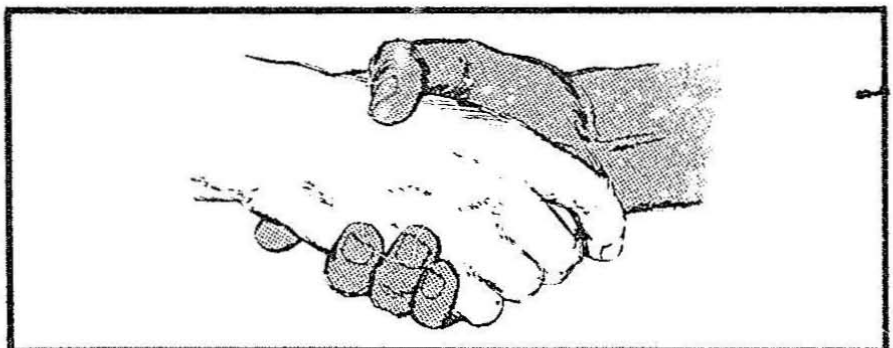
Placing responsibility for affirmative action outside the personnel department may ensure independence from departmental channels, but it often does not put re-

sponsibility and accountability for affirmative action where it can best be accomplished—in the personnel office. The independent EEO coordinator can move management to accept program guidelines. The coordinator is not, however, in a position to carry out these changes in the employment process where the most serious barriers to women, minorities, and the disadvantaged may occur.

Separation of the EEO and personnel functions has often prompted rivalry between EEO offices and personnel administrators. Often, communications between them have been poor, lines of authority and responsibility have remained unclear, and personnel functions have overlapped and have been duplicated.

If the long-range goal of affirmative action is to fully integrate EEO into the personnel systems of Federal agencies, possibly the time has come to reconsider the separation of the two functions. If the emphasis on affirmative action is to remain a permanent concern in Federal employment practices, perhaps thinking should begin now to fully integrate EEO into the day-to-day operations of Federal agencies.

In summary we believe that progress is being made by the Federal Government as an employer, and that more people are beginning to realize it is in their own self-interest to ensure that discriminatory practices are eliminated. However, we also believe that a great deal of work remains to be done before all individuals truly have an equal chance to achieve their personal career goals, and before equal opportunity becomes second nature to all of us from both a personal and organizational standpoint.





## John C. Burton

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# New Frontiers in Accounting

This article was adapted from an address to the American Accounting Association's Plenary Session, Honolulu, Hawaii, in August, 1979, and is reprinted with permission of Dr. Burton.

In the past quarter century the accounting profession has experienced phenomenal growth, fueled primarily by a revolution in information processing technology, a dramatic expansion in the regulatory environment, and by an increasing recognition of the need for reliable financial information in the capital markets.

This period has certainly been one of accomplishment for the profession. It has played a major role in the development of systems and procedures for the processing of incredible amounts of data which has made possible the functioning of an increasingly complex economic society. Presumably, but not demonstrably, it has contributed to the improvement of our system of private capital allocation based on free and informed markets by the development of better standards of economic measurement for corporate results, and by the improved reliability of data emerging from corporate information systems.

In addition, through sometimes painful experience, the profession's largest firms have learned to cope with the problems of managing multinational professional enterprises billing hundreds of millions of dollars a year. Finally, the profession has recognized increasingly its obligation for self-policing, and through the process of peer review it has begun to provide public assurance of its quality controls. While none of these are completed processes, and indeed they must be ongoing, progress made to date is certainly significant professional accomplishment.

Despite these accomplishments and the enormous growth that has occurred, the question must be asked what the impact of the accounting profession has been on our society during this period of time. And here the story is not so encouraging. In general, with a few

exceptions, the profession has not been in the front lines of political, social or economic change and our tools have frequently been ignored in the decisions which have shaped and are shaping our society. In my judgment, this is not because we do not have tools and skills which are needed in this process, but rather because we have not been particularly concerned about their use in this manner.

In the past twenty-five years a generation of angry young lawyers has made our legal system the catalyst for social reform through the adversary process of the law. Such lawyers have been able to press forward to achieve needed (and perhaps unneeded) social change through the exploitation of abuse, often bypassing an unresponsive political system. In addition, lawyers have made a significant contribution to the political system both in their service as legislators and in their pressure for change through political processes.

While this activity has had great benefits, it also has costs, sometimes costs that have not been fully recognized. The adversary system tends to force generalizations on the basis of abuses. It has been said that hard facts make bad laws, and this process of litigation of abuses has resulted at times in raising the cost of error above its true social cost and accordingly encouraging uneconomic responses to avoid abuse. On balance, however, I think we can thank this generation of lawyers for major improvements in the social scene — in the environment, equal employment opportunity, improved working conditions, better product safety, and improved disclosure.

During this same period, a generation of peaceful accountants has largely ignored social issues, and committed themselves to their client's interests and their own. There have been few CPAs who have evidenced concern about such social issues, and who have been prepared to thrust themselves forward to give of their time, skill and



energy to influence the course of events. Few accountants have been willing to stand for public office, or to devote a few career years to government service, or even to take strong public positions on national issues. They have been concerned that government service might adversely affect their careers and that controversial positions will threaten their clients' interests. They have felt that the risk of being wrong was too great to accept. They have been content to commit themselves to the more precise definition of an accounting model describing a decreasing segment of our national economy and to the improvement of their own processes which are primarily of concern to them.

A great deal of effort has been devoted to limiting responsibility rather than enlarging it. Risk aversion and innovation seldom go hand in hand. A 1972 poll, commissioned by the AICPA, suggested that CPAs were considered careful and meticulous and committed to the maintenance of high professional standards, but compared to bankers, doctors, engineers, and lawyers, they ranked last in making a vital contribution to society, last in being creative and imaginative, and last in being public spirited. I doubt that this image has changed in 7 years. Both the reality and the image have had serious effects upon the ability of the accounting profession to recruit the most outstanding graduates of our universities. We need to change both the reality and the image.

I do not mean to suggest that there has been no professional recognition of the need for "public interest" work. The AICPA's special committee to study the profession's role in public service activities, chaired by Don Summa, reported in 1977 their conclusion "that the Institute and its members have an obligation to participate in public service activities which transcends the responsibilities of the average citizen, reflecting the CPAs unique capabilities".<sup>1</sup> And this committee urged that the AICPA acknowledge this obligation and institute programs to encourage public service participation. This report was given little public-

ity, nor has much been heard since from the Institute in regard to its implementation. A recently approved awards program in the public interest area is a positive, if modest, step.

The Summa report also listed a number of individual cases in which CPAs have taken action affecting their communities, and it urged individuals to continue such actions. State societies have organized some volunteer efforts. In the world of academe, the American Accounting Association appointed a committee in 1978, chaired by Wayne Bremzer, which reported this year and recommended a public interest section in the AAA, which is now being established.<sup>2</sup> It remains to be seen how effective this will be, but it is certainly a move in the right direction. Finally, the development of Accountants for the Public Interest, a public interest accounting entity with affiliates in various cities across the country, has been a positive sign, although its growth has been less than spectacular to date.

Compare this activity, however, with that of the legal profession, and one finds a very substantial shortfall. Public interest law is now a recognized specialty within the legal profession. There are a significant number of public interest law firms supported by foundations, by contributions from the bar, and by court-awarded fees in successful actions which are currently at work. In addition, there is a section of the American Bar Association entitled "The Young Lawyers Division," whose activities represent primarily public interest work. Let me quote a recent newspaper article describing its 1979 activities:<sup>3</sup>

*"The Young Lawyers Division annual report summarizes the activities in the 1978-79 bar year of its 46 committees and more than 225 affiliated state and local young lawyers organizations.*

*"Reaffirming its commitment to establish a meaningful dialogue with young lawyers throughout the country, the division's Affiliate Outreach project has remained a high priority. The division held five*

*regional affiliate meetings during the year . . .*

*"The primary focus of these meetings was to present and discuss public interest programs such as tel-law, law-related education, pro bono legal services and communicating through radio and television to encourage the implementation of these programs at the local level.*

*"These programs were highly successful. More than 300 young lawyer leaders representing young lawyer organizations from all parts of the country attended and, as a result, numerous new pro bono programs have been undertaken and others are being planned . . .*

*"Another area which the division addressed this year was that of child abuse. Its past performance in the public service arena helped the division with the assistance of the ABA's Office of Resource Development, to secure a \$300,000 grant from the Department of Health, Education, and Welfare to establish the National Legal Resources Center for Child Advocacy and Protection . . .*

*"Although unfortunate, the heavy flooding in many areas of the country provided an opportunity for the division's Disaster Legal Assistance Program to go into operation. This program, developed in cooperation with the Federal Disaster Assistance Administration and the Department of Housing and Urban Development, is designed to insure the provision of adequate legal advice and assistance to victims of natural disaster, utilizing area young lawyers for on-site counseling. It is estimated that more than 100 young lawyers were involved in various locations this year helping hundreds of individuals . . ."*

In addition, it is now generally recognized that large firms will encourage or at least permit their young lawyers to serve on a voluntary basis in pro bono matters. Government service is seen as a

major plus in a career path, and a large number of lawyers spend a number of years in this fashion. All this is in addition to the substantial effort made to represent the poor which has been accomplished through legal aid societies around the country for many years. When one looks at the totality of this activity, one must concede that the investment and commitment of the legal profession are far in advance of anything the accounting profession has even dreamed of. Most of the outstanding students in our universities seek careers that promise an impact on society as well as a comfortable living. Such students tend to be attracted to the legal profession which promises the potential to achieve change and innovation, rather than to accounting. Even within business schools, accounting is no longer attracting its share of the best students who seem to find consulting and investment banking more innovative. This is a tendency which must be reversed if accounting is to maintain and increase its role in society, and ultimately its economic success as well.

One of the problems that must be addressed is whether or not there is a need for public interest accounting work. One set of arguments relates to the availability of services at the present time. It has been suggested that most of those who need accounting services are able to pay for them, and that presenting the opportunity for free service will compete with small CPAs who might otherwise provide service on a free basis. In the tax area, where it is recognized that many of the poor need accounting services, it is suggested that the Internal Revenue Service will provide free advice and counsel for such problems. These are not convincing arguments. While free services may occasionally replace paid services, adequate controls over qualifications for those receiving assistance should minimize this problem. In the tax field, few accountants would see the Internal Revenue Service as the best provider of tax advisory services in the case of taxpayers with problems which require more than routine assistance in filling out forms. In addition, private accountants may achieve better communication with

communities where government authority is viewed with great suspicion.

A second set of concerns deals with the effectiveness of accountants in public policy issues, given the institutional environment in which it operates. It is argued that the absence of any institution equivalent to the courts in the accounting profession means that there is no forum in which public policy issues can be addressed. This suggests that only limited means exist for bringing expertise to bear on issues. In fact, this is far from the case.

Ours is not a society in which those who wait to be asked have much effect on policymaking. "No one asked us" is a common theme of those who are by-passed by the policymaking process. It is true that there are institutional advantages which individual lawyers have in bringing matters to the attention of a public forum. Nevertheless, there are ways in which accountants could make their talents felt on public policy issues. Accountants could, and sometimes do, bring matters to the attention of administrative agencies and others who are making significant economic decisions. They can seek public forums in which to speak out in areas of their expertise. They can also ally themselves with public interest lawyers presenting the case for one or another social purpose, or assist in the filing of amicus curiae briefs. AICPA has done this on occasion. They can testify at congressional hearings which precede most legislative initiatives and present positive initiatives. While the AICPA does testify frequently, too often this testimony is defensive, pointing out the problems with proposals from a technical viewpoint. While it is good that it is given, it does not make a major contribution to finding solutions.

Accountants have the advantage of being trained both to be independent and analytical in their approach to a problem. This is likely to have a significant effect on those making decisions, particularly in situations where the accountant does not evidence a specific client interest. While it is appropriate for an accountant's skills to be employed at the

direction of a client in gathering information or presenting data to a court or to an administrative agency, this should not be the extent of public interest accounting. Accountants should take advantage of their reputation for independence and their skills in analyzing and communicating financial matters in a clear and ordered manner.

There is a great need for the presentation of reliable information in a dispassionate manner in the process of public decisionmaking. There is a tendency within the political process to look at extremes rather than averages in reaching public policy decisions. Anecdotal rather than systematic evidence abounds, and such examples are usually based on abuses. If one looks at a policy decision such as the passage of ERISA, one finds many witnesses who recounted individual tales of extreme hardship and injustice in congressional hearings, but little testimony about aggregate effects. Accountants, whose measurement techniques are primarily an averaging process, and a systematic one, could have made a significant contribution in developing measurement approaches and in analyzing and presenting data regarding the aggregate effects which should be the primary (though not the only) consideration in public policy decisions. The recent Arthur Andersen cost of government regulation study for the Business Roundtable<sup>4</sup> is a useful, if limited, example of this kind of analysis.

There is one model in the accounting world which should be mentioned as a possible prototype for this broadened interpretation of accounting in the social process, and this is the General Accounting Office. The GAO was founded in 1921, essentially to perform a clerical function of voucher checking and legal compliance. In the post-war era, up to 1966, it changed its emphasis largely to eliminate its clerical functions and to develop an auditing approach consistent with professional auditors in the private sector. Since the appointment of Eimer Staats as Comptroller General of the U.S. in 1966, the agency has steadily developed a much broader view of its role. In 1972, auditing standards were published which included the obliga-



tion to review the efficiency and effectiveness of government programs. In the Congressional Budget Act of 1974, GAO was specifically authorized to "develop and recommend to the Congress methods for review and evaluation of government programs and activities" and to establish an office of Program Review and Evaluation to do this. Throughout the last decade, this emphasis on audits to test efficiency and effectiveness has been evidenced by the declining proportion of GAO's professional staff drawn from accounting majors. In recent years, less than half of the new professionals hired have had this specialization. Instead, economists, lawyers, general business and public administration graduates have been added to the staff. To quote Comptroller General Staats:<sup>5</sup>

*"The demands on auditors for greater skills in just the financial area are challenging enough. Even broader skills are necessary to do the kind of audit that produces information about efficiency and economy and effectiveness of programs. Life is too short for anyone to acquire all of the skills needed. Consequently, we have long since discarded the idea that an individual auditor can possess all the skills necessary. Our audit staffs are teams of people with varying backgrounds. Their skills are supplemented as necessary by specialists."*

An audit by the GAO is therefore far broader than the conventional financial audit. And, I would suggest, it is far more satisfying to the auditors and useful to society.

If, as I suggest, there is a social need to be fulfilled and the accounting profession has the potential to fulfill it, how do we get there from here? Obviously the attitudes, habits and traditions of a generation cannot be changed overnight. Academics, the organized profession, individual firms, and accountants in private industry all have a role. Let me sketch out an action program.

First, the potential breadth of accounting must be recognized in the literature and in practice. Accounting must be defined to in-

clude broader issues than the presentation of financial results of business enterprises. Accounting should be seen as measurement and communication of results as related to goals, and the development of information to assist in the determination of goals. While accounting will probably remain quantitative, it need not stay tied to one dimensional measurement in financial units. It should include the talents of many disciplines and should be applied to many sectors of society. We are just beginning to look at the problem of measuring governmental results. This area should be accelerated by the FASB. Accounting for human resources is still in its infancy, and must be pushed forward. The evaluation of costs and benefits of public policies has been dealt with primarily in the literature of economics and public administration, but surely this is an area where an accountant's skills have much to contribute. Too many decisions in both private and public sectors are made without an understanding of the costs involved. While most public policy decisions are ultimately political as they involve the reallocation of resources either generationally or among groups, there is reason to hope that the presence of better information will allow policy makers to understand the effects involved and to balance competing equities more wisely.

Second, the concept of audit must be expanded along the lines already begun by GAO auditing standards. An auditor must see his role as encompassing the evaluation of effectiveness in meeting goals and efficiency in operations as well as simply expressing an opinion on financial statements. This is happening in both the governmental and internal auditing fields, and external audits should follow as well. This suggests the close integration of consulting and auditing expertise to provide a service justified by economics as well as by regulation. If the allocation of highly talented and priced resources to a comprehensive professional review of an enterprise results only in an opinion on financial statements, there has been a gross misallocation of scarce resources. If, instead, a narrow audit

focus ultimately emerges, which seems to be the objective of practice scope limitations suggested by the S.E.C. and of those in the profession primarily concerned with liability, the profession runs the great danger of being defined out of economic utility and remaining only a regulatory parasite.

Third, accounting education must be broadened both in the classroom and outside of it. We must begin attracting "angry young accountants" motivated to achieve social change into our discipline. While such students are unsettling, they are also catalysts for the improvement of our field. We must train them to be effective in applying their skills.

To achieve this, we must revise the philosophy of most of our accounting curriculum. We too often see ourselves as teaching technical specialization. We should devote more effort to communicating an "accounting attitude" based on independence and the application of analytical measuring techniques to a broad range of problems. This will require some painful changes in what we teach. The basic course must be a focal point of change because it is there that a large proportion of our students get their first exposure to accounting. We must get across the idea that accountants are not primarily record keepers and checkers, but measurers of economic and social phenomena whose measurements significantly influence the allocation decisions of our society. This means that course materials must be developed which deal with data accumulation and cost measurement problems in the public sector. At Columbia in fall 1978, for example, I used the financial statements of the United States as a final assignment in the basic course, asking students to respond to the question "Did the United States have a good year in fiscal 1977?"

In addition, the curriculum must be revised to include more interfaces with other disciplines, particularly law and economics. Again the approach should not be that of the traditional business law course which teaches specific legal rules, but rather to communicate how



lawyers and economists approach problems, and how the institutions of those disciplines can be used by accountants in performing their roles.

Finally, there is a need for meaningful work outside the classroom which will involve students in the problems of society. This may include volunteer activities assisting small businessmen, minorities, or others who can use accounting services, data gathering and presentation relevant to local issues, and interaction with students from other disciplines working on public interest matters. Several of the affiliates of Accountants for the Public Interest have sponsored such activities and this process should be expanded, perhaps by organizing API chapters.

Academic research should also be accelerated in these areas. The new AAA Section (still provisional) is a good starting point. A new journal or a section of *The Accounting Review* might be created for publication of such efforts.

While it is reasonable to hope that academics will serve as the pioneers in seeking new accounting frontiers, the profession must play a significant role. Too often, the profession has approached new ideas with an enthusiasm characterized by the slogan "Pioneers are the ones with arrows in their backs."

We must make a commitment as a profession to public interest accounting, and this must be done nationally by the AICPA to achieve real impact. This includes effective recruitment of accountants for full-time and part-time government work and the encouragement of more situations where accountants are called on. It also includes the organization of voluntary efforts, the encouragement of firms, individual practitioners and state societies to undertake such efforts, and a systematic approach to communicating these activities both inside and outside the profession. A cooperative effort with Accountants for the Public Interest, public interest or service committees of other accounting organizations and appropriate sections or groups in the organized bar should be undertaken. The Auditing Standards Board and the Accounting Stan-

dards Executive Committee should address themselves to the issues raised by a broader approach to accounting and auditing in an innovative and positive way rather than as a defensive response to the initiatives of others.

Finally, the major accounting firms who represent the largest aggregation of human, technical and economic resources within the accounting world should address themselves to broadening the scope of accounting by committing these resources creatively to the problem. It is important that this plea not be seen primarily as a call for financial support. Rather, I am suggesting that accounting firms should add a new dimension to their self view. They should create a public interest division to organize and oversee efforts in this direction. They should recruit more persons skilled in economics, law and public administration, and see themselves as talent aggregates, rather than simply financial statement attestors. While the GAO model is not exactly applicable, it seems to point in a reasonable direction.

