



*REPORT TO THE  
COMPTROLLER GENERAL  
OF THE UNITED STATES*

**Opportunities To Improve  
Planning For Accounting And  
Auditing Functions**

*BY THE COMMITTEE ON PROGRAM  
PLANNING IMPROVEMENT*

JUNE 7, 1971



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

Dear Mr. Staats:

In accordance with your memorandum dated February 17, 1971, the Committee on Program Planning Improvement has assessed the present program planning procedures for the accounting and auditing functions of the Office. The Committee's report, which contains recommendations for improvements in the planning process, is enclosed.

In carrying out the study, we solicited information, views, and suggestions on a broad basis from operating and staff officials in Washington and from regional managers and their staffs. The approximately 125 responses received indicated a high level of interest in the subject of the study and contained many thoughtful suggestions which were very helpful to us in our work.

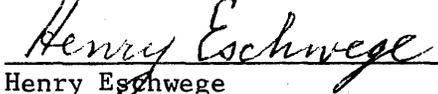
We wish to express our appreciation to the many individuals who contributed to the study, and especially to Mr. Harry C. Kensky, who served as advisor to the Committee.

It has been a privilege to play this part in the continuing Management Improvement Program and we hope that our study will be of substantial benefit to you in strengthening the Office's planning processes. We are, of course, available to discuss the study with you and to assist in any way we can with the implementation of such changes in the planning process as you may approve on the basis of the study.

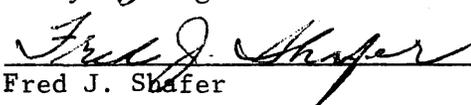
Sincerely yours,

  
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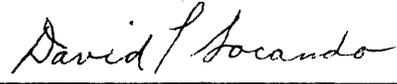
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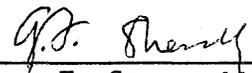
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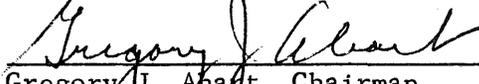
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Improvement

Enclosure

The Honorable Elmer B. Staats  
Comptroller General  
of the United States

C O N T E N T S

	<u>Page</u>
<u>INTRODUCTION</u> .....	1
<u>SUMMARY</u> .....	3
<u>RECOMMENDATIONS</u> .....	9
Principal Recommendations .....	9
Other Recommendations .....	11
<u>BASIC PRINCIPLES AND CONSIDERATIONS</u> .....	14
Purposes of Planning .....	14
Bases for Planning .....	15
Other Considerations .....	19
A. Responsibility area definition .....	19
B. Achieving desired relative emphasis .....	20
1. Locus .....	20
2. Staff capability .....	21
C. External demands and requirements .....	21
D. Regional Offices (and Foreign Branch Offices) .....	23
E. Estimates of manpower requirements for individual assignments .....	25
F. Assignment priorities .....	26
Resource Planning .....	27
<u>THE SHORTCOMINGS OF THE PRESENT SYSTEM</u> .....	29
Planning Documentation .....	30
Short-range work program .....	30
Long-range work program .....	33
The Form 100 .....	34
Planning Orientation .....	35
Top level planning .....	35
Planning at lower levels .....	38
<u>APPENDIX</u>	
1 - Regional offices new starts - period 71-1 .....	41
2 - Projections of congressional reports to be issued .....	42
3 - Preliminary time allocations vs. man-days programmed, vs. man-days used .....	44

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## INTRODUCTION

Office-wide program planning for accounting and auditing functions has been accorded much discussion and debate for a number of years. Much of the discussion and debate, however, has centered upon the merits and shortfalls of planning documentation rather than upon more substantive issues and factors. The understanding and proper treatment of such issues and factors are critical to improving the effectiveness of the Office as an arm of the Congress and contributor to good Government at the Federal level.

Each planning documentation system which has been implemented has been subject to considerable internal criticism on three counts: (1) the amount of professional staff time required for its preparation; (2) the reliability of the information contained therein; and (3) the extent to which, in fact, it resulted in improved decisions concerning the application of resources and the nature of work to be undertaken.

Underlying each area of criticism has been a fairly general belief that in combination, the content and time frames used in required planning documentation have not been compatible with the manner in which work must actually be planned and managed. Where this situation prevails, the planning documentation requirements are potentially counter productive-- both in their impact on the time of professional and supporting staff and in their effect upon staff morale.

At the same time, two opinions seem to be held rather generally among officials within the Office, (1) that overall, the Office has a fairly good record of being responsive to the expressed interests of the

Congress and otherwise utilizing its available resources on significant and productive work, but (2) that improvements in planning and programming are needed and should be pursued to enhance the Office's effectiveness in performing its mission.

Based on its study, the Committee agrees with these two opinions. It also believes that, although the planning documentation of the present and recent past has served useful purposes, principally through the planning discipline inherent in the need to periodically reduce plans to writing, certain documentation requirements are not compatible with the way in which work must be planned and managed and are, to a significant degree, counter productive. Further, the Committee believes that certain elements of the current planning and programming process could be documented more fully and exposed to critical analysis. Finally, the Committee believes that high level planning in the Office should be oriented more toward substantive and qualitative issues and less toward detailed procedural and quantitative issues.

The Committee, in formulating its recommendations, has tried to build on the strengths of the present planning mechanisms used within the Office, whether or not documented, and to eliminate those things which the Committee views as being counter productive.

## SUMMARY