The accounting profession today faces a new environment, created in large part by the elimination of marketing constraints. It is likely that the successful firms of the future will be those who create both the image and the reality of a dynamic expertise covering a broad range of problems. Thus, public interest work should have long run economic payoff if it is well done and publicized.

Perhaps more importantly, this approach will have a favorable effect on the quality and morale of professional personnel. If, for example, a firm were to establish a policy that all professionals were to devote at least 40 hours a year to some form of public interest work, that would be a starting point. If a recruitment program were begun whereby a dozen of the firm's best recruits would be assigned to a public interest division for 4 months a year for their first 3 years and directed to develop programs whereby the firm's expertise might be effectively devoted to public problems, it is my belief that some of our finest M.B.A. graduates would be attracted to

public accounting. Similarly, a broader definition of auditing would have a positive effect. I am sure that if a firm decided to commit resources in these areas, many other ideas could be developed. These are simply offered by way of example.

Two years ago, Fred Andrews, a financial editor at the *N.Y. Times* gave a very perceptive critique of the profession in a program at the Wharton School.<sup>6</sup> As befits a reporter, he did so in the form of a series of questions, and several are worth repeating. "First," he asked, "why don't accountants think about the public interest more and big business less? Second, why are they so dull? And third, where are all the young accounting people and why aren't they stirring things up?" There are still no good answers to these questions, and they are an indictment of both the profession and of us as educators who provide its raw material. Change is needed if we are going to see the accounting profession fulfill its promise. Without a willingness to bring the talents of our discipline to the new frontiers of our society, the long range outlook is bleak. It is time for educators and professionals alike to devote their resources to the opening of these new frontiers.

<sup>1</sup> Summary findings, Report of the AICPA Special Committee To Study The Profession's Role In Public Service Activities, March 24, 1977, pg. 1.

<sup>2</sup> American Accounting Association Committee Reports, Volume 1972, Committee on Accounting and the Public Interest.

<sup>3</sup> *Accounting Law, Ethics and Public Policy*, The National Law Journal, Aug. 13, 1974.

<sup>4</sup> Arthur Andersen & Co., Cost of Government Regulation Study: A Study of the Direct Incremental Costs Incurred by 48 Companies in Complying with the Regulations of Six Federal Agencies in 1977, March 1979.

<sup>5</sup> Staats, Eimer B., *Government Auditing: Yesterday, Today, and Tomorrow*, Address before the Joint Conference, Intergovernmental Audit Forum, New Orleans, La., January 14, 1976.

<sup>6</sup> Andrews, Frederick et al., *The Public Accounting Profession and Its Critics: A Conference at The Wharton School, University of Pennsylvania, May 15, 1976*, sponsored by Laventhol & Horwath, CPAs.



### Henry Eschwege

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### John Vialet

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# Stimulating Transportation Innovation – The Federal Role

The General Accounting Office, under the leadership of the Comptroller General, is an arm of the Congress which reviews the programs and policies of the Federal Government and makes recommendations for improvements. In this process, we sometimes step on people's toes—even helpful criticism is not always welcome. But our intent is positive. We believe that government can be efficient and effective, and that constructive oversight and program evaluation by the Congress and its support agencies can help the Federal Government serve the American people better.

"What role does the General Accounting Office have in a debate on innovation?" The answer lies in the extensive influence Government policies and programs have on innovation, whether or not it is encouraged, suppressed, or ignored. GAO has a unique opportunity to identify impediments to innovation and to recommend improvements.

But before suggesting approaches to solutions, let us ask what is the problem? We are constantly reminded

- that the U.S. is losing its competitive edge in world markets due to declining innovation and productivity;
- that private investment in long-range research and modernization of capital plant and equipment is decreasing;
- that we are becoming an increasingly "have not" nation in critical resources such as energy; and
- that our friends in western Europe and the Far East have more efficient transportation systems.

So much for some of the problems. What of solutions? It's true the U.S. reputation for technologi-

cal superiority and innovation has been somewhat tainted, yet recent efforts by the Department of Commerce and the National Research Council show our determination to reverse any negative trend.

A sizeable portion of GAO's resources, for example, are devoted to reviewing the programs and policies of the Federal agencies involved in the U.S. transportation system. These efforts logically lead us to an assessment of how State and local governments, industry, and other parts of the private sector are affected by Federal actions. From this vantage point, consider the question: What can the Federal Government do to encourage transportation innovation and productivity?

## What Does "Transportation Innovation" Mean?

The dictionary defines "innovation" as "something newly introduced, a new method, device, etc." and also "the act of introducing a change or something new." Usually, when we use the term "transportation innovation," we mean an improvement in our transportation system, a change for the better. In particular, we perceive the kind of improvement that increases economic productivity, increases in the quality or quantity of goods and services produced from a given level of resources.

When we talk about transportation innovation, we also mean new technology—new transportation systems, new devices to improve fuel economy or protect lives, and new telecommunications systems which can substitute for physical transportation of passengers and mail. We tend to emphasize scientific and engineering improvements and lay particular stress on whether something is new.

These connotations influence the way we think about transportation innovation. Obviously, new transportation technologies and new ideas in applied science and engineering are important aspects of transportation innovation, but many of our transportation problems are due to our inability to make effective use of ideas we already have.

For example, from an engineering standpoint, we can now make automobiles which are much more fuel efficient than the average automobile produced in the United States in 1979. Our biggest national problems in this area are not with new technology, but rather with the acceptance of fuel efficient cars by American motorists, the reluctance of American automobile manufacturers to move too far ahead of consumer preferences, and institutional problems within the Federal Government which prevent the development of a cohesive policy towards the automobile.

Therefore, one of the most important meanings of transportation innovation should be to use existing ideas more effectively. This is a less glamorous subject than potential scientific breakthroughs, but in the near term it is a more practical objective for Federal transportation programs.

An example might be GAO's recent study of truck weight limitations. This study raises challenging questions as to the net benefits of increasing weight limits to conserve fuel. On the surface, the idea of achieving fuel savings by resorting to heavier truck shipments is impressive. But the price we pay in terms of increased highway maintenance and vehicles traveling deteriorated highways may make this idea neither useful nor productive. Also, at a time when we want automobiles to be smaller, the idea of larger, heavier trucks seems to undercut our efforts to make driving safer.

## What Are the Barriers to Transportation Innovation?

In reviews of Federal transportation programs, we have found a number of formidable barriers to productive changes in the U.S. transportation system.

### Mistrust and Antagonism Between the Government and the Private Sector

One of the worst barriers to transportation innovation is the lack of trust and the mutual antagonism between Government and the private sector, which frequently undercuts productive cooperation. There are those in Government who assume the private sector is no better than it has to be—a collection of selfish individuals and profit-obsessed corporations which can only be forced to do the right thing by stringent Government controls and regulations. Many in the business community see the Government as the enemy, pursuing unrealistic and overly moralistic goals at the expense of practicality and common sense. And there are private citizens, deeply committed to a particular personal cause or goal, who view both Government and business as dangerous adversaries—to be supported only if they completely agree with one's personal goals, and to be harshly condemned if they disagree.

These problems are deeply rooted in our society and obviously, simple solutions are unlikely. We should consider ways in which mistrust and antagonism between Government and private sector can be reduced, so as to improve the climate for transportation innovation.

### Fragmentation Within the Federal Government

A second barrier to transportation innovation is fragmentation within the Federal Government. A recent article in the *New York Times Magazine* quoted a former Secretary of Commerce who said:

*“...I have found that the brown bears are under the jurisdiction of the Secretary of Agriculture, the grizzly bears under the care of the Secretary of the Interior, and the polar bears are under my protection.”*

This was not the present Secretary of Commerce, Juanita Kreps, but Secretary of Commerce Herbert

Hoover in 1921.

In the transportation area, one of the most troublesome examples of Government fragmentation is found in Federal programs and policies involving the automobile. According to a recent report by Resources for the Future, the passenger automobile uses 13.1 percent of total U.S. energy consumption—slightly over half of the energy used by the entire transportation sector (25 percent). From a technological point of view, there are some very good prospects for energy savings—by improving auto fuel economy, by diverting motorists to more efficient modes of transportation, and by making more efficient use of the passenger car itself.

The American motorist has strongly resisted efforts to lure him into mass transit and carpools, and only recently has begun to show any real preference for cars which save fuel. Moreover, the American automobile industry has been understandably unenthusiastic about moving too far ahead of consumer preferences. But with sharply increased gasoline prices and potential unavailability of gasoline, these barriers have been somewhat reduced.

Still with us is the problem of fragmented Federal policies and programs for the automobile. Responsibilities for auto fuel economy are divided between the Department of Transportation and the Department of Energy. Automotive air pollution control is the responsibility of the Environmental Protection Agency. Auto safety programs are administered by the Department of Transportation. Fuel economy, pollution control and safety are closely interrelated—yet there is no comprehensive Federal policy which links and integrates these programs.

In practice, this organizational fragmentation has placed the burden of integrating Federal automobile policies on the automobile industry itself. As these policies are diverse and potentially conflicting, the auto industry has felt itself beleaguered and on the defensive, and progress towards necessary environmental, safety, and fuel economy goals has been slower than it might have been.



## **Excessive Government Regulation and Inconsistent Regulatory Policies**

A third barrier to transportation innovation is Government regulation—both excessive regulation and inconsistent regulatory policy. Excessive regulation can be seen in some of the Federal paperwork requirements placed on American businesses. In a recent study for the Joint Economic Committee of the U.S. Congress, GAO found that Federal reporting and recordkeeping requirements use 69 million hours of business time per year and cost over \$1 billion. The Department of Transportation (1.7 million hours), Interstate Commerce Commission (2.7 million hours), Civil Aeronautics Board (.4 million hours) and Environmental Protection Agency (1.0 million hours) are among the 14 Federal agencies with the most burdensome reporting requirements. While many of these requirements are needed to meet legitimate regulatory objectives, it is apparent that some regulatory reporting requirements are excessive and too costly for the benefits they produce.

Excessive regulation has two adverse effects on transportation innovation. First, the direct costs of complying with unnecessary regulations require staff and capital expenditures which might be used more productively. Second, and even more important, excessive regulation creates an economic climate which discourages risk-taking and places a premium on adjustment to the status quo. The railroad industry is an example. The cumbersome regulatory requirements which govern abandonment of rail lines or modification of freight rates and services have discouraged railroad managements from adopting needed improvements in operating methods and procedures.

Inconsistent regulatory policies also discourage transportation innovation. In addition to the problems created by lack of a cohesive, consistent Federal policy towards the automobile, similar inconsistencies can be seen in the Federal Government's economic regulatory

policies for surface freight transportation. Although the various freight transportation modes are in competition with one another, Federal regulatory controls vary from almost total coverage of the railroad industry, to partial coverage of the trucking industry, to minimal coverage of the barge and pipeline industries. These inconsistencies make parts of the surface transportation industry, particularly the railroads, less competitive and less profitable, and handicap them in taking the initiative to invest in modern equipment and facilities.

Recent initiatives by the Administration and the Congress to overcome regulatory inconsistencies and to balance the cost of regulation against benefits have begun to reduce the regulatory burden. GAO's 1977 study, concerning fare reductions to be achieved from less airline regulation, suggested savings of \$1.4 to \$1.8 billion dollars annually. The congressional debate which followed resulted in legislation to phase out airline regulation. The positive results from this legislation have encouraged similar efforts in the field of surface freight transportation.

The maze of Federal and State government procurement regulations can be another barrier to maximizing innovation. The prevalent procurement practice favors the lowest bidder who offers products meeting acceptable quality or minimal, but complicated, standards. In many cases the public would be served better by best-buy competition based on superior or innovative performance and life-cycle costs.

## **Making Federal Transportation Programs More Effective—Some Additional GAO Examples**

Recent GAO studies address the problem of making Federal transportation policies and programs more effective. For the most part, these studies focus on needed changes in Government organization, changes in enabling legislation, and ways to improve operat-

ing methods and procedures. These are precisely the kinds of modest improvements and innovations—making effective use of existing ideas—which are most needed to make our transportation system more productive.

- In a recent report, we observed that aircraft delays cost U.S. airlines over \$800 million in 1977, detained the traveling public by 60 million hours, and caused the airlines to use an additional 700 million gallons of fuel. Generally, aircraft delays result from excessive air traffic and bad weather. We recommended that the Congress authorize the Secretary of Transportation to decrease air traffic during peak periods, and that the Secretary use peak surcharges and/or quotas to implement this authority (CED-79-102).
- In another recent report, we discussed efforts by the Department of Transportation to encourage better use of existing urban transportation systems through planning and coordination of local actions affecting autos, transit, taxis, pedestrians, and bicycles. We found that innovative transportation projects were not successfully competing for Federal funds with traditional projects such as highway construction and bus replacement. We recommended changes aimed at encouraging more innovative projects by State and local governments. We also recommended integration of Federal Highway Administration and Urban Mass Transportation Administration planning and review functions in this area, so as to provide better Federal guidance to urban areas.
- In a study now in progress, GAO is examining the causes of railroad freight car shortages. One of the most important causes appears to be the very poor railcar use rate of some railroads. In other words, railcars are

sitting idle for long periods, waiting to be loaded and unloaded—unproductive time during which they are basically functioning as miniature warehouses. Reducing this unproductive time would free a substantial number of railcars, and would help solve the railcar shortage without requiring costly investments in new cars.

### Conclusion

Let me express some words of satisfaction coupled with the traditional language of caution you might expect from an auditor. Talent from industry, academia, and Government is needed to generate debate and understanding in the process of removing barriers and providing incentives to innovation. However, there is the need to

translate ideas into actions. Suggestions for innovation must be convincing to the different sectors of society. Implementation of ideas by the Government must be pursued through the political process so that needed changes in attitudes, policies and processes can be achieved.



## Ted Shepherd

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# Don't Dodge the Draft

~~are located at the Center in Garmisch, Germany, and the~~  
~~operation of <sup>ing</sup> it costs \$19 million~~ in fiscal year 1975,  
~~Our followon review showed that half of the cost was pa~~  
~~came equally from guest fees at the Center and~~  
~~for by the users of the Center and half of the cost cam~~  
~~Congressionally appropriated funds.~~  
~~from funds appropriated by the Congress.~~ In addition to  
Garmisch, ~~there are~~ smaller resorts that are in operati  
in Hawaii and ~~the Republic of~~ the Philippines ~~which all~~  
received ~~substantial support from~~ appropriated funds.

In 1972 the House Armed Services Committee was ~~res~~

The more memorable scribbles of this agency leave their concrete cradle on H Street to meet the larger world under the name "Report to the Congress by the Comptroller General of the United States."

Rational, dispassionate, sealed with an eagle and with authority, these documents give no hint of their amazing birth or the strain it works upon the midwives of writing and review. Yet a job's passage from deeds into words evokes in these birthing assistants feelings which range from indigestion to *weltschmerz*, which Webster calls "mental depression or apathy caused by comparison of the actual state of the world with an ideal state."

Ideal states are hard to come by, but that's no reason not to pursue them. This article seeks to assist in the pursuit by suggesting ways in which draft writers and reviewers can feel more satisfied with and powerful about themselves.

For two reasons, the method of suggestion will be long on metaphor and short on facts. First, facts have proved the world to be flat, round, at the center, and on the outskirts of the universe. So fancy's about as truthful—and more fun. Second, metaphor allows readers to feel less threatened by any supposition that they harbor greed, paranoia, and other of the

more potent human characteristics (though we all do).

The subjects to be discussed are, successively, the writer, the draft itself, and the reviewer.

## The Writer

Modern GAO abounds in auditors schooled in nonaccounting disciplines. Yet the majority of auditors remain, by training and experience, professional accountants. They properly view themselves as analysts of system and management. They do *not* view themselves as writers.

The average auditor faced with a report-writing task resembles a dessert-stuffed child confronting a pot of spinach, or Bambi confronting a hunter, or both. Gone are the sunny days of survey and review. To come are bleak weeks of reducing rainbow experience to drab ink. So chilling is the prospect, the auditor actually hears voices—his own. They say:

"Hello, Nonwriter Welcome to Hell. Around you, forbidding and impenetrable as the Himalayas, tower the Work Papers. Below, in the rapids of time, lurk the Piranhas of Deadline. Above float the long-beaked Buzzards of Reference. On behalf of your accounting professors and colleagues, lots of luck."



To solve the problem of feeling like a nonwriter, the auditor would do well to salute a Truth: "I am what I'm doing."

I first noticed this Truth one summer when, to help finance college, I worked loading iceboxes into trucks. Whenever I viewed myself as a truck loader (and not as a student on summer break), the iceboxes went into the trucks easier. In saluting the Truth, was I freeing up energy that had previously been diverted to denying it? Who knows? But, additional energy would seem to be available to that auditor who realizes that, when he's writing, he's a writer.

However, recognizing the Truth will not suffice for the auditor who feels what he's doing is *inappropriate*. A king tidying a toilet may accurately see himself as water closet cleaner and still feel *weltschmerz* at the inappropriateness of his task. To overcome this second problem, the auditor might invest in a Fantasy.

The Fantasy: "GAO is a newspaper chain run by a publisher (Comptroller General), assisted by executive editors (division directors), bureau chiefs (regional managers), and, among others, investigative reporters (auditors)."

This is not so mad a fantasy. Does GAO set parity, manufacture money, or wage war? No. It reports. The tangibles of its labor are stories written by reporters for the Federal arm of the Fourth Estate. Thus, for auditors, writing drafts is appropriate.

The auditor able to perceive himself (when writing) as a writer and who is aware that draft crafting is appropriate to his station may view himself as auditor-writer. This view holds the proper sequence to be auditing first, then writing. It's not. The proper relationship (and its payoff) is explained in an Unpithy Maxim.

"Let the writing (and prompt sharing of it with others on the job) begin when the auditing begins and continue throughout. Each activity will improve the other—and, both will bring the writer faster acting, longer lasting, more effective relief."

Assume the draft writer is a team leader. Adherence to the maxim will help him:

1. Complete a significant slice of the draft *early*. This slice comprises history, criteria, and scope—required elements that can be written rather fully at the outset of the job.
2. Improve the audit immediately. Constant checking of plans and data against the three written elements keeps job activities focused on what is possible, practical, and useable.
3. Improve *writing* (early writing warms up muscles for later, heavier writing tasks) and *thinking* (as reducing the terms of a bet from oral to written words demonstrates, writing is a splendid brain exerciser).
4. Save time, money, and tempers through a series of *shared* outlines which begin as rough maps of the job to be explored and evolve into a table of contents. Along the way, as they become more precise and detailed, these outlines floodlight possibilities for the story and spotlight its problems (holes, areas of confusion and/or disagreement).
5. Answer the two questions which must be answered by professional and amateur alike before the writing can become easy. They are: "What is the story?" and "How should it be related?" If the outlines have evolved properly, these questions have been answered in the final version, which offers the story properly boned, nerved, and muscled—and requires only the flesh of text to become a bonafide draft.

At this point it is relevant to ask a Big Question: Will embracing of the Truth, the Fantasy, and the Unpithy Maxim (with its quintet of the advertised blessings) guarantee good writing? Of course not. *People* do that.

But, as you will recall, good writing is not the point of this article. The point is to allow people (who happen to be auditors) to feel more satisfied with and powerful about themselves in an activity (which happens to be writing drafts—or, as we shall come to shortly, reviewing them).

## The Draft

Before turning from the writer to the reviewer, let us discuss the object of their mutual fear, the draft itself. What should it be—not be? Report titles can quickly supply examples of what a draft should *not* be.

THE AIR FORCE—WILL IT FLY? is a provocative title. It provokes rage: "Well. Will it or won't it? I thought *you* were supposed to find out."

A LOOK AT AMERICAN TROL-LIES is a neutral title. It offers no one (except a trolleyologist) any reason to read further.

Rather than being a rhetorical question or a non-positional presentation of data, a GAO report (and the draft that precedes it) should be an *active argument for action*. GAO wants some body to *do* some thing. These oft-requested characteristics of clarity, comprehensiveness, conciseness, accuracy, and fairness all go to assist the draft in doing what any successful argument must: *compel*. Though bound in vellum, illustrated in oils, and thick with the richest of rhetoric, the draft that fails to compel is worth no more than bird cage liner.

Because a draft can fail to compel in more ways than there are step increases in the GS system, it is hard to choose an all-star team. But here are 10 flaws that bear watching:

1. REDUNDANCY (Three variations):
  - I. Overuse of "First, tell 'em what you're gonna tell 'em; then, tell 'em; tell 'em what you told 'em." This memory-aid, most often used in oral communication, winds up in drafts when the writer thinks the reader is "a little slow" and "needs to be led." He isn't. He doesn't.
  - II. Cocoon writing, which wraps every new topic in a rehash of old topics. This permits the reader to avoid getting anything out of context—and also to experience Chinese water torture without water.

- II' The More is Better (or Quantity Equals Quality) syndrome which would muscle a STOP sign by making it read: HEY! YOU! DRIVER OF A MOTOR VEHICLE! HALT ITS PROGRESS! HERE! NOW!
2. DAZZLING FOOTWORK: To compensate for lack of evidence, the writer bakes a diversionary doughnut (and hopes the reader will ingest the much-ado-about-nothing without noticing the hole).
  3. DEAD HORSE WHIPPING: Occurs when an evidence-starved writer finds a surfeit of evidence and decides—whether the reader goes blind or not—to use it *all*. So, already inundated by evidence that proves the son guilty of patricide, the reader must endure additional verbiage that convicts the little fellow of stealing his aged mother's cane and setting fire to the cat.
  4. PASSIVES: "John was bopped by Marsha" instead of "Marsha bopped John." Quite often in GAO drafts passive language signals that the writer knows something is wrong (effect) but not who to blame (cause). In such cases the sentence becomes "John was bopped," period.
  5. COSMETOLOGY: After pointing out pimples in areas A through Y, the writer seeks to sooth the outraged subject by discoursing at length on a dimple in area Z. This does *not* calm the subject down but it does fire the reader up: "Why have my dollars and time been wasted to applaud the doing of something that should be done?" Exceptional work should be pointed out; ordinary work deserves no hymning. Cosmetology goes on under the names of *balance* (which is no more than presenting things in a proper context) and *objectivity* (which couldn't possibly apply to auditors because, being committed to sanity in government, they are ardently *subjective*). The desired word—and practice—is *fairness*.
  6. JITTERBUGS: Constant switching of topics (cows, then dogs, then hamsters, then gerbils, then cows) forces the reader to juggle and twitch.
  7. SHY CRITERIA: Page 8 says the Ark's dimensions *should be* 2 by 4 by 6 cubits—and page 12 says the dimensions *are* 3 by 4 by 4 cubits. To check condition against criteria the reader must yoyo across four pages. Criteria should be bold, sit right up close to what's being measured.
  8. MISPLACED TRUSSES: The assertion's support appears to support something—but not the assertion. So, the reader knows of one drooping assertion and suspects that elsewhere in the draft droops another. This is distracting.
  9. ORPHANS: "The biscuits in the army, they say, are mighty fine." Yes, but who says, and when, where, and in what capacity? Readers want to know about parentage, whether it concerns persons or words.
  10. CODE: (Four variations):
    - I. Bloating. "Bishop of Rome Departs Vows and Vatican in Clandestine Connubial Contract" *means* "Pope Elopes."
    - II Term switching. Whether the topic is year (calendar, fiscal, school) or beer (gallons, barrels, pints), every effort should be made to keep terms comparable.
    - III. Pseudo synonyms. Conditions become circumstances become factors become situation becomes this, while the reader grinds his teeth and wonders if these fuzzy words *are* synonymous or if he's missing subtle distinctions.
    - IV. Unjustified charts and graphs. These items should be used *only* when they convey information better than words would—and most charts and graphs don't—and most people (when they're feeling well) don't think in blocks, columns, pie slices, and zig-zag lines.

Having defined what a good draft should be (and named some of the flaws that make drafts bad), let us look at the recipient of the writer's mighty toil . . .

## The Reviewer

He most likely is an accountancy trained auditor who, by some mad exertion of will, has managed to perform the odious chore of draft writing well enough to receive the doubtful reward of judging it. As an umpire imposes Official Rules on a baseball game, so a reviewer imposes Report Manual standards on a draft. Both are supposed to make every call well and without bias.

The umpire is well-schooled in the activity he oversees. But chances are that the reviewer must judge a draft written by someone who did not major in logic, grammar, syntax, format, rhetoric—communications elements the reviewer did *not* major in either. This lack of schooling in communications makes the reviewer nervous. He knows that editorial "improvements" can turn into horrors. He remembers how, in attempting to make a rather passive sentence (In the United States are 12 copper mines) active (The United States has 12 copper mines) he inadvertently nationalized an entire industry.

Also, beyond feeling technically shaky, the reviewer—unlike the umpire—is often invested in the activity he judges. Chances are he has been asked to review a draft that arose from a job *he* petitioned the Higher Ups to sanction because it would boost the state of the Republic (and himself up Management Mountain).

So, like the writer, the reviewer is prone to hearing voices. His prayer:

"Oh God, don't let the draft I am about to receive be too bad, else the Higher Ups may think the *job* was bad, but don't let the draft be too good, for if I've got no comments, the Higher Ups may think I'm not *really* reviewing. Oh God, please. Tell me what the Higher Ups *really want*. You must know. You're a Higher Up."

This prayer, by a man aware that his perch on the power pile de-

pende in large part on how his superiors perceive him, shows the reviewer's heart is in the right place (self-advancement is a noble motive)—but not his head. It has been turned by the Might's:

"I better do this because a Higher liked this in a previous draft and he *Might* like this again."

"I better not do that because a Higher did not like that in a previous draft and he *Might* not like that again."

It is true that one does not want to risk incurring the wrath of a Higher Up by asking that Higher *why* he does or does not like something. It is equally true, however, that failure to ask why leaves the reviewer vulnerable to the temptation of abdicating his own viewpoint in favor of what he presumes Might please someone else. And nothing will water down, warp, distort, even eviscerate a draft (and eventually a reviewer) more than action based on Might's.

To help him do his job in a rewarding way, the reviewer should consider playing two roles:

1. *The Investing Editor*: A reader *willing* to protect the interests of all readers by investing his time and energy into assuring the draft is as good as it can be.
2. *The Champion of the Draft*: A co-owner in and guardian of the draft *unwilling* to brook any alteration to it without just cause.

In the draft writer the investing editor can expect to meet a person who wants critical comments along the order of "Masterpiece" and who views editors as people who would draw moustaches on the Mona Lisa. Of course not all writers are like this, only all normal writers.

And, because the reviewer's comments are more likely to run toward "Unclear" and "Lacks support," differences of opinion, arguments, even invitations to duel may ensue. Therefore, the reviewer must attempt to love and understand the writer—but never give in to him if giving in means leaving in the draft things the reviewer can't stomach. The reviewer should constantly remind himself that his first and overriding concern is to *readers*

In his role as investing editor,

the reviewer must assure the writer that recommended alterations arise from *personal* concerns or *understood* concerns of Higher Ups. No committed writer is going to be willing to buy changes suggested on the basis of Might's. Also, the reviewer should actively solicit the writer's ideas—even if they include criticism of the reviewer's ideas. This solicitation, if accompanied by honest action on the basis of the writer's logic, will reassure the writer that the reviewer is indeed human (imperfect). Writers like to know this; it gives them warm feelings. The reviewer can feel warm, too, by understanding that he is, besides being a good editor, *truly* humble.

Though it may take some time, if the reviewer plays this first role well, the writer will come to understand that his work is *not* just a ballpoint ballet danced for some corner-of-the-eye audience, that it *is* something the reviewer considers *really important*. And, understanding that, the writer will give the reviewer more of what *he* wanted: affection and respect. He may tell the reviewer "Thank you" or buy him a drink.

As Champion of the Draft, the reviewer (now co-owner of the draft with the writer) must be prepared, again, in the name of all readers, to challenge everybody who seeks to alter it. And alterations will be pushed. Because, to win its blue covers, the draft must satisfy an army of examiners, each of whom will peer at the product through the spectacles of his special expertise. And, even when proposed alterations seem justified, the reviewer should be wary about how they are made—because (as in the case of copper mine nationalization) a change in one aspect of the draft may produce changes in other aspects. In short, no one other than the writer and the reviewer, is going to be as concerned about the draft as a *whole product*.

Some alterations proposed will not be valid. As the draft ascends the power pile, it will be increasingly vulnerable to such change agents as expediency, the well-known Might's, and tradition. The Champion of the Draft must stand firm. If, for instance, an alteration is being forced on the basis of

tradition alone, the reviewer must be willing to point out that tradition encourages half the population to knot rags around their necks and the other half to walk on inverted pyramids.

The reviewer should remember that Higher Ups *will* listen and even change their minds—but that they are most inclined to do these things when they have a sense that the reviewer is truly and enthusiastically knowledgeable about and committed to the draft. On occasion, however, the reviewer may find that someone is resisting on the basis of an insupportable desire—and it is making the draft less readable. On these occasions it may be appropriate to employ the Reviewer's Appeal to Reason. There are many variations, but the central theme goes something like this:

"Mighty Higher Up, among your many duties is the reading of GAO drafts. When you are about that business, neither the size of your office nor the weight of your paycheck will protect you from the headache and heartburn of putrid prose. The solution I propose will protect you—in this draft and perhaps in future ones. Won't you help me?"

Few Higher Ups can resist joining a cause so obviously just. Some may become emotional and think of the reviewer as "management material." This is the kind of reaction (like the writer's husky "Gosh! You fought for me all the way to the top!") that the reviewer must be prepared to bear.

A good case could be made for saying that no documents in all government prove more helpful to America and Americans than do GAO reports—and that writers and reviewers should therefore be honored to midwife the draft.

But that would end the article with an emphasis on good subject matter, which is no more the issue here than is good writing. This article has really been about how people could have *more fun*. It has sought to bring us to a place where we agree that writing drafts can be more fun than visiting the dentist and reviewing them can be more fun than bobbing for barbed wire. As a conclusion, that's not a bad place to begin.

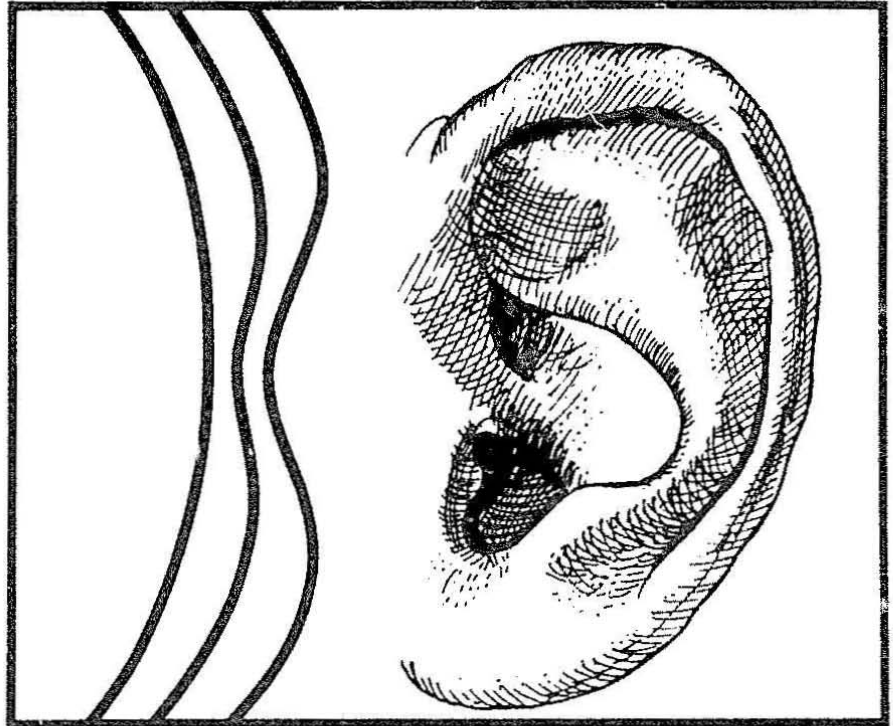


# Listening: A Neglected Communicative Skill

David D. Acker

Mr. Acker is a Professor of Management at the Defense Systems Management College

Reprinted with permission from the November-December 1978 issue of the Defense Department's Program Manager's Newsletter



*I heard a bird at dawn  
Singing sweetly on a tree,  
That the dew was on the lawn,  
And the wind was on the lea;  
But I didn't listen to him,  
For he didn't sing to me.*

*From "When You Walk"  
by James Stephens*

Most of us are acquainted with the old riddle which goes: If a tree falls in the forest, and no one is in the area to hear it, does it make a noise? From a communication point of view, the answer must be a definite "No." Even though there are sound waves, there is no sound because no one perceives it. For communication to take place, there must be both a sender and a receiver. The second and third articles of this series focused on the sender; this article is focused on the receiver—the one who provides feedback to the sender.

Saul Gellerman' says: "The sender, to be certain that his message will be accepted by the receiver, must be prepared to let the receiver influence him. He must even be prepared to let the receiver alter or modify the message in ways that make it more acceptable to the receiver. Otherwise, it may not be understood, or it may not be accepted, or it may simply be given lip service and ignored." This places the responsibility for good communications squarely on the shoulders of both the sender and the receiver. Each of us plays the roles of sender and receiver many times each day. Thus, it is important that we learn to play each role well.

Researchers have found that the average individual spends considerably more time each day in listening than in speaking, writing, or reading. Therefore, listening is a very important communicative skill.

Did you know that we devote about 40 to 45 percent of our working hours to listening? And did you know that, if you have not taken steps to improve this skill, you listen at only 25 percent efficiency? Putting these thoughts together, do you feel comfortable knowing that you earn 40 percent or more of your pay while listening at 25 percent efficiency? If not, perhaps acting on the information imparted in this article will improve your listening skills so that you will rise above the average in listening efficiency. Tests have shown that we can raise significantly the level of our listening performance by just a small amount of study and practice.

The importance of the listening skill to managers has been recognized by industrial firms for some time. Dr. Earl Planty, in his role as executive counselor at Johnson & Johnson, has said, "By far the most effective method by which executives can tap ideas of subordinates is sympathetic listening in the many day-to-day informal contacts within and outside the work place. There is no system that will do the job in an easier manner . . . Nothing can equal an executive's willingness to listen." Recognizing the value of effective listening, many companies offer training programs directed at improvement in this communicative skill. Some years ago the Methods Engineering Council compared one group of individuals who participated in a preliminary discussion devoted to efficiency in listening with a second group which did not participate in such a discussion. The comparison was made by testing each group. The test results showed that the marks made by the first group were 15 percent higher than those made by the second group. This was a significant improvement!

## What Listening Is

We hear—often without listening—when sound waves strike our eardrums. When we don't remember what we have heard, it is probably because we did not listen. A good example of this is the situation that frequently occurs when we are introduced to a new employee or a new acquaintance. A

few minutes later we can't recall the person's name. Why? Because we probably failed to listen to the name when we were introduced.

Kenneth O Johnson defines listening as "the ability to understand and respond effectively to oral communication." Thus, we can state at the outset that hearing is not listening. Listening requires more than hearing, it requires understanding the communication received. Keith Davis puts it this way, "Hearing is with the ears, but listening is with the mind."

Some of the attributes of a good listener are:

- He usually makes better decisions because the inputs he receives are better.
- He learns more in a given period of time, thereby saving time.
- He encourages others to listen to what he says because he appears more attentive . . . better mannered.

The typical listener, after 2 months, can remember only 25 percent of what he has heard in a briefing or a speech. Therefore, listening is not effective for receipt and retention of factual details. For retention of factual details we must place our dependence upon the written word.

Researchers have discovered that we can improve our listening comprehension about 25 percent. Most of us process the sender's words so fast that there is idle time for us to think about the message while it is being given. During this idle time a good listener ponders the sender's objectives, weighs the evidence being presented, and searches for ways to better understand the message. It follows, then, that good listening can be considered "a conscious, positive act requiring willpower."

The ability to listen more effectively may be acquired through both discipline and practice. As a listener, you should physically and mentally prepare yourself for the communication. You must be physically relaxed and mentally alert to receive and understand the message. Effective listening requires sustained concentration (regardless of the length of the message), attention to the main ideas presented, notetaking (if the condi-

tions are appropriate), and no emotional blocks to the message by the listener. One cannot listen passively and expect to retain the message. If you want to be an effective listener, you must give the communicator of the message sufficient attention and make an effort to understand his viewpoint.

## Guides to Effective Listening

Here are some practical suggestions for effective listening which, if followed in the program office or the functional organization, can appreciably increase the effectiveness of this communicative skill.

**Realize that listening is hard work.** It is characterized by faster heart action, quicker circulation of the blood, and a small rise in body temperature. Researchers have found that the higher we climb on the organizational ladder, the more difficult listening becomes. In day-to-day conversations, show the communicator you are interested by looking and acting like you are.

**Prepare to listen.** To receive the message clearly, the receiver must have the correct mental attitude. In your daily communications, establish a permissive environment for each communicator.

**Recognize your own biases.** Learn what your biases are and channel them properly. If you do, you can keep them from interfering with the message.

**Resist distractions.** Good listeners adjust quickly to any kind of abnormal situation; poor listeners tolerate bad conditions and, in some instances, may create distractions themselves. Take a clue from what good listeners do.

**Keep an open mind.** A good listener doesn't feel threatened, insulted, or the need to resist messages that contradict his beliefs, attitudes, ideas, or personal values. Try to identify and to rationalize the words or phrases that are most upsetting to your emotions.

**Find an area of interest.** Good listeners are interested and attentive. They find ways to make the message relevant to them-

selves and/or their jobs. Make your listening efficient by asking yourself: "What is he saying that I can use? Does he have any worthwhile ideas? Is he conveying any workable approaches or solutions?" G. K. Chesterton once said, "There is no such thing as an uninteresting subject; there are only uninteresting people."

**Show some empathy.** If we show some empathy, we create a climate that encourages others to communicate honestly and openly with us. Therefore, try to see the communicator's point of view.

**Hold your fire.** Be patient. Don't interrupt. Don't become overstimulated, too excited, or excited too soon, by what the speaker says. Be sure you understand what the speaker means; that is, withhold your evaluation until your comprehension is complete. Mentally arguing with a communicator is one of the principal reasons why so little listening takes place in some discussions. Don't argue. If you win, you lose.

**Listen critically and delay judgment.** Good listeners delay making a judgment as to the personality of the communicator, the principal points of the message, and the response to the message. Ask questions. Then, listen critically to the answers so that when the appropriate time comes to pass judgment, it can be done in an enlightened manner.

**Judge content, not delivery.** We listen with our own experience. We do not understand everything we hear. It is not fair to hold the communicator responsible if we can't decode his message. One way to raise the level of our understanding is to recognize and assume the responsibility that is ours.

**Exercise your mind.** Good listeners develop an appetite for hearing a variety of presentations . . . presentations difficult enough to challenge their mental capacities. Try it.

**Capitalize on thought-speed.** Most of us think about four times the rate at which the communicator speaks. It is almost impossible to slow down our

thinking speed. What do you do with the excess thinking-time while someone is speaking? The good listener uses his thought-speed to advantage by applying his spare thinking-time to what is being said. Not capitalizing on thought-speed may be your greatest handicap. Through listening training it can be converted into your greatest asset.

## Barriers to Effective Listening

There are several barriers to effective listening. According to Thomas R. Tortoriello,<sup>3</sup> some of these barriers are:

- We recognize that a personal risk is involved. Our thoughts and ideas might be changed in some way. Any change is threatening . . . initially.
- We listen for only those things that are relevant to our own goals and objectives.
- We listen for only those things that serve to satisfy our own needs.
- We cast aside those things that don't conform to our own models of the world.
- We filter the thoughts and ideas of the sender according to our frame of reference, our own attitudes and beliefs, our own expectations, and our relationship to the sender of the message.

Have you raised these barriers? Is the message coming directly to you without passing through some fine filters you have placed in the communications loop?

## Limit Your Own Talking

This article covering approaches to good listening would not be complete if something was not said about limiting our own talking when we are playing the role of the receiver. One cannot be an effective listener if he is too busy talking. Frank Tyger says, "You can only improve on saying nothing by saying nothing often."

It is more important to know when to remain silent than it is to

speak at the right time. J. Ogden Armour puts it this way, "Most men talk too much. Much of my success has been due to keeping my mouth shut."

Following receipt of each oral communication, there is time for a response. As the receiver of the message, don't monopolize the conversation. Give the communicator an opportunity to respond to your comments. As the source of the message he should be given a chance to have the last word. If you let him have that opportunity, he will feel important and believe he has communicated effectively. You, as the receiver, may feel justly that you have played your role as receiver well. Then, the communication that has taken place can be considered truly effective.

## Closing Comments

Wilson Mignet is quoted as saying, "A good listener is not only popular everywhere, but after a while he knows something." Are you a good listener? Do you listen intently and try to understand what the sender means? Do you try to put your understanding of the message in your own words and feed back what you feel the communicator meant—without adding to or deleting anything from the message? If you do, you will reach a better understanding with the originator of the message.

Are you willing to enter the communicator's world for a few moments and share his experiences through intensive listening? If you are, you can become an effective listener and convey a great kindness to him. At that point, you have taken a positive step forward in improving your ability to communicate with others. Thomas Morrel once said, "The first great gift we can bestow on others is a good example."

Remember, effective oral communication with others starts with effective listening. Since we all spend more time in listening than we spend in any other communicative skill, we would all be well advised to place more emphasis on this neglected tool for effective interaction between individuals. Why not start today? Don't let listening be *your* neglected communicative skill.



# Behaviorally Anchored Rating Scales for GAO

The Behaviorally Anchored Rating Scales (BARS) illustrate the complexity of duties at various GAO grade levels and are used for performance appraisal. The following arrived at the editor's desk (unsolicited) and indicates a great deal of wisdom. We thought we would share it with our readers.

## Comptroller General

Leaps tall buildings in a single bound.  
Is more powerful than a locomotive.  
Is faster than a speeding bullet.  
Walks on water.  
Arrests food on pony.

## Assistant to Comptroller General

Leaps short buildings in a single bound.  
Is more powerful than a switch engine.  
Is as fast as a speeding bullet.  
Walks on water if the sea is calm.  
Talks with food.

## Division Director

Leaps short buildings with a running start.  
And takes able winds.  
Is almost as powerful as a switch engine.  
Is faster than a BB.  
Walks on water if an infant swimming pool.  
Talks with food if the food requests it in private.

## Associate Director

Barely leaps a prairie dog.  
Loses a tug-of-war with a locomotive.  
Can't outrun a speeding bullet.  
Swims well.  
Is a most timely addresser of a word.

## Team Director

Makes high grades in a swimming pool.  
Leaps tall buildings.  
Is as fast as a speeding bullet.  
Can sometimes handle a tug-of-war with a speeding bullet.  
Leaps tall buildings.  
Arrests a pony.

## Team Leader

Leaps tall buildings.  
Keeps a good record of missing a lot of grades.  
Is not issued an invitation.  
Can't outrun a speeding bullet.  
Arrests a pony for food.

## Team Member

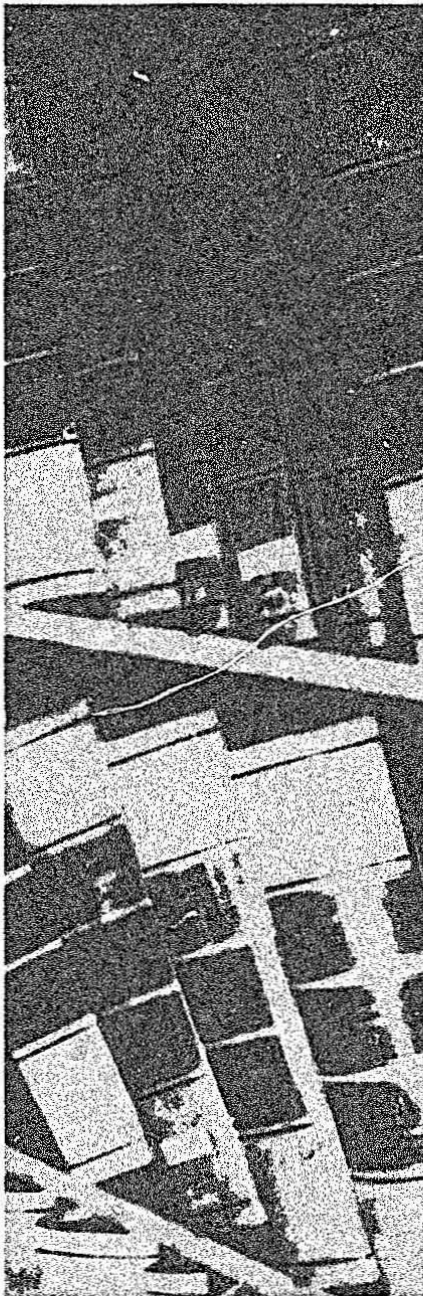
Leaps tall buildings when trying to get to meetings.  
Swims like a fish in a pool.  
Wets feet with a water pistol.  
Leaps tall buildings.  
Manages a pony.

## Secretary

Leaps tall buildings and walks under them.  
Keeps a good record of off tracks.  
Can't outrun a speeding bullet in her teeth and eats them.  
Arrests water with a single glance.  
Decides a pony for food.



Judith Hatter



# Legislative Developments

## GAO Personnel Bill

On December 20, the Senate Governmental Affairs Committee reported, with amendment, S. 1879, to establish a GAO Appeals Board to consider and act on employee appeals on administrative actions (S. Rept. No. 96-540). The amendments pertain to the authorization of appropriations to carry out the provisions of the bill and a technical amendment which transfers enforcement of political activities matters to the General Counsel of the Personnel Appeals Board established by the legislation.

## Legislative Branch Appropriation, 1980

The legislative procedure employed to provide the General Accounting Office its appropriation for fiscal year 1980 was unique. Public Law 96-86, October 12, 1979, 93 Stat 656, a continuing appropriation for fiscal year 1980, provides funds for the General Accounting Office in such amounts and in the manner provided in H.R. 4390, the Legislative Branch Appropriation Act, 1980, as reported June 7, 1979, (except as to executive salaries). H.R. 4390 had failed to pass the House of Representatives on June 13.

Subsequently, on November 15, during debate on a second continuing appropriation for 1980, Senator William V. Roth, Jr., of Delaware commented on the procedure used to fund the legislative branch, as follows:

“...earlier this year the Committee on Appropriations instituted a practice with which I totally disagree. I would like to go on record as opposing this practice and the repetition of it in future fiscal years.

“I refer specifically to the fact that we had no opportunity to consider the funding for the legislative branch separately this year. Instead, the funding was included in the continuing appropriations bill passed on October 10.

“I have searched for some justification for this dubious practice. I found only the explanation of the chairman of the House Legislative Appropriations Subcommittee quoted in the Congressional Quarterly. He said the bill was handled in this way because the funding was not controversial enough, and that the spending was small compared to other appropriations' bills. He also said that 'both sides,' meaning the House and Senate, were in basic agreement about the funding levels.

“I find each of his suppositions shocking but most incredible is that he does not consider a billion dollar appropriation bill important enough to be scrutinized by the Congress. Have we become so cavalier with the taxpayers' money that we consider a billion dollars to be pocket change? I would have thought the Congress would be particularly circumspect and frugal in spending the taxpayers' money on ourselves.

“I believe we are in danger of making the appropriations process into a complete charade. We parade the agencies up here for hearings, ask them for detailed justifications of their needs, debate the spending in the committee and on the floor of each Chamber, but when it is time to justify our own spending, we refuse.

“I cannot speak for others in this Chamber, but I do not consider \$1 billion to be pocket change. I do not appreciate having my consent for funding for the legislative branch taken for granted. And I vehemently oppose the holding hostage of necessary continuing funds so that we can make a fast getaway with the taxpayers' money. This pickpocket approach to appropriations is totally irresponsible and must not be repeated.”

## **Chrysler Corporation Loan Guarantee Act of 1979**

On December 21, with Senate approval of the conference report, Congress completed and sent to the President the Chrysler Corporation Loan Guarantee Act of 1979 (H.R. 5860).

The Comptroller General is a statutory member of the Chrysler Corporation Loan Guarantee Board chaired by the Secretary of the Treasury.

The GAO may make such audits as may be deemed appropriate by the Comptroller General of all accounts, books, records, memoranda, correspondence, and other documents and transactions of the Corporation and any other borrower. No guarantee may be made under the act unless or until the Corporation or any other borrower agree, in writing, to allow the GAO to make such audits. The results of all audits are to be reported to the Congress.

## **District of Columbia Retirement Reform Act**

The District of Columbia Retirement Reform Act was enacted on November 17, 1979, to establish an actuarially sound basis for financing retirement benefits for police officers, firefighters, teachers, and judges of the District of Columbia. (Public Law 96-122, 93 Stat. 866)

The law establishes the District of Columbia Retirement Board, an independent agency of the government of the District of Columbia, to have exclusive authority and discretion to manage and control the three funds, the District of Columbia Police Officers and Fire Fighters' Retirement Fund; the District of Columbia Teachers' Retirement Fund; and the District of Columbia Judges' Retirement Fund which are also established by the law.

The Board is to engage an enrolled actuary who is to make certain determinations on the basis of the entry age normal cost funding method, and in accordance with generally accepted actuarial principles and practices.

In the year 2004, the Comptroller

General is to determine whether the Federal share with respect to each Fund has been paid in full by payments made pursuant to appropriations authorized by the law.

With respect to the Police Officers and Fire Fighters' Retirement Fund, after January 1, and before March 1, of each year beginning with calendar year 1983 and ending with calendar year 2004, the enrolled actuary is to make certain determinations and report the determination for any year to the Board and to the Comptroller General not later than March 1 of such year.

The Board and the Comptroller General are to transmit a copy of each report by the actuary to the Speaker, the President pro tempore, the Mayor, and the Council not later than March 31 of the year in which the report is made. Each is to submit comments on the report.

In his comments the Comptroller General is to include a statement of whether the determinations made by the actuary were in conformance with generally accepted actuarial practices and principles and whether such determinations fairly present in all material respects the amounts described.

## **Congressional Award Board Audit**

Public Law 96-114, November 16, 1979, 93 Stat. 851, Congressional Awards Act, establishes a Congressional Award Board to administer a program designed to encourage initiative and achievement among youths.

The financial transactions of the Board and any private nonprofit corporation established for the sole purpose of assisting the Board to carry out the Congressional Award Program are subject to audit by the Comptroller General at times deemed appropriate.

## **Resources Conservation and Development Program**

The conferees on the Agriculture, Rural Development and Related Agencies Appropriation, 1980, in-

cluded with respect to the Soil Conservation Service a requirement that the GAO conduct a full and complete review of the resource conservation and development program, taking into account both the costs and the benefits of the program. The conferees expressed concern over the lack of cooperation shown by the Department on this program.

## **Testimony Before Congressional Committees and Subcommittees**

During the first session of the 96th Congress, officials of the General Accounting Office made 229 appearances before Committees and Subcommittees of the Congress to present the views of the Office on a variety of topics.





Josephine M. Clark



## Reflections

I have been reporting what happened and what was reported in the *STAFF BULLETIN* 20 years ago. As noted in my previous column, GAO suspended publication of the *BULLETIN* in March of 1960, and its successor, *THE GAO REVIEW*, was first published in the winter of 1966. Therefore, I have gleaned several items from the *WATCHDOG*, published during the early part of 1960, which might be of interest to you.

- The American Legion GAO Post No. 48 of the District of Columbia, at its February 26, 1960 meeting, voted unanimously to congratulate the GAO Employees Association for its contribution to the second poliomyelitis immunization clinic, which had just been completed.
- John J. Cronin, Jr., senior group director in the Financial and General Management Studies Division (then with the former Civil Accounting and Auditing Division), represented the President of Manhattan College at the recent installation of the new President of the Washington Missionary College.
- Max Hirschhorn, deputy director in the Community and Economic Development Division (then with the former Civil Accounting and Auditing Division), was elected as educational vice president of the Toastmasters Club.
- Hal D'Ambrogia, assistant regional manager in the San Francisco regional office, was on temporary military duty with the Navy in North Africa.
- Stan Eibetz, assistant director in the Procurement and Systems Acquisition Division (then with the former Accounting and Auditing Policy Staff) was admitted to the District of Columbia Institute of CPAs.
- Lola Brandy, Personnel Division, was elected Membership Secretary of the GAO

Employees Association, at a meeting held in June 1960.

- Successful candidates in the May and June 1959 examinations for CPAs were honored at the 12th annual CPA dinner hosted by GAO officials. Among those honored were Stanley R. Eibetz, Procurement and Systems Acquisition Division; Julius A. King, Field Operations Division; and Theodore J. Becker, International Division.

Ten years ago, in the Spring 1970 issue of *THE GAO REVIEW*, you'll find that:

- The report, "Feasibility of Applying Uniform Cost Accounting Standards to Negotiated Defense Contracts," issued January 19, 1970, along with its conclusions and recommendations, was reprinted. The work performed by the audit staff and the recommendations made by them led to the enactment of Public Law 91-379, approved August 15, 1970. This law established the Cost Accounting Standards Board. (The Chairman of the Board is Elmer B. Staats, the Comptroller General, and the Executive Secretary is Arthur Schoenhaut.) Two staff members who worked on the feasibility report are still with GAO. Ray Poskaitis, assistant director, Procurement and Systems Acquisition Division and Jon D. Sell, deputy team leader in the Washington regional office.
- A very interesting bit of history is contained in an article about the Annual Report of the Second Comptroller of the Treasury—1855—which reflects the concerns with financial control of Federal operations.
- Gregory J. Ahart, then deputy director of the former Civil Division, now director of the Human Resources Division, was selected to receive the Arthur S. Flemming

Award as one of the Ten Outstanding Young Men in the Federal Government for 1969. The Downtown Jaycees of Washington held their awards luncheon in the Mayflower Hotel on February 19, 1970. Awards were presented to the winners by the Honorable Potter Stewart, Associate Justice of the Supreme Court. Over 100 persons from GAO attended. The program honors outstanding young people in the Federal Government.

- The Comptroller General, Elmer B. Staats, was elected as a member of the Governing Board of the International Organization of Supreme Audit Institutions during the meeting of the Board at INTOSAI headquarters in Vienna, Austria, September 1-5, 1969. (Mr. Staats has been a member ever since.) INTOSAI aims to promote the exchange of ideas and experiences between supreme audit institutions in the sphere of public financial control. (One of the projects of INTOSAI is the quarterly publication of the *INTERNATIONAL JOURNAL OF GOVERNMENTAL AUDITING*. The Editor of the *JOURNAL* is John D. Heller, Assistant to the Comptroller General and also Editor of *THE GAO REVIEW*. Others from GAO assisting on the *JOURNAL* are Elaine L. Orr, Assistant Editor, and Josephine M. Clark.)
- A new law was signed March 10, 1970, (Public Law 91-206) which gave GAO specific statutory authority to audit the financial transactions of a newly established agency known as the National Credit Union Administration. At the time, the NCUA supervised nearly 13,000 federally chartered credit unions.
- Comptroller General Staats testified on the United Nations before the House Foreign Affairs Subcommittee on International Organizations and Movements on

March 5, 1970. Mr. Staats summarized GAO's conclusions and suggestions for improvements needed in the management of U.S. interests in development assistance activities of the various agencies of the United Nations.

- During this period, the Comptroller General and his staff also testified on independent research and development, SAFEGUARD System, Telecommunications Policy Office, advisory committees, GAO budget, and anti-bid peddling.
- The following three officials were designated assistant

directors in the former Civil Division:

Philip A. Bernstein, deputy director, Human Resources Division

William D. Martin, Jr., deputy director, Field Operations Division

George D. Peck, director of the Veterans Administration group in the Human Resources Division

- Dominic F. Ruggiero was designated assistant regional manager of the Los Angeles regional office.



Mr. and Mrs. Gregory J. Ahart with the Comptroller General, Elmer B. Staats, before the Fleming Award ceremonies, February 19, 1970.



# Staff Changes



**Stewart D. McElyea**

Stewart D. McElyea, Assistant Comptroller General for Special Studies, retired January 11, 1980, after 30 years of Government service. Mr. McElyea served 21 years at GAO.

As Assistant Comptroller General, McElyea led projects on staff development and performance evaluation, and the feasibility of establishing a productivity system at GAO. He also represented the Comptroller General in Panama at the Inter-American Accounting Conference in September 1979. He continued his involvement with the Comptroller General's Educator Consultant Panel, and will serve on the Panel during his retirement.

He joined the General Accounting Office in 1953, and was appointed manager of the former Dayton, Ohio, regional office in 1956. In 1957 McElyea was designated assistant director in the Defense Accounting and Auditing Division in Dayton, Ohio. There, he directed the activities of the General Accounting Office at the Air Force Logistics Command. In January 1963, he was appointed manager of the Denver regional office, and in September 1971, he became the deputy director of the Field Operations Division. He was named director of that division in early 1976.

Mr. McElyea graduated from the University of Florida with a B.S. degree in business administration and completed the Advanced Management Program of the Graduate School Business Administration,



**Samuel W. Bowlin**

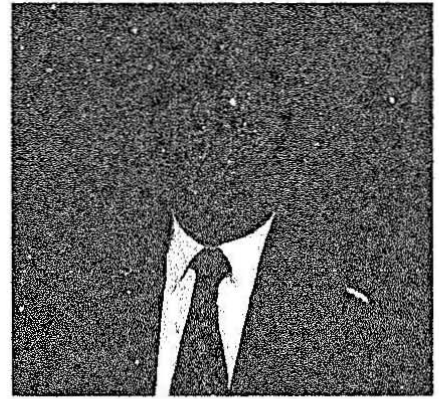
Samuel W. Bowlin was designated associate director, International Division, effective January 7, 1980. In his new capacity, he will be responsible for reviewing bilateral economic assistance programs which deal generally with "human" problems related to food and agriculture, population, and health, education, and training.

Mr. Bowlin joined the General Accounting Office in July 1970 and has had diverse assignments in the Office of Congressional Relations, the International Division, and in the former Civil Division.

Mr. Bowlin earned a B.S. degree in general business from Virginia Commonwealth University in 1960. In 1971-72 he participated in the Congressional Fellowship Program. He is a CPA (Virginia) and a member of the American Institute of Certified Public Accountants. He received a Special Education Award in 1973; a Certificate of Merit in 1979; and outstanding performance ratings in 1968, 1975, and 1976.

Harvard University. He served in the Army Air Force during World War II.

Mr. McElyea is a CPA (Florida). He received the Comptroller General's Award for his work on the Task Force on Improving GAO Effectiveness.



**Wilbur D. Campbell**

Wilbur D. Campbell has been designated as deputy director of the Financial and General Management Studies Division, effective November 4, 1979. He was formerly associate director, senior level in the Community and Economic Development Division, where he was in charge of the Water and Environment issue areas.

Since coming to GAO in 1959, Mr. Campbell has assumed increasing responsibilities for a wide range of assignments including the National Aeronautics and Space Administration, Department of the Interior, the Corps of Engineers, the Department of Housing and Urban Development, and the Environmental Protection Agency.

Mr. Campbell served with the U.S. Army in Europe from 1954 to 1956. He graduated from the College of William and Mary in 1959 with a B.A. degree in accounting. He attended the Program for Management Development at the Harvard Business School in 1973.

Mr. Campbell is a CPA (Virginia) and a member of the American Institute of CPAs. He received the GAO Meritorious Service Award in 1973, the Distinguished Service Award in 1975, and the CED Division Director's Award in 1978.





**Rollee H. Efros**

Rollee H. Efros was designated associate general counsel, Office of General Counsel, January 18, 1980.

Mrs. Efros has been assistant general counsel for the General Government Matters Division since June 1975. She is primarily responsible for legal questions concerning expenditures of appropriated funds, fiscal and administrative aspects of legislation, and problems involving the consistency of certain Federal agency actions and program decisions with congressional intent.

She served as chief of the Legislative Services Branch, National Institute of Mental Health, HEW, from April 1967 to September 1973. Prior to that time, she was a newspaper reporter, Springfield (Ohio) News-Sun; legal consultant, Washington Action for Youth (President's Commission on Juvenile Delinquency); and legal analyst and senior mental health planner, District of Columbia Department of Public Health.

In October 1973, Mrs. Efros joined the General Accounting Office as a senior attorney. From July 1974 to June 1975 she was assistant general counsel for Civilian Personnel Matters. She received a GAO Meritorious Service Award for 1975 and an Outstanding Performance Rating for 1976.

Mrs. Efros received a B.A. degree cum laude from Antioch College, Yellow Springs, Ohio, and a J.D. degree from Columbia University Law School, New York, N.Y. She is a member of the Bars of New York and Washington, D.C., and belongs to the American Bar Association, Federal Bar Association, and Amer-



**Richard L. Fogel**

Richard L. Fogel has been designated director, Office of Program Planning, effective January 28, 1980.

Mr. Fogel has had diverse experience with the General Accounting Office in the General Government Division, Human Resources Division, and the former Civil Division, primarily in the welfare and law enforcement areas. In his present position, he is responsible for all GAO activities in the tax administration and financial institution regulatory areas.

Mr. Fogel joined GAO in 1969 after receiving a masters degree in public administration from the University of Pittsburgh. He received his B.A. degree in government from Cornell University (1966) and a masters degree in comparative politics from the University of Sussex, England (1967). He is a member of the American Society of Public Administration and has published several articles in professional journals and books on program evaluation.

Mr. Fogel received the GAO Meritorious Service Award in 1974, the General Government Division Director's Award in 1976, and the GAO Distinguished Service Award in 1976.

ican Civil Liberties Union. She is chairman of the A.B.A. Committee on Financing and Funding, Section on Public Contract Law. She is also the author of numerous articles and book chapters on medicolegal and appropriations law topics.

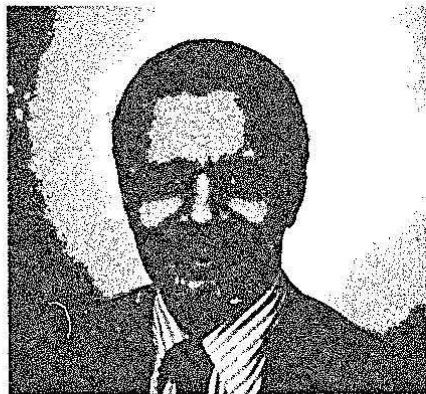


**John J. Higgins**

John J. Higgins, associate general counsel, who directed the work of the General Government Matters Division of the Office of the General Counsel, retired on January 11, 1980, after 40 years of Government service.

Mr. Higgins entered the Federal service on August 26, 1940, with the Federal Bureau of Investigation and served mostly in the Identification Division. He began his General Accounting Office service in September 1952 as an attorney in the Office of the General Counsel. He was designated deputy assistant general counsel on April 5, 1970, and an assistant general counsel on November 11, 1972. Effective July 7, 1974, Mr. Higgins was appointed to the position of associate general counsel, general government matters, which he occupied at the time of his retirement. Mr. Higgins received the GAO Distinguished Service Award in 1975; outstanding performance ratings in 1963, 1966, 1968, 1970 and 1974; and the General Counsel's Award in 1979.

Mr. Higgins attended The George Washington University in 1947 and received a Special Certificate in Law from Columbus University (now merged with Catholic University) in 1951. He was admitted to the bar of the District of Columbia in 1952 and is a member of the Federal Bar Association.



**Arnold P. Jones**

Arnold P. Jones has been designated senior level associate director in the General Government Division effective December 21, 1979. He is responsible for all GAO activities in the non-Federal data and tax administration issue areas.

Mr. Jones' experience in GAO has been with General Government Division, primarily in the law enforcement, postal, and non-Federal data areas.

He joined GAO in 1973 after a varied career in both the Federal and private sectors. He received his A.B. degree (mathematics) from Oberlin College (1955) and his masters degree (mathematics) from the Catholic University of America (1961). Mr. Jones has published several research articles in professional journals.

Mr. Jones received the GAO Meritorious Service Award in 1979.



**Thomas P. McCormick**

Thomas P. McCormick was designated as senior associate director in the Human Resources Division effective January 7, 1980. He will be responsible for audits of health research, resources, and services.

Since joining the General Accounting Office in 1963, Mr. McCormick has had diverse assignments, including audits at the Veterans Administration, the Department of Justice, the National Institutes of Health, the Atomic Energy Commission, the Department of Defense, and the Office of Personnel Management. In July 1977, he was designated associate director in the Human Resources Division, responsible for audits of health financing, quality control, and automatic data processing systems that support agency missions and programs.

Mr. McCormick received a B.S. degree in 1963, with a major in accounting from St. Vincent College, Latrobe, Pennsylvania. In 1978, he received a masters degree in public administration from American University in Washington, D.C. He is a CPA (Virginia) and a member of the American Institute of CPAs.

Mr. McCormick received a Group Meritorious Service Award in 1972, the GAO Career Development Award in 1973, and a Meritorious Service Award in 1976.



**Herbert R. McLure**

Herbert R. McLure has been designated associate director in the Community and Economic Development Division effective November 4, 1979. He is responsible for all GAO activities related to transportation and transportation regulation.

Mr. McLure joined GAO's Los Angeles regional office in 1964 where he enjoyed a variety of assignments including GAO's first audit of the U.S. Courts administration and a stretch as the region's training coordinator. He moved to Washington, D.C. in 1969 and became a familiar face to thousands of GAO's staff over the next 5 years by designing and presenting training courses as part of GAO's Office of Personnel Management. He left GAO in 1973 to help a "big-eight" public accounting firm develop operational auditing as a service for its clients and returned in 1974 to audit regulatory agencies in the General Government Division. He moved to CED in 1976 as part of a reorganization and during the past 3½ years has counted airline deregulation and Amtrak's restructuring among events his work has contributed to.

Mr. McLure received a B.S. degree in accounting from Arizona State College at Flagstaff, Arizona (1964) and an M.B.A. in behavioral science from George Washington University (1973). He is a CPA in the District of Columbia (1970) and an active member of the Association of Government Accountants. He received a superior performance award in 1967 and CED's Certificate of Merit in 1978.



**James G. Mitchell**

James G. Mitchell has been designated an associate director in the Logistics and Communications Division effective January 14, 1980. In this capacity, Mr. Mitchell is responsible for carrying out GAO's reviews of the Government's management of the acquisition, utilization, maintenance, and disposal of land and facilities used for the Government's internal operations.

Mr. Mitchell joined the Richmond (now Norfolk) regional office in 1955 after graduating from the University of Richmond. He served in the U.S. Army from 1955 to 1957 and rejoined the Norfolk regional office in 1957. In January 1958 he transferred to the former Defense Division and performed a variety of assignments in that division over the next 14 years, including over 5 years supervising reviews of real property management in the Department of Defense.

In April 1972 Mr. Mitchell was reassigned to the Facilities Acquisition and Management Group in the Logistics and Communications Division. In March 1974 he was promoted to assistant director and was responsible for reviews related to the Government's acquisition of land and facilities for its own use.

In June 1978 Mr. Mitchell completed the 10-month executive development program at the Industrial College of the Armed Forces. In August 1978 he received his M.S. degree from George Washington University and was reassigned to the Materiel Management Subdivision in the Logistics and Communications Division. He was designated a senior group director in October 1979.

Mr. Mitchell received the GAO



**Robert A. Peterson**

Robert A. Peterson was designated senior associate director in the General Government Division, effective December 21, 1979. In this position he is responsible for the law enforcement and crime prevention issue area and audits of the U.S. Customs Service.

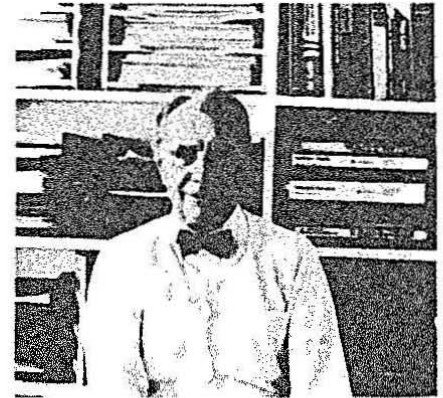
Mr. Peterson has had diverse experience with the General Accounting Office in the General Government Division and former Civil Division.

He joined GAO in 1964 after receiving a B.S. degree in business administration from the University of South Carolina. He received his M.S. degree in financial management from the George Washington University in 1971. He is a CPA (Virginia) and a member of the American Institute of CPAs and the Northern Virginia Chapter of the National Association of Accountants.

Mr. Peterson received the GAO Meritorious Service Award in 1966, the GAO Career Development Award in 1970, and the General Government Division Director's Award in 1976.

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Meritorious Service Award in 1967, Division Certificates of Merit in 1975 and 1979, and Division Director's letters of commendation in 1976 and 1979.



**Roland Sawyer**

Roland Sawyer, who was appointed GAO's first information officer on November 7, 1966, retired on December 28, 1979.

Mr. Sawyer came to GAO after service as a newspaper reporter, editor, and correspondent in Washington with an international daily newspaper, *The Christian Science Monitor*. He also worked on other papers and for the Atomic Energy Commission, the Export-Import Bank, and the Department of Commerce.

Mr. Sawyer was responsible for the public information activities of the General Accounting Office. He directed preparation and release of press announcements; maintained liaison with all news media and with professional, business, and other groups interested in GAO; assisted in the preparation of GAO publications with particular attention to style, format and appearance; and coordinated the preparation of speeches for the Comptroller General and other GAO officials.

During World War II, Mr. Sawyer was an air combat intelligence officer in the Navy. He was stationed in the South Pacific and European theaters. He is a graduate of the University of New Hampshire and a native of Maine.

The Comptroller General presented Mr. Sawyer with a Special Service Award which reads:

For his distinguished service as the first information officer of the General Accounting Office, Mr. Sawyer has been a major force in making the staff of GAO more accessible to the news media and in making their products more understandable to the general public. Federal agencies, the media and the American public





**Lloyd G. Smith**

Lloyd G. Smith, director of GAO's Office of Internal Review, retired on February 8, 1980, after more than 30 years of Government service, of which 26 years were with GAO.

Mr. Smith graduated with honors from the University of California at Los Angeles in 1939, with a B.S. degree in business administration. From 1941 to 1945 he served in the Navy as a flight instructor and as a transport pilot. Before joining the General Accounting Office in 1953, he served as a staff member of a public accounting firm in Beverly Hills, California, and as controller of a manufacturing company. With GAO he has served as an audit manager in the Los Angeles regional office, as manager of the Frankfurt, Germany suboffice of the European Branch, as director of the European Branch, as an assistant and an associate director in the Civil Division, and, for the past 8 years, as director of the Office of Internal Review.

Mr. Smith completed the Advanced Management Program at the Harvard University Graduate School of Business Administration in 1963 and the Senior Executive Education Program at the Federal Executive Institute in 1978.

Mr. Smith is a CPA (California) and a certified internal auditor. He is a member of the American Institute of CPAs, the Association of Government Accountants, the Institute of Internal Auditors, and the Federal Executives League. He received the Meritorious Service Award in 1959 and the Distinguished Service Award in 1976.



**Stephen J. Varholy**

Stephen J. Varholy was designated associate director senior level in the General Government Division on December 21, 1977. He is responsible for the Federal oversight of financial institutions issue area and for legislative branch and financial management audits and general government activities.

Mr. Varholy received a bachelor of business administration degree in accounting, cum laude, from Fairfield University in 1963 and a master of science degree in financial management from the George Washington University in 1970. He served in the Army from 1963 to 1964.

Since he joined GAO in 1963, Mr. Varholy has had diverse assignments, most recently as an associate director in the Human Resources Division.

Mr. Varholy is a CPA (Virginia), a member of the American Institute of CPAs, and former president of the Northern Virginia chapter of the National Association of Accountants. He also is a staff member of the Graduate School, Department of Agriculture. He received the GAO Career Development Award in 1970, and in 1975 he received the GSA Public Service Award and the William A. Jump Memorial Award.



**Hugh J. Wessinger**

Hugh J. Wessinger was designated associate director senior level in the Community and Economic Development Division, effective October 29, 1979. In this position, he is primarily responsible for planning, directing, and reporting on GAO work in the areas of environmental protection, water, and oceans programs.

Mr. Wessinger served in the U.S. Navy from 1952 to 1956. He joined GAO in 1959, after receiving a B.S. degree in business administration with a major in accounting from the University of South Carolina. He has held various managerial positions in the former Civil and Resources and Economic Development Divisions and has had a wide variety of experience in the audit of Government programs, including audits of the Department of the Interior, Veterans Administration, the Atomic Energy Commission, the National Railroad Passenger Corporation, and the Department of Transportation. In 1976 he completed the residency program for Federal executives at the Federal Executive Institute.

He is a CPA (Virginia) and a member of the American Institute of CPAs. He received the GAO Meritorious Service Award in 1969 and 1974 and the Distinguished Service Award in 1979.

# Other Staff Changes

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## **NEW ASSISTANT REGIONAL MANAGERS**

### **Albany**

James A. Carlan

### **Boston**

Joan M. McCabe

### **Cincinnati**

Stewart M. Herman

### **Dallas**

James N. Stafford

## **NEW SUPERVISORY MANAGEMENT ANALYSTS**

### **Office of Comptroller General**

James D. Childress

### **Energy and Minerals Division**

Gustave A. Johnson

### **Federal Personnel and Compensation Division**

Vincent A. DiCarlo

Gerald R. Miller

### **Financial and General Management Studies Division**

Jeffrey C. Stenhoff

### **General Government Division**

Danny R. Latta

Steven C. Virbick

### **Human Resources Division**

John W. Gadsby

### **Logistics and Communications Division**

Martin M. Ferber

Patrick Maguire

### **Procurement and Systems Acquisition Division**

George J. Wooditch

### **Program Analysis Division**

John H. Luke

Paul J. O'Neill

## **NEW SUPERVISORY GAO ANALYST**

### **Community and Economic Development Division**

Steven J. Wozny

### **General Government Division**

Larry H. Endy

## **NEW SUPERVISORY SYSTEMS ACCOUNTANT**

### **Financial and General Management Studies Division**

John S. Reitsnyder

## **NEW SENIOR ATTORNEYS**

### **Office of General Counsel**

James W. Vickers

Robert J. Hentzman

## **REASSIGNMENTS**

### **Human Resources Division**

Carl Fenstermaker

## RETIREMENTS

Bauer, George H., Jr.	Supervisory GAO Auditor	FOD-Twin Cities
Boegehold, Donald G.	Supervisory GAO Auditor	Procurement and Systems Acquisition Division
Boynton, Lucy V.	Secretary	Office of General Counsel
Braddock, Albert L.	Supervisory Auditor	FOD-Denver
Brown, Richard E.	GAO Auditor	FOD-Boston
Bruce, Marian L.	Secretary	Logistics and Communications Division
Buzas, Paul J.	GAO Management Auditor	FOD-Philadelphia
Campbell, Freddie R.	Management Analyst	Office of Administrative Services
Cantor, Jacob	Supervisory GAO Auditor	Procurement and Systems Acquisition Division
Carr, James E.	GAO Management Auditor	FOD-Cincinnati
Collins, Charles S.	Supervisory GAO Auditor	Human Resources Division
Connors, Nora T.	Secretary	FOD-Boston
David, Robert A.	Supervisory GAO Auditor	Procurement and Systems Acquisition Division
Delmore, John R.	Assistant Director	Cost Accounting Standards Board
DiGiorgio, Joseph	Supervisory GAO Auditor	International Division
Doepke, Clarence R.	GAO Auditor	FOD-Dallas
Ely, Mary E.	Secretary	International Division
Fields, James L.	Printing Plant Foreman	Office of Publishing Services
Forness, Lorraine N.	Claims Examiner	Claims Division
Fulmer, Arthur E.	Supervisory GAO Auditor	FOD-Cincinnati
Garfein, Ralph	Systems Accountant	Financial and General Management Studies Division
Gaskill, Paul M.	Supervisory GAO Auditor	FOD-Norfolk
Georgeson, James W.	Mail and File Clerk	Office of General Counsel
Gentile, Frank	Supervisory Statistician	Financial and General Management Studies Division
Glickman, David S.	Supervisory GAO Auditor	Logistics and Communications Division
Gloss, Donald L.	Attorney Advisor General	Office of General Counsel
Gordon, Joseph Y.	Supervisory GAO Auditor	FOD-San Francisco
Hellenthal, Alverne S.	Associate Director	Cost Accounting Standards Board
Hoexter, Louis D.	GAO Auditor	FOD-Washington
Holly, Dorothy	Secretary	Federal Personnel and Compensation Division
Horton, William C.	Management Assistant	Office of Administrative Services
Hughes, Charles E.	GAO Management Auditor	International Division
Hunter, Walter B.	Supervisory GAO Auditor	Community and Economic Development Division



## RETIREMENTS

Johns, Joan O.	Administrative Officer	FOD-Seattle
Johnson, Charlotte N.	Payroll Supervisor	General Services and Controller
Johnson, Mary E.	Secretary	Financial and General Management Studies Division
Jodon, James J.	Supervisory Auditor	FOD-Dallas
Junio, Margaret P.	Secretary	FOD-Chicago
Kasesak, Andrew L.	Supervisory GAO Auditor	FOD-New York
Kelly, Richard W.	Associate Director	Energy and Minerals Division
Kopeloff, Sylvia R.	Voucher Examiner	Office of Budget and Financial Management
Lapping, Mary	Administrative Operations Specialist	General Services and Controller
Lashley, Robert LeRoy	Supervisory GAO Auditor	Procurement and Systems Acquisition Division
McDowell, Otis D.	Supervisory GAO Auditor	General Government Division
McGrory, Alice G.	Contract Representative	Office of Comptroller General
Macdonald, Thomas H.	Supervisory GAO Auditor	FOD-Boston
Meisner, Robert G.	GAO Management Auditor	Procurement and Systems Acquisition Division
Mertz, Jack L.	Supervisory GAO Auditor	Human Resources Division
Moran, Lucille W.	Editorial Assistant	Office of General Counsel
Mullius, Lucey W.	Secretary	FOD-Cincinnati
Nathan, Esther K.	Secretary	FOD-Los Angeles
Newell, Paul C.	Supervisory GAO Auditor	Federal Personnel and Compensation Division
Oros, Joseph P.	Management Assistant	Office of Administrative Services
Otis, Eugene L.	Management Analyst	FOD-Boston
Palmer, Philip S.	Fiscal Auditor	International Division
Peak, Robert A.	Budget Analyst	International Division
Perry, Dorothy	Claims Examiner	Claims Division
Podolsky, Arthur L.	Supervisory GAO Auditor	Community and Economic Development Division
Rabel, Frederick K.	Supervisory GAO Auditor	Community and Economic Development Division
Roach, Nellie H.	Secretary	FOD-Dallas
Robinson, Frank, Jr.	Clerk	Office of Publishing Services
Rosapeppe, Joseph	Public Information Officer	Energy and Minerals Division
Rutherford, L. Neil	Supervisory GAO Auditor	FOD-Anchorage
Sanders, Lee N.	Legal Clerk	Office of General Counsel
Schoenhaut, Arthur	Executive Secretary	Cost Accounting Standards Board
Seago, Cornelius	Supervisory GAO Auditor	FOD-Atlanta

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## RETIREMENTS

Selkowitz, Leonard	Supervisory GAO Auditor	Financial and General Management Studies Division
Sewell, Bernard W.	Supervisory GAO Auditor	Logistics and Communications Division
Sjosten, Stanley M.	Assistant Director	Cost Accounting Standards Board
Thomason, Evelyn T.	Staff Assistant	International Division
Verville, Roger F.	Supervisory Management Analyst	FOD-Boston
Williamson, John R.	Supervisory GAO Auditor	FOD-Denver

# New Staff Members

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The following new staff members reported for work during the period October 1, 1979, through December 31, 1979.

## Office of the General Counsel

Carr, Linda J.  
Jackson, Robin  
Johnson, Marsha R.

Department of the Army  
Department of Labor  
Federal Trade  
Commission  
ACTION  
Department of Labor  
Department of the Navy

## Federal Personnel and Compensation Division

Bickert, Raymond G.  
Clarke, Leo G. III

Veterans Administration  
ACTION

## Financial and General Management Studies

Baker, Susan F.  
Copeland, Michael  
Herbert, Bruce B.

Department of the Treasury  
Department of the Interior  
Department of the Navy

## General Government Division

Barrett, Nancy S.  
Dowd, James B., Jr.  
Draver, Terry L.  
Holmes, Lawanna J.  
Huber, Kenneth W.  
Laughlin, Edward J.  
Lewis, John W.  
Simik, Frank L.  
Taylor, Elizabeth A.  
Ten Kate, Michael M.  
Trenti, Gary W.  
Washington, Marcia C.  
Wilcox, David E.  
Wilkins, Sandra S.

Longwood College  
Private Industry  
U.S. Senate  
Virginia Employment Commission  
Private Industry  
Pennsylvania State University  
Self-employed  
Havre de Grace Police Department  
University of Maryland  
Lord & Taylor  
University of Baltimore  
University of the District of Columbia  
Federal Home Loan Bank Board  
Flow General, Inc.

## General Services and Controller

Burke, Alva O.  
Cook, Oliver J.  
Cotton, Mary E.  
Daugherty, Barbara A.  
Frere, Pamela A.  
Gabbert, Joseph P.

Department of the Air Force  
Department of the Navy  
Department of Agriculture  
Commodity Futures Trading Commission  
University of Maryland  
University of Massachusetts



	Gorman, Margaret H.	Federal Home Loan Bank Board
	Industrious, Glanville	General Services Administration
	Moseley, Kathleen W.	University of Maryland
	Nicosia, Russell E.	U.S. Marine Corps Reserve
	Presnell, Janis E.	Department of the Treasury
	Towles, Julie D.	Department of Commerce
	Voight, Regina M.	Department of the Army
	Wood, Crystal D.	Bureau of Prisons
<b>Human Resources Division</b>	Collier, Valerie T.	D.C. Department of Manpower
	Cyros, Joyce R.	Department of Health, Education, and Welfare
	Hutzler, Donna A.	Department of the Treasury
	McQueen, Loretta	Superior Court
	Spriggs, Gloria D.	U.S. Marine Corps
<b>International Division</b>	Epps, Bonnie J.	Department of the Interior
	Shelton, Valerie D.	U.S. Geological Survey
	Womack, Laura A.	Department of the Interior
<b>Logistics and Communications Division</b>	Morris, Charmaine E.	Department of the Navy
<b>Office of Program Planning</b>	Caldwell, Tissia W.	Naval Telecommunications Command
<b>Personnel</b>	Alston, Gwendolyn	Department of Health, Education, and Welfare
	Beagle, Janet E.	Suburban Trust Co.
	Bellinger, Cheryl D.	Private Industry
	Castro, Dianna G.	Reinstated-formerly with the General Accounting Office
	Elms, Serena J.	Kelly Temporaries
	Errigo, Linda M.	Civil Aeronautics Board
	Facchina, Dale A.	Department of the Navy
	Hayes, Sharon L.	Western Auto

	Herlong, Barbara A.	Department of the Navy
	King, Ruth A.	Veterans Administration
	Kuo, Keren	Department of the Navy
	Rebello, Jocelyn C.	Self-employed
	Thomas, Bonita F.	Department of the Treasury
	Walker, Phyllis C.	Department of the Treasury
	Warner, Ruby C.	Private Industry
	Yellman, Carol	Private Industry
<b>Procurement and Systems Acquisition Division</b>	Gilhooly, Kathleen A.	C & P Telephone Co.
<b>Program Analysis Division</b>	Espada, Peter J.	Department of Health, Education, and Welfare
	Godshaw, Gerald M.	Syracuse University
	Hall, James R.	U.S. Army
	Kaplan, Michael S.	The BDM Corp.
	Kemper, Karen L.	Department of the Navy
	Mann, Irene T.	Michigan State University
	McFarlin, Belva E.	Department of the Interior
	Moore, Gwendolyn B.	Private Industry
<b>REGIONAL OFFICES</b>		
<b>Atlanta</b>	Attaway, Becky W.	J.C. Penney
	Bland, Larry F.	Department of Defense
	Clift, Paul R.	Department of Defense
<b>Boston</b>	Gonzalez, Ricardo S.	Defense Logistics Agency
	Sheehan, Kathleen M.	Department of the Navy
<b>Chicago</b>	Fiske, David F.	Department of Health, Education, and Welfare
	Murff, Reva N.	Private Industry
	Vetrano, Elois A.	Suburban Trust and Savings Bank
<b>Cincinnati</b>	Roddenberry, Carolyn A.	Department of Health, Education, and Welfare
<b>Dallas</b>	May, Teresa	Self-employed
<b>Denver</b>	Alberts, Nancy M.	Safeco Insurance Co.
	Olivares, Sylvia A.	Department of Health, Education, and Welfare

<b>Detroit</b>	Anderson, Carol F.	University of Arizona	
	Bellamy, Bertha D.	University of Denver	
	Berryman, Betty J.	Department of Housing and Urban Development	
	Hubbard, Susan J.	Department of the Treasury	
	Jimenez, Jennifer A.	University of Detroit	
	Lyons, Mary E.	Self-employed	
<b>Kansas City</b>	Miner, Laura L.	University of Detroit	
	Stevens, Sheryl R.	Wayne State University	
	Donaldson, Lillian L.	Department of Agriculture	
	Franklin, Helen I.	Department of Health, Education, and Welfare	
	Mapes, Kathi J.	Veterans Administration	
	<b>Los Angeles</b>	Baskin, Terry G.	Food Pantry, Ltd.
Comyns, James J.		Private Industry	
Hampton, James E.		Century 21	
House, Barbara Y.		Drug Enforcement Administration	
Pearson, Robert A.		California Polytechnic State University	
<b>New York</b>		Wilson, Michelle Y.	Small Business Administration
	<b>Norfolk</b>	Whitaker, Alice J.	Navy Resale Field Support Office
<b>Philadelphia</b>		Barefoot, Robin G.	Community College of Allegheny County
		Hatcher, Terry A.	Opportunities Academy of Management Training, Inc.
	Hylick, Lawrence E.	Community Services Administration	
<b>San Francisco</b>	Bridges, Brenda J.	Department of the Army	
	Lee, Stella	City College of San Francisco	
	Melville, Ruth E.	City College of San Francisco	
	Phillips, Kelly L.	Motherhood Maternity Shop	
	Skaja, Henry G.	San Francisco State University	
	Strosnider, James M.	Bureau of the Mint	



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	Thomas, Brenda J. Wallace, Rhonda A.	Private Industry Sullivan, Rocke and Burke
<b>Seattle</b>	Wyckoff, Eulanda D.	Integrated Control Systems Command
<b>Washington, D.C.</b>	Bentzen, Christine M.	Defense Contract Audit Agency
	Burke, Thomas N.	Department of Health, Education, and Welfare Audit Agency
	Calabrese, Philip A.	Department of Human Resources
	Cary, Timothy	Indiana University
	Climpson, Charles R.	Reinstated-formerly with the General Accounting Office
	Deroy, Paula M.	University of Maryland
	Dowling, M. Joy	Albany State University
	Dymek, Linda L.	Office of Personnel Management
	Evans, Richard III	Army Audit Agency
	Howe, Anne W.	Department of Commerce
	Langford, James N.	Private Industry
	Larence, Eileen	Department of Transportation
	Meeks, Richard W.	American National Red Cross
	Nichols, Joseph A.	Department of Energy
	Pantaleo, John Jr.	Private Industry
	Parent, David W.	Central New York Health Systems Agency
	Saseen, Sandra M.	Syracuse University
	Smith, Janice L.	Cornell University

# Professional Activities

## Office of the Comptroller General

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

Society of Manufacturing Engineers/Chamber of Commerce Productivity Solutions Conference, "Government and Industry—Partners in Progress for Reversing the Productivity Slump," Oct. 3.

Tenth Annual National Leadership Symposium, Center for the Study of the Presidency in Association with Truman and Eisenhower Libraries, roundtable on "Truman and Eisenhower in Present Perspective," Kansas City, Oct. 6.

GAO "National Employ the Handicapped" program, opening remarks (read, in Mr. Staats' absence by Stewart D. McElyea, Assistant Comptroller General), Oct. 11.

Congressman Stanley Lundine's Productivity Conference, "The Role of the Federal Government in Enhancing Private Sector Productivity," Jamestown Community College, Jamestown, N.Y., Oct. 19.

Industrial College of the Armed Forces 1979-80 class, "The Legislative Basis for the Duties and Responsibilities of the Comptroller General of the United States," Oct. 24.

Plenary Session of the 90th Annual Meeting of the Association of American Medical Colleges, "GAO and the Public Health," Nov. 6.

85th Annual Conference of the National Municipal League, "Resource Scarcity in Our Interdependent Public Sector: Challenges and Opportunities," Detroit, Nov. 13.

GAO Equal Employment Opportunity Conference, "Deeds Not Words," Alexandria, Nov. 14.

National Intergovernmental Audit Forum, "Welcoming Remarks," Nov. 14.

Thirty-seventh annual dinner of the Business Advisory Council

on Federal Reports, "Federal Government's Paperwork and Information-Management Programs," Nov. 15.

National Academy of Public Administration annual meeting—moderator of session on "Issues Facing the Profession: Training Public Administrators—Exclusive Institution vs. Business School," and presentation of Roback Scholarship, Nov. 15.

Intergovernmental Administration and the Grants Management Seminar, "GAO's Role in Monitoring the Intergovernmental System," Easton, Md., Nov. 25.

Financial Executives Institute, "General Accounting Office Work in the Fields of Government Regulation, Environment, and Energy," Houston, Nov. 27.

Roundtable on Science and Public Affairs, Duke University, "Current National Issues Involving Science and Technology," Durham, N.C., Nov. 28.

Annual Conference, National Capital Area Chapter, American Society for Public Administration, "Who is Accountable? To Whom? For What? How?," Dec. 6.

Following are recently published articles of the Comptroller General:

"Accountability for Career Development—A Must for Improved Program Management," *Bureaucrat*, Fall 1979 (Vol. 8, No. 3).

"Federal Research Grants," *CHEMTECH*, Dec. 1979. (Adapted from an address before the National Graduate University's Institute of Federal Funding, Washington, D.C., 1979.)

**John D. Heller**, Assistant to the Comptroller General:

Visited the Deputy Auditor General of Canada in Ottawa and the administrative offices of the *International Journal of Government Auditing* in Toronto on Oct. 29-31 in connection with the transfer of the *Journal's* office to Washington, D.C.

Addressed Kings College Accounting Association on "Accountability in Government—

Fact or Fiction," Wilkes-Barre, Pa., Nov. 7.

Addressed OPM Executive Seminar on "Which Way To Go? Policy, Oversight, Change," Kings Point, N.Y., Nov. 30.

**Elaine L. Orr**, special assistant to John Heller, has been elected Executive Secretary of the American Consortium for International Public Administration for 1980.

## Office of Congressional Relations

**Martin J. Fitzgerald**, director, discussed the role of the GAO at the Chamber of Commerce on Nov. 5.

**Samuel W. Bowlin**, legislative adviser, spoke on GAO's role to OPM's Congressional Briefing Conference on Dec. 6.

**T. Vincent Griffith**, legislative attorney, addressed the Chamber of Commerce on Dec. 3 and an internal GAO orientation course for auditors on Jan. 17.

**M. Thomas Hagenstad**, legislative adviser, spoke before an internal GAO orientation course for auditors on GAO's congressional relationships on Dec. 6.

**Peter J. McGough**, legislative adviser, addressed GAO's internal orientation course for auditors on Nov. 1, the Chamber of Commerce on Nov. 26, and OPM's Introduction to Government Operations on Jan. 8.

## Office of the General Counsel

**Milton J. Socolar**, general counsel, addressed the Annual Western Briefing Conference on Government Contracts on "GAO and The Procurement Scene" in San Francisco, Oct. 5.

**Seymour Etros**, associate general counsel, spoke at the Department of Interior Procurement Executive Seminar on "Recent Developments at GAO: Bid Protests," San Diego, Dec. 11.

**Rollee H. Efros**, assistant general counsel, participated as Chairper-

son at a meeting of the Funding and Financing Committee, Public Contract Section, American Bar Association, Nov. 28.

**Charles P. Hovis**, deputy assistant general counsel, spoke at the Defense Advanced Procurement Management School on "Problems in Formal Advertising," Fort Lee, Va., Nov. 7.

**Vincent A. LaBella**, deputy assistant general counsel, participated in the Western Briefing Conference on Government Contracts by Bureau of National Affairs and Federal Bar Association, San Francisco, Oct. 3-5.

**Michael J. Boyle**, attorney-adviser, addressed the following groups:

Defense Advanced Procurement Management Course on "Problems in Formal Advertising," Fort Lee, Va., Oct. 11.

National Guard Contracting Training Seminar on "Designing the Protest-Proof Procurement," Little Rock, Ark., Oct. 22 and 23.

Defense Advanced Procurement Management Course on "Problems in Formal Advertising," Fort Lee, Va., Dec. 5 and New York, Jan. 11.

**Jerold D. Cohen**, attorney-adviser, spoke at the Defense Advanced Procurement Management Course on "Problems in Formal Advertising," Fort Lee, Va., Jan. 16.

**Marilynn Eaton**, attorney-adviser, spoke at the Defense Advanced Procurement Management Course on "Problems in Formal Advertising," Rock Island, Ill., Nov. 6-7.

**James H. Roberts**, attorney-adviser, spoke at the 10th Contract Attorney's Advanced Course on "New Developments from the General Accounting Office," Charlottesville, Jan. 10.

**Ronald Wartow**, senior attorney, participated in a debate on bid protests before the National Contract Management Association, Denver, Jan. 15.

### **Community and Economic Development Division**

**Henry Eschwege**, director:

Spoke on "Truck Weight and the Federal-Aid Highway System,"

before the American Association of State and Highway Transportation Officials Subcommittee on Highway Transportation, in Hartford, Oct. 16.

Led a panel discussion on "Evaluating Environmental Protection, Housing, Transportation, Water, and Food Programs," at the conference on "Holding Federal Administrators Accountable" sponsored by the National Capital Area Chapter of the American Society for Public Administration, Dec. 7.

**Jim Wells**, team leader, spoke on "GAO's Role in Rural Water Development," before the National Rural Water Association National Meeting, in Des Moines, Nov. 5-6.

**Todd Weiss**, team leader, and **Dorothy Fisk**, team member, demonstrated GAO's Food, Agriculture, and Nutrition Inventory at the White House Conference on Library and Information Services, Nov. 15-19.

**Dick Hart**, group director, spoke on "Program Evaluation and GAO's Role in Rural Development" before the American Institute for Applied Public Financial Management, Nov. 19.

**Bill Gahr**, senior group director, spoke on "GAO's Role in Food and Nutrition Policy" before the National Nutrition Consortium Seminar on Nutrition Policy, Jan. 14.

**Tom Kai**, team leader, participated in a panel discussion on "Nutrition Research" before the National Nutrition Consortium Seminar on Nutrition Policy, Jan. 14.

### **Energy and Minerals Division**

**Douglas L. McCullough**, deputy director, spoke on "The Conversion of Urban Waste to Energy and the Recovery of Materials from Solid Waste" before the National Center for Resource Recovery, Inc., Dec. 14.

**John W. Sprague**, associate director, spoke before the Energy Information Administration Symposium on Coal Resource/Reserves Information on Sept. 18.

**F. Kevin Boland**, associate director:

Spoke on "Natural Gas on Federal Lands: A Case for Improved Policy Definition and Program Management" at the Conference on the Outlook For Natural Gas of the Energy Bureau, Inc., Oct. 29.

Briefed the Synfuels Advisory Panel, House Science and Technology Committee, on GAO work related to proposals to legislate an Energy Security Corporation and Energy Mobilization Board, Oct. 26.

Briefed the Energy and Environmental Task Force of the American Institute of Certified Public Accountants, on key energy issues facing the Nation and related GAO work, Nov. 13.

**Flora Milans**, group director, spoke on "U.S. Refinery Capacity" before the Energy Bureau, Inc., Sept. 24.

**Sharon Farmer**, management analyst, participated in the Second Miami International Conference on Alternative Energy Sources, in Miami, Dec. 10-13.

**Gregory Daneke**, faculty fellow, had his article "Solar Futures: A Perspective on Energy Planning" published in the 1979 edition of "Energy and Environmental Issues: The Meeting and Implementation of Public Policy" edited by Michael Steinman.

### **Federal Personnel and Compensation Division**

**H. L. Krieger**, director, and **Brian Crowley** and **Bill McCormick**, associate directors, participated in a panel discussion on accountability for personnel programs in the Federal Government at the annual conference of the National Capital Area Chapter, American Society for Public Administration, Dec. 6.

**John K. Harper**, psychologist, has been appointed by the Peer Review Committee of the National Association of Schools of Public Affairs and Administration to a site visit team to review the Master of Public Administration program at member colleges during the winter 1980.



## Financial and General Management Studies Division

**Donald L. Scantlebury**, director, spoke on:

"Position Statements" (of the Intergovernmental Audit Forums) at the New England Intergovernmental Audit Forum, Chicopee, Mass., Oct. 4.

The functions of the General Accounting Office at a meeting of Federal Executives of the Naval Audit Service, Oct. 15.

"Fraud Against the Government—Causes and Cures" at a meeting of the Association of Government Accountants-Des Moines Chapter, Des Moines, Nov. 5.

"Fraud Against the Government—A Major Problem" at the Federal Computer Conference, Nov. 7.

"Fraud Against the Government" at the EDP Auditors' Association Sixth Regional Seminar, Springfield, Nov. 13.

"Self Regulation - The National Perspective" at the AICPA/National Association of State Boards of Accountancy Joint Ethics Enforcement Conference, St. Louis, Nov. 19.

"New GAO Standards for Auditing Computer Systems" at the Association of Government Accountants' Systems Conference, Dec. 4.

**Wilbur D. Campbell**, deputy director, spoke on "Holding Federal Administrators Accountable - Policies and Processes," the American Society for Public Administration, Dec. 7.

**Walter L. Anderson**, senior level associate director:

Presented the closing address, "The Anatomy of a Successful Procurement," at the Federal ADP Procurement Conference, American Institute of Industrial Engineers, in Springfield, Sept. 27.

Spoke on "Impact of Government Procurement Policy on Software" at the conference on ADP Procurement in the Federal Government, sponsored by Technical Marketing Society of America and the Data Processing Management Association, Rosslyn, Oct. 5.

Presented the keynote address on "ADP Standards, Security, and Sundries" at the HEW Audit Agency Conference on EDP Auditing, in Atlanta, Nov. 5.

Chaired a panel on "Issues of the 1980's" at the Federal Computer Conference, Nov. 8.

**George L. Egan, Jr.**, associate director, spoke to the Municipal Finance Officers on the single audit approach in Houston, Dec. 7.

**Brian Usilaner**, associate director, spoke on the "Federal Role in Private Sector Productivity Improvement" at the American Productivity Center's annual conference in Chicago, Sept. 20.

**Ken Pollock**, deputy associate director:

Spoke on the impact of the "New GAO Computer Audit Standards on the Role of the Internal Auditor" at the Institute of Internal Auditors Systems Auditability and Control Conference, Montreal, Oct. 22.

Spoke on the "New GAO Computer Audit Standards" at HEW's ADP auditing conference, in Atlanta, Nov. 6.

Participated in the Institute of Internal Auditor's mid-year meeting as a member of the Advanced Technology Committee in Orlando, Dec. 4-7.

**James Watts**, group director, spoke on "Business Crime—Computer Style" before the Institute of Internal Auditors Conference on Business Crime, Tarrytown, N.Y., Oct. 16.

**Harry Mason**, team director, served as conference chairman for the 15th meeting of the Computer Performance Evaluation Users Group, San Diego, Oct. 15-18.

**Steven Merritt**, audit manager, spoke on "COBOL Applications" at a Performance Evaluation Users Group meeting, San Diego, Oct. 18.

**Dennis Shaw**, management analyst, spoke on how conversion costs have affected selected computer system acquisitions, at the Conference on Computer Conversion, sponsored by the Federal ADP Council, San Francisco, Oct. 24-25.

**David A. Dore**, management analyst, was awarded a Certified Data Processing Auditor Certifi-

cate, Sept. 7.

**Carl R. Palmer**, group director:

Gave a talk on "Capitalizing On, Coping With, or Muddling Through?" on Senator Schmitt's panel on Policy Issues for the 1980's at the Federal Computer Conference, Nov. 7.

Presented a case study, "Studying Workload Requirements at Census Bureau" at the Computer Performance Evaluation Users Group meeting, San Diego, Oct. 16.

**Ronald Points**, group director, spoke on "New Developments in Accounting" at the Trenton, N. J. Chapter of the Association of Government Accountants Seminar on New Developments in Accounting and Auditing Standards, Trenton, Nov. 28.

**Brian Keenan**, principal survey methodologist, spoke on:

"Design of Audit Questionnaires" at the Association of Government Accountants Seminar Series "Audit Environment in the Eighties," Silver Spring, Nov. 27.

"Standards for Questionnaire and Survey Design" at the American Statistical Society's Washington Chapter Meeting, Oct. 23.

**Lawrence Sullivan** and **Robert Meyer**, group directors, and **Steve Sadler** and **Richard Nygaard**, supervisory auditors, spoke on activities of the Fraud Task Force before the Association of Government Accountants, Silver Spring, Nov. 26, and before the American Society of Public Administration's 10th Annual Conference, Dec. 7.

**Bill Johnston**, group director, and **Karen Bracey**, operations research analyst, made a presentation to computer specialists from Venezuela on analytic approaches used by GAO to improve the methodology used in management and operational auditing, Dec. 6.

**Charles E. Fritts**, project manager:

Spoke on the "Federal Role in Transferring Government-Developed Technology to the Private Sector for Exploration and Commercialization," Huntsville, Nov. 15.

Was appointed as ex officio member to Fortune 500/AIAA and ad hoc committee on technology transfer.

**Stephen M. Sawmelle**, management analyst, received a certificate of appreciation for his contribution to the FGMS Division's National Productivity Program Plan, Sept. 25.

**Debbie Bennett**, operations research analyst:

Received an M.S. degree in operations research from George Washington University in January.

Was accepted as a member to the Omega Rho (Operations Research Honor Society) at the George Washington University in December.

**Sheila P. Cohen**, supervisory auditor, was selected as an Outstanding Young Woman of America for 1979.

**Bob Ryan**, group director:

Spoke on "The Audit Standards and the Single Audit Concept" at a seminar for the staff of the State auditor of the State of Maine, Augusta, Oct. 9.

Addressed the Western Intergovernmental Audit Forum on "The Status of Proposed Legislation Affecting Governmental Auditing and Other Matters," Carson City, Nov. 8.

Spoke to a meeting of the California Association of Auditors for Management on the recent amendment adding Attachment P, Audit Requirements, to OMB Circular A-102, Uniform Administrative Requirements for Grants in Aid to State and Local Governments, Sacramento, Nov. 9.

Addressed the Trenton, N. J. Chapter of the Association of Government Accountants at a seminar, New Developments in Accounting and Auditing Standards, Trenton, Nov. 28.

Was General Chairman of a conference on Emerging Issues—Government Accounting and Auditing, sponsored jointly by the National Office of the Association of Government Accountants, the Boston Chapter of AGA, the Municipal Finance Officers Association, and the New England Intergovernmental Audit Forum, Boston, Nov. 29-30.

**Ernest H. Davenport**, team director, participated in a panel on "Ethics in the Accounting Profes-

sion" at Elizabeth City State University, Nov. 30.

**James K. Krawchyk**, supervisory auditor, received his MBA in accounting from George Mason University, Jan. 12.

**Jeffrey C. Steinhoff**, group director, was presented the national "Special Achievement Award" in recognition of early professional career achievement at the Association of Government Accountants Annual Symposium, St. Louis, June 20.

**Joseph L. Boyd**, senior group director, and **John Lainhart**, supervisory management analyst, gave a presentation on Computer Reliability Assessment Techniques at a Northern Virginia Chapter of the Association of Government Accountant's Seminar, Springfield, Sept. 18.

**John Lainhart**, supervisory management analyst:

Spoke on "Computer Reliability Assessment and Fraud Auditing at the Pacific Northwest Intergovernmental Audit Forum," Boise, Oct. 25.

Spoke on "A Simultaneous Parallel Approach for Testing Computer Systems" at the INFOTECH State-of-the-Art Conference, Paris, France, Nov. 15.

### **Joint Financial Management Improvement Program**

**Susumu Uyeda**, executive director:

Gave a keynote address to the USDA Graduate School seminar series on financial management on the topic of "The Outlook of Federal Financial Management," Sept. 24.

Gave a presentation on the status of JFMIP projects before the 1979 Annual Information Exchange Program of the Department of Defense, Oct. 25.

Gave a presentation on the use of "Checklist" for improving financial management at the Management Science America, Inc., Conference, Oct. 30.

Conducted two training sessions on Grants Administration for the Government of American Samoa, Nov. 5-9.

Conducted a training session on Uniform Grant Administration for the Hawaii Chapter of the Association of Government Accountants, Nov. 13-14.

Conducted a training session on Uniform Grant Administration for USDA Graduate School, Harrisburg, Dec. 3-4.

**Doris Chew**, assistant to the executive director, coordinated a briefing on financial management in the Federal Government for Naval Academy officials and midshipmen, Dec. 6.

**Kenneth Winne**, project director, gave a presentation on the role of GAO in Federal financial management to the Naval Academy officials and midshipmen, Dec. 6.

### **General Government Division**

**John Ols**, group director, and **Frank Reynolds**, supervisory auditor, Detroit regional office, spoke on GAO's approach in evaluating the impact on the Speedy Trial Act of 1974 on the Department of Justice and the Judicial Branch at the Industrial College of the Armed Forces, Sept. 28.

**Howard Rhile**, group director, spoke on "Using Computer Performance Evaluation Techniques in GAO Audits" at a seminar conducted by the Cincinnati chapter of EDP Auditors Association, Sept. 18.

**Paul Posner**, auditor:

Delivered a paper before the American Political Science Association's annual meeting on Aug. 31 entitled "The Centralizing Effects of Austerity on the Intergovernmental System."

Published an article, "Proposition 13 and the Federal Grant System," in a Selma Mushkin, ed. book entitled *Proposition 13 and Its Consequences for Intergovernmental Management* published in September.

**Donald Henry**, auditor, spoke on GAO's role in legislative oversight to a graduate class in public administration at George Washington University, Sept. 19.

### **Human Resources Division**

**Gregory J. Ahart**, director:

Addressed the seminar for career public executives and managers on Public Program Management conducted by the Executive Seminar Center, Kings Point, on "The General Accounting Office: Evaluating Program Outcomes," Oct. 18.

Addressed the conference for business executives on Federal Government Operations conducted by The Brookings Institution at the General Accounting Office on "Functions of the General Accounting Office," Oct. 22.

**Edward A. Densmore**, deputy director, moderated a panel on "Evaluating Human Resources Programs of Health, Education, and Welfare: Labor; Veterans Administration, and Community Services Administration," Dec. 6-7. **Joe Totten** and **Steve Varholý** were also panelists.

**Harry F. Coffman**, group director, spoke before the National Symposium on Public Retirement Systems on "Funding of State and Local Government Pension Plans: A National Problem," Sept. 27.

**Raymond J. Kowalski**, supervisory auditor, and **Bernard Lowery**, Denver supervisory auditor, spoke before the Industrial College of the Armed Forces, National Defense University, on "The Davis-Bacon Act Should Be Repealed" (HRD-79-18, 4/27/79), Sept. 28.

## Logistics and Communications Division

**Irv Boker**, team leader, spoke on GAO's reviews of the classification of national security information at an Information Security Training Seminar cohosted by the Naval Underwater Systems Center, New London Laboratory, and the National Classification Management Society at Mystic, Conn., Nov. 8.

"GAO's Views on Classification Guides," at the Annual Symposium on the Government's Information Security Program, sponsored by the Information Security Oversight Office, Nov. 28.

**Ernie Cooper**, **Harold Podell**, and **Bill Wentz** participated in panel discussions on "The Impact of Pri-

vacancy Legislation on Computer Security" and "Computer Security and Data Processing Management" at the National Defense University, Fort McNair, Nov. 27-29.

**Clair Hoffman, Jr.**, supervisory auditor, spoke before the National Association of State Agencies for Surplus Property, Lansing, Oct. 11.

**Paul Spitz**, supervisory auditor, gave a presentation at the Southwest Interagency Motor Equipment Advisory Committee annual conference, El Paso, Oct. 23-24.

**Darrell Eminhizer**, supervisory auditor, spoke at the 8th Annual Army DARCOM Packaging Seminar, Colorado Springs, Oct. 23-25.

**John J. Cramsey** and **J. Kenneth Brubaker**, management auditors, were guest lecturers at the U.S. Army Transportation School, U.S. Army Defense Advanced Traffic Management Course, Fort Eustis, Va., Sept. 13.

**Bill Wright**, team leader, spoke on "GAO's Planning and Management Approach," at a Task Force and Project Management Training Seminar, sponsored by the Office of Personnel Management, Nov. 29.

**Dick Helmer**, group director, and **Foy Wicker**, supervisory auditor, participated in the Congressional Research Service's Marine Corps workshop at the Library of Congress Jan. 8-9. The workshop focused on the role and missions of the Marine Corps in our Defense program.

## Personnel

**Felix R. Brandon, II**, director:

Spoke to staff of the U.S. Office of Personnel Management San Francisco Regional Office on GAO's Personnel Legislation, Nov. 1.

Served as a member of a panel at the U.S. Office of Personnel Management Personnel Director's Conference in Williamsburg, Nov. 8. The topic of the panel discussion was "A Progress Report on Performance Appraisal, Merit Pay, and Other Civil Service Reform Issues."

**H. Rosalind Cowie**, chief, training branch, gave a presentation on the "Development of Curriculum on Auditor Training in GAO," at a symposium for policymakers, Sept.

27. This symposium "Planning for Effective Federal Agency - University Continuing Education Programs" was co-sponsored by the National University Extension Association, Office of Personnel Management and the Interagency Advisory Group Committee on Development and Training.

**James E. Wilcox**, psychologist, counseling and career development branch, spoke before members of the Metropolitan Washington Association of Occupational Health Nurses and the Association of Labor Management Administrators and Consultants on Alcoholism on the "Team Approach to Implementation of Employee Counseling Services," Nov. 30.

**Marlene Thorn**, counseling psychologist, counseling and career development branch:

Gave a presentation to the American Society for Training and Development, Career Development Division, Local Chapter, at George Washington University, on "Counseling and Career Development Branch at GAO, Its Philosophy and Development" Nov. 13.

Had her article "The Counseling and Career Development Center of the U.S. General Accounting Office," published in the January 1980 issue of *Career Planning Adult Development Newsletter*.

## Program Analysis Division

**Harry S. Havens**, director, participated in the Annual Conference National Capital Area Chapter American Society for Public Administration and spoke on "GAO Views on Oversight Reform" Dec. 7.

**Keith E. Marvin**, associate director:

Was a featured speaker at the Third Annual Meeting of the Evaluation Research Society, held in Minneapolis. He delivered a Guttentag Memorial Lecture on the "Application of Decision Theory and the Multi-Attribute Utilities Method," Oct. 19.

Along with **Wallace Cohen**, issue area planning director, **Robert Kershaw**, operations research analyst, and **Joseph Comtois**, group director, participated as



an instructor in a Program Evaluation Course offered by National Institute of Public Affairs, Oct. 10

Addressed the faculty interested in evaluation at the University of Pittsburgh, on "Evaluation, Correction, and Survival," Sept. 26.

Co-chaired a session on "How To Build In Incentives To Conduct Evaluations" at the American Association for Budget and Program Analysis Symposium, Nov. 30

**Allan Mendelowitz**, senior economics specialist, spoke on "The Cost of Regulation," at a Brookings Institution policy seminar on Business-Government Relations, Dec. 12

**Osmund T. Fundingsland**, principal science policy analyst:

and **Andrew B. McConnell**, associate director, briefed Congressional Science and Engineering Fellows about GAO at an orientation session sponsored by the American Association for the Advancement of Science on Sept. 18

and **Kenneth W. Hunter**, associate director, gave a presentation at the Science and Technology Information Luncheon Group on "Current National Issues in Science and Technology Policy: Information Needs of Policymakers," Sept. 26

and **Mary R. Hamilton**, acting group director, Science Policy Programs and Activities, jointly arranged a symposium for the Annual Meeting of the American Association for the Advancement of Science in San Francisco on Jan. 5. The topic of the symposium was "Government/Industry/University Relations: The Influence of Federal Policies on R&D." Ms. Hamilton presided and Mr. Fundingsland presented a paper to provide overview and focus.

Participated in a panel discussion on the issue of accountability for Federal research funds at the American Association of State Colleges' and Universities' Office of Federal Programs Liaison Officers Meeting, Sept. 25.

Spoke on "The Federal Role in Stimulating Research and Technological Innovations for Indus-

trial Purposes" at the Joint National Annual Meeting of the Institute of Management Sciences and the Operations Research Society of America in Milwaukee, Oct. 15.

Participated in a panel discussion following Congressman Fuqua's keynote address on "Critical Issues of Social, Economic and Professional Responsibility" at the 21st Annual Meeting, National Council of University Research Administrators, Nov. 8.

Spoke at a luncheon meeting of the Association for Science, Technology, and Innovation on past, present, and planned GAO efforts in science policy, Jan. 16.

**Wallace Cohen**, issue area planning director:

Chaired a panel on Program Evaluation at the October 1979 Operations Research Society of America/The Institute of Management Science meeting in Milwaukee. He was also a member of three other panels dealing with program evaluation methodology.

Participated in a panel discussion of Federal program evaluation for the American Association for Budget and Program Analysis, Dec. 10.

**Joseph Delfico**, senior group director, chaired a panel on "Use of Quantitative Analysis in Congress: The Legislative Perspective," before the Washington Operations Research/Management Science Council's Symposium, Nov. 6.

**Bruce Thompson**, group director, spoke on "Evaluation Microsimulation Models," before a graduate class on policy modeling at the University of Maryland, Oct. 22.

**Mark Nadel**, supervisory regulatory analyst, spoke on "Issues and Needed Improvements in State Regulation of the Insurance Business," at the Annual Meeting of the Conference of Insurance Legislators, in Charleston, Nov. 13.

**Waverly Sykes**, program analyst, spoke on "Policy Models: Insights, Not Answers," before the Washington Operations Research/Management Science Council's Symposium, Nov. 6.

**Mary R. Hamilton**, acting group director, presented a paper entitled "Policy Analysis in Integrated Impact Assessment" at the symposium on Integrated Impact Assessment: State-of-the-Art and Future Prospects at the American Association for the Advancement of Science meeting, San Francisco, Jan. 5. (The paper was co-authored by Irvin L. White of the Environmental Protection Agency.)

**Patrick Dynes**, social science analyst, presented a paper, "Administrative Control of Criminal Careers: A Sociopath Typology And Resultant Risks," at the Annual Meeting of the American Society of Criminology in Philadelphia, Nov. 9.

## Procurement and Systems Acquisition Division

**Jerome H. Stolarow**, director:

Participated in the U.S. Army Materiel Readiness Command Acquisition Conference, Rock Island, Ill., Oct. 17-18.

Addressed a National Contract Management Association meeting on "Affordability," held in conjunction with the acquisition conference, Oct. 17.

Spoke at the American Institute of Industrial Engineers Systems Acquisition Conference, Oct. 17.

Addressed the American Institute of Industrial Engineers Systems Acquisition Management Conference held Oct. 29.

Participated in a conference on Cost Avoidance/Reduction in the Navy, sponsored by the Chief of Naval Operations, at the U.S. Naval Academy, Annapolis, Nov. 8.

Participated in a panel on "Evaluating Agency Procurement and Systems Acquisition Policies and Programs," held by the American Society for Public Administration, National Capital Area Chapter, Dec. 7.

**Walton H. Sheley**, deputy director, spoke at the National Contract Management Association's South Bay Chapter, Los Angeles, Dec. 12.

**Donald E. Day**, associate director:

Spoke to the Flag Officers at Anacostia Naval Training Center, Nov. 2.

Spoke at the Defense Systems Management College, Fort Belvoir, Nov. 13 and Dec. 17.

Participated in a panel on "Evaluating Agency Procurement and Systems Acquisition Policies and Programs" held by the American Society for Public Administration, National Capital Area Chapter, Dec. 7.

**Jack S. Heinbaugh**, group director, spoke on GAO's report "Better Information Management Policies Needed: A Study of Scientific and Technical Bibliographic Services" before the Washington Chapter of the Military Librarians Group of the Special Libraries Association, Nov. 8.

**Kwai-Cheung Chan**, operations research analyst, spoke on a Programmatic View of Interdiction Weapon Systems before the 44th Symposium of the Military Operations Research Society, Vandenberg Air Force Base, Dec. 5.

## Field Operations Division

**Francis X. Fee**, director:

Addressed an AGA Luncheon, Albany, N.Y., Nov. 28.

Attended and addressed a class at Boston University on "A Case Study - GAO."

### Atlanta

**Marvin Colbs**, regional manager, spoke on "Carrying Out Oversight Functions—How GAO Interfaces with DOD" to the controller's course of the Air University, Maxwell AFB, Feb. 11.

**Solon P. Darnell**, assistant regional manager, spoke on "Communications in GAO" before the North Alabama chapter of the Institute of Internal Auditors, Huntsville, Oct. 22.

**Naron D. Searcy**, professional development coordinator, spoke on "The Roles and Mission of GAO" to the Florida State University chapter of Beta Alpha Psi, the national honors society in accounting, Tallahassee, Oct. 24.

**David R. Lampe**, writer-editor, spoke on "Non-Academic Employ-

ment for Graduate Students in the Humanities: The Public Sector" at a forum held as part of the South Atlantic Modern Language Association's annual meeting, Nov. 2.

### Chicago

**Bill Schad**, assistant regional manager:

Made a presentation on the "Use of the Peer Quality Assessment System" by government audit organizations to the Association of Government Accountants, Chicago Chapter, Nov. 19.

Conducted a 2-day meeting of the Midwestern Intergovernmental Audit Forum, Nashville, Ind., Oct. 24 and 25.

**Velma Butler and Neal Gottlieb**, auditors, are serving as instructors for a financial management course for representatives from minority businesses. The course is sponsored by the Chicago Chapter, Association of Government Accountants in conjunction with the Office of Minority Business Enterprise.

**Stewart Seman**, supervisory auditor, conducted a workshop on Purchasing and Materials Management in Private Hospitals at the Colorado Hospital Association, Vail, Sept. 12.

**Frank Comito**, Hispanic employment program manager, participated in career day activities at the Roberto Clemente High School, Chicago, Dec. 11.

### Cincinnati

**Robert I. Lidman**, supervisory management analyst, spoke:

To a conference sponsored by the National Association of State Development Agencies, on "The Federal Role in State and Local Efforts To Attract Foreign Investment Into the United States." Providence, Sept. 6.

At a DOD Foreign National Compensation workshop concerning GAO work in the area, Nov. 26.

### Dallas

**Joe Quicksall**, supervisory auditor, spoke to the Southwest Intergovernmental Audit Forum, on

"Spending for National Security—the Economy—the Issues." Dallas, Oct. 2.

### Denver

**John J. Russo**, auditor, addressed the students of Green Mountain High School, with information on the accounting profession and the operations of the U S GAO, Lakewood, Nov. 14.

### Detroit

**Walter C. Herrmann, Jr.**, regional manager, and **Linda Koontz**, management auditor, spoke before the Wayne State University Association of Black Business Students, Nov. 24.

**Francis L. Reynolds**, supervisory auditor, headed a workshop discussion on the importance of health care data collection and research at the American Medical Association's conference on medical care and health services in correctional institutions, Nov. 19.

**William F. Laurie**, supervisory auditor, addressed the Institute of Gerontology at Wayne State University, on "Needs Assessment and Evaluation of Services to Older People," Nov. 15.

**Patrick A. Iler**, management auditor, presented a paper, "The Poor: Their Well-being and Services Received," to the 32nd annual scientific meeting of the National Gerontological Society, Nov. 27.

### Kansas City

**David A. Hanna**, regional manager, addressed the Political Science Group of William Jewel College on Oversight of Federal Activities and GAO's role, Liberty, Dec. 5.

### Los Angeles

**Victor Ell**, audit manager, spoke on:

"Program Evaluation Concepts" before the Graduate School of Public Administration USC, Dec. 18.

"The Need for Undergraduate Report Writing Courses" before the Faculty Advisory Board.

School of Business and Economics, CSU-Los Angeles, Dec. 13.

"GAO's Role in the Evaluation of Federal Health Programs" before the Public Interest Management Association, Graduate School of Management, UCLA, Nov. 15.

"Management Effectiveness in Government Operations" before the Institute of Governmental Management, CSU-Los Angeles, Nov. 8.

**Frederick Gallegos**, management analyst:

Taught the EDP Auditing course for the 1979-80 winter quarter at California State Polytechnic University, Pomona.

Spoke before the Cal Poly, Pomona, Accounting Club on "The Role of GAO in Evaluating Government Operations" and before the Information Systems Senior Seminar class on "Careers in EDP Auditing," Nov. 20.

Spoke on "Utilization of Computer Performance Evaluation Techniques by GAO Auditors" before the Los Angeles Chapter of the EDP Auditors Association, Oct. 9.

Was elected chairman of the Education Committee and to the Board of Directors for the LA Chapter, EDP Auditors Association, Sept. 15.

**Michael Stenger**, training coordinator:

Was, with co-op **Heather Tripp**, a moderator for a discussion of GAO's co-op program during an Employers Institute for Cooperative Education seminar at Sheraton Newport Hotel, Newport Beach, Jan. 15.

Spoke on "Career Opportunities With GAO" before the Public Interest Management Association, UCLA Graduate School of Management, Nov. 9.

**George Vindigni**, auditor, spoke before a group of financial managers at the Air Force Space and Missile Systems Organization (SAMSO) in El Segundo on "GAO Auditors: Who We Are and What We Do," Sept. 28.

## New York

**Austin J. Acocella**, management analyst, discussed GAO's general application of data processing with

accounting students and the Department of Statistics faculty at the Bernard M. Baruch College of The City University, Dec. 20.

**Bernard Rashes**, supervisory management auditor, spoke:

To students at Kean College's Career Day about accounting and auditing careers with the Federal Government, Oct. 30.

At a meeting of the New York State Society of Internal Medicine on the results of a GAO review of a medicare carrier's operations, Dec. 6.

**Rudy Plessing**, management analyst, and **Nick Zacchea**, management analyst, lectured a group of State and local employees on operational auditing at Westchester Community College, Oct. 17.

## Philadelphia

**Morey J. Chick**, supervisory auditor, spoke at the Honeywell Users Group Conference in New Orleans, on "Data Protection in the Automated Environment of the Federal Government," Sept. 25.

## San Francisco

**Bill Conrardy**, regional manager, and **Gil Bowers**, supervisory auditor, gave a presentation on PPMA at a Western Intergovernmental Audit Forum meeting in Carson City, Nov. 7.

**Charlie Vincent**, assistant regional manager:

Spoke on the topic of "GAO's Role in the Federal Government" at the Executive Center in Berkeley, Oct. 16.

Along with **Jack Birkholz**, team leader, gave two presentations on operational auditing at seminars sponsored by the Association of Government Accountants and the Western Audit Forum in San Francisco, Oct. and Nov.

**Jack Birkholz**, team leader, spoke on:

"The Single Audit Concept" at October meetings of the California State Association of County Auditors and the Association of County Tax Collectors in Visalia and in Santa Rosa.

"Audit Interviewing—An Art, Not A Science" at the December meeting of the San Jose Chapter

of the Institute of Internal Auditors.

**Jeff Eichner**, supervisory auditor, spoke to members of the Sonoma State University Accounting Forum on "Changes in GAO: What's Happening," Nov. 6.

## Seattle

**Stephen J. Jue**, supervisory auditor:

Was awarded a certificate as a Certified Data Processing Auditor by the national EDP Auditors Foundation, June 13.

In his role as president of the Puget Sound Chapter, EDP Auditors Association, gave the welcoming address at the chapter's first annual Technical Seminar on Current Issues in Auditing Data Processing Systems, Seattle, Nov. 8.

Together with **James S. Abernethy**, auditor, conducted a workshop on "Computer Fraud: How to Prevent It" at a symposium on financial management development sponsored by the Seattle Chapter, Association of Government Accountants, Nov. 16.

**Donald A. Praast**, supervisory management auditor, conducted a workshop on the "Single Grant Audit Concept" for Alaska mayors and other community leaders at a conference held by the Alaska Municipal Finance Officers Association, Sitka, Oct. 30.

## Washington

**Jennie S. Stathis**, supervisory auditor:

Spoke on functions and activities of the General Accounting Office before the University of Maryland's Beta Alpha Psi accounting fraternity, Oct. 31.

Is president-elect of the D.C. chapter of the American Society of Women Accountants.

**Fred Chasnov**, auditor mathematician, spoke to the 3rd Annual Remote Sensing Conference on the economics of remote sensing information systems, Nov. 6.

**Cliff Jennings**, management auditor, was appointed Chairman of the Editorial Board of the Society of Government Economists in Oct.



## NEW ATTORNEYS RECENTLY ADMITTED TO THE BAR

Listed below are staff members who have advised the Office since April 1, 1978, that they have been admitted to the bar in the States shown.

Armen, Margaret L.	Ohio
Armstrong, Thomas H.	Virginia
Baskin, Fran F.	Florida
Diamond, Marla	District of Columbia
Golden, Michael R.	New York
Kelley, Katherine	District of Columbia
Kraus, Sheila	District of Columbia
Laverty, Jessica H.	Virginia
Lever, James D.	District of Columbia
Maris, Karen A.	District of Columbia
Melody, John	District of Columbia
Pool, Robert C.	Massachusetts
Rogers, Christine	District of Columbia
Schwimer, Daniel A.	New York
Weiskopf, David E.	District of Columbia
Yudenfriend, Ruth	Pennsylvania

## SUCCESSFUL CANDIDATES MAY 1978 CPA EXAM

	Organization	State
Allen, Walter L.	Community and Economic Development	District of Columbia
Barbee, Janet K.	Dallas	Texas
Berkowitz, Steven J.	Financial and General Management Studies	Virginia
Chang, Darryl	Dallas	Texas
Donkin, Raymond H.	Seattle	Washington
Goldstein, Jerry A.	Human Resources	Florida
Gruber, Charles F.	Financial and General Management Studies	Virginia
Harlow, Charnel F.	Dallas	Texas
Howle, Thomas C.	Atlanta	Georgia
Kingery, John	San Francisco	California
Mays, Carl S.	Atlanta	Georgia
Sibley, Gary B.	Logistics and Communications	Maryland
Willenburg, Thea D.	Kansas City	Missouri

## SUCCESSFUL CANDIDATES MAY AND NOVEMBER 1979 CPA EXAMS

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	<b>Organization</b>	<b>State</b>
Bogus, Alan C.	Energy and Minerals	Maryland
Bogus, Jan E.	General Government	Maryland
Brennan, John P.	Logistics and Communications	Maryland
Chin, Gary C.	Washington	Virginia
Delaney, Mark	Chicago	Minnesota
Diersen, David J.	Chicago	Illinois
Hofmann, Norman A.	Cincinnati	Maryland
Jacques, Joseph W.	Financial and General Management Studies	Maryland
Kowalski, Jo Ellen	Federal Personnel and Compensation	Virginia
McJunkin, Curtis	Chicago	Illinois
Morgan, William	Philadelphia	Pennsylvania
Ottenheimer, Edward G.	General Government	District of Columbia
Stanley, Kathleen M.	Washington	Virginia
Stowe, Dennis	Financial and General Management Studies	New York
Yadvish, John R.	Financial and General Management Studies	Maryland
Ziombra, Gregory J.	General Government	Maryland



Josephine M. Clark

## Reporting on GAO Alumni

At the celebration of Comptroller General Elmer Staats' 40th anniversary with the Government on December 4, we saw the following former Assistant Comptrollers General:

Frank H. Weitzel  
Sam Hughes  
A. T. Samuelson  
Tom Sullivan

Other alumni we saw were:

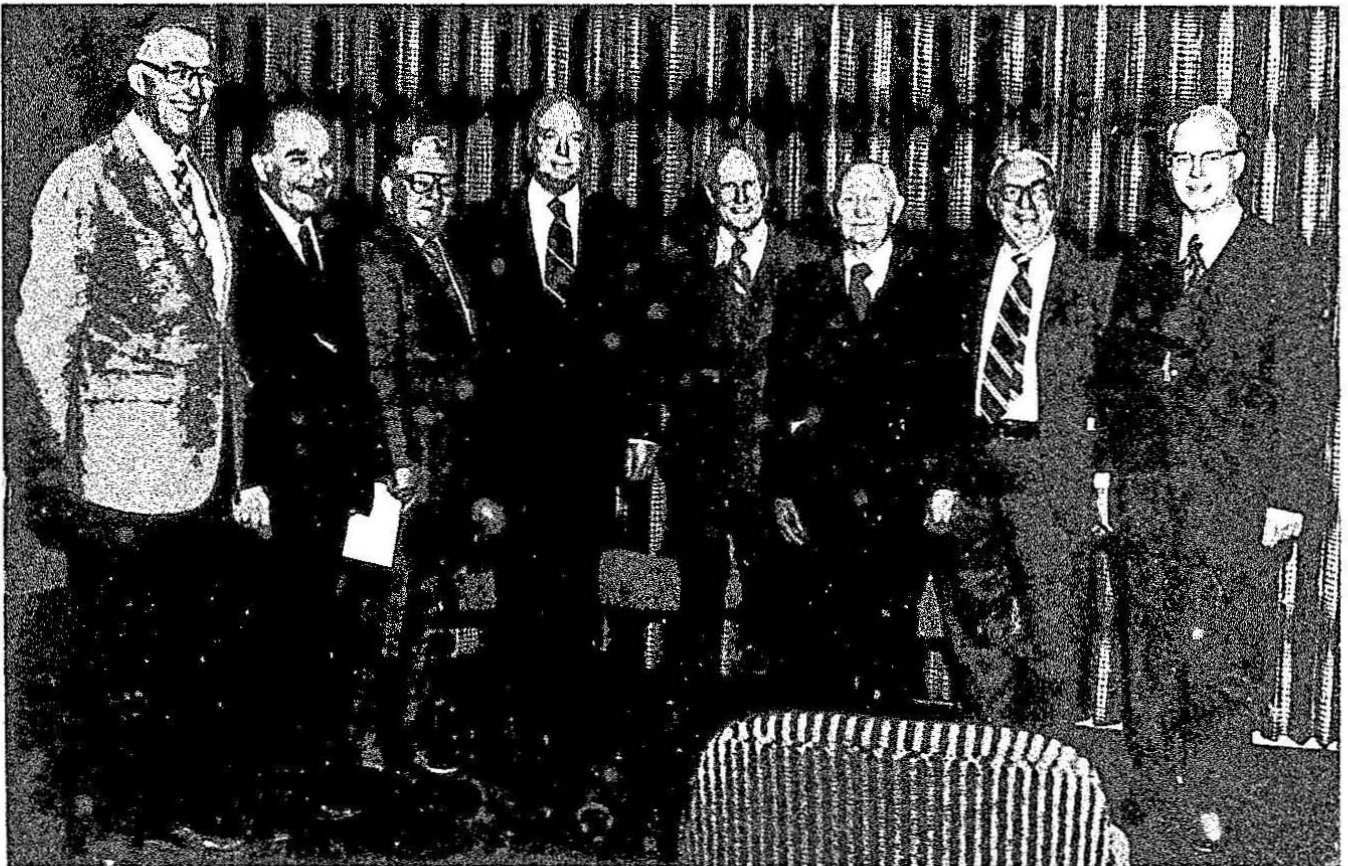
Smitty Blair, former Director, Office of Congressional Relations  
Paul Dembling, former General Counsel  
Sylvia Kender, former secretary to Mr. Staats  
Charlie Magnetti, former Director of Personnel  
Oye V. Stovall, former Director, International Division

Also attending were Mrs. Elmer Staats, Mrs. Robert Keller, Mrs. Stewart McElyea, and Mrs. Ellsworth Morse.

Incidentally, Smitty Blair made first page of the Financial Planning Section of the *Washington Post* of November 11, 1979. His picture, a description of what he is doing now (working for the National Association of Retired Federal Employees), and how he is making out in retirement were included in an article entitled "Making Ends Meet in Retirement."

Grace Pawell, formerly with the old Accounting and Auditing Policy Staff and before that with the Denver regional office, visited with Jo Clark, Frances Sochovka, and other friends at GAO recently. Grace and her husband, Frederick, are now living in Hampton, Va.

L. Kermit (Roy) Gerhardt, former



GAO alumni at the celebration of Mr. Elmer Staats' 40th anniversary with the Federal Government, December 4, 1979. From left: Sam Hughes, Paul Dembling, Tom Sullivan, Elmer Staats, Oye Stovall, A. T. Samuelson, Smitty Blair, and Frank Weitzel.



associate director in the General Government Division, spent Thanksgiving Day with friends here in the Washington area, among whom were **Mrs. Decker**, wife of the former director of the old Corporation Audits Division; **George Staples**, former associate director of the General Government Division; and **Philip Charam**, former deputy director of the old Resources and Economic Development Division (now Community and Economic Development Division). Roy now makes his home in Clearwater, Florida.

Mrs Decker has since left the Washington area to live near her son in New Jersey. Her friends, many of them members of the former Corporation Audits Division,

held a going-away dinner for her at the Kenwood Country Club on December 16. Her son, David, daughter Joan and her husband, **James Patton** and many former GAOers attended.

Condolences to **Frederic H. Smith** on the death of his wife, **Dorothy**. Fred was the deputy director of the former Office of Policy and Special Studies. Among the GAO alumni attending the funeral were **Frank Weitzel**, **John Fenton**, **Edith Koiner Dempsey**, **Stan Hargey**, **Roy Lindgren**, **Leo Schimel**, and **Oye Stovall**. Others from GAO attending were **Lola Brandy**, **Josephine Clark**, **Earl Harris**, **Don Scantlebury**, and **Frances Sochovka**.

**Herschel Simmons**, former director of the Office of Administrative Services, visited the office recently. He says he is avidly reading the book, "The GAO: The Quest for Accountability in American Government," by **Frederick C. Mosher**.

Speaking of books, **Leo Herbert**, former Director of Personnel, has a book off the press entitled "Auditing the Performance of Management." In the preface of the book, Leo gives credit for contributions to the following people from GAO:

**Ernest C. Anderson**, **Roger Kirvan**, **Allen R. Voss**, **William N. Conrardy**, **Hyman L. Krieger**, **Donald L. Scantlebury**, **Irwin D'Addario**, and the late **Edward Breen** and **Ellsworth H. Morse**.

## **Annual Awards for Articles Published in The GAO Review**

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Cash awards are presented each year for the best articles written by GAO staff members and published originally in *The GAO Review*. The awards are presented during the GAO Awards Program held annually in October in Washington.

One award of \$500 is available to contributing staff 35 years of age or younger at the date of publication and another is available to staff over 35 years of age at that date. Staff through grade GS-15 at the time they submit the article are eligible for these awards.

The awards are based on recommendations of a panel of judges designated by the Editor. The judges will evaluate articles from the standpoint of their overall excellence, with particular concern for:

- Originality of concept and ideas.
- Degree of interest to readers.
- Quality of written expression.
- Evidence of individual effort expended.
- Relevance to "GAO's mission."

## **Statement of Editorial Policy**

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This publication is prepared primarily for use by the staff of the General Accounting Office. Except where otherwise indicated, the articles and other submissions generally express the views of the authors and not an official position of the General Accounting Office.

Proposals for articles should be submitted to the Editor. Staff should concurrently submit a copy of their proposal letters to liaison staff who are responsible for representing their divisions and offices in encouraging contributions to this publication.

Articles should be typed (double-spaced) and generally not exceed 14 pages. Three copies of the final version should be submitted to the Editor. Article subject matter is not restricted but should be determined on the basis of presumed interest to GAO staff. Articles may be on technical or general subjects.

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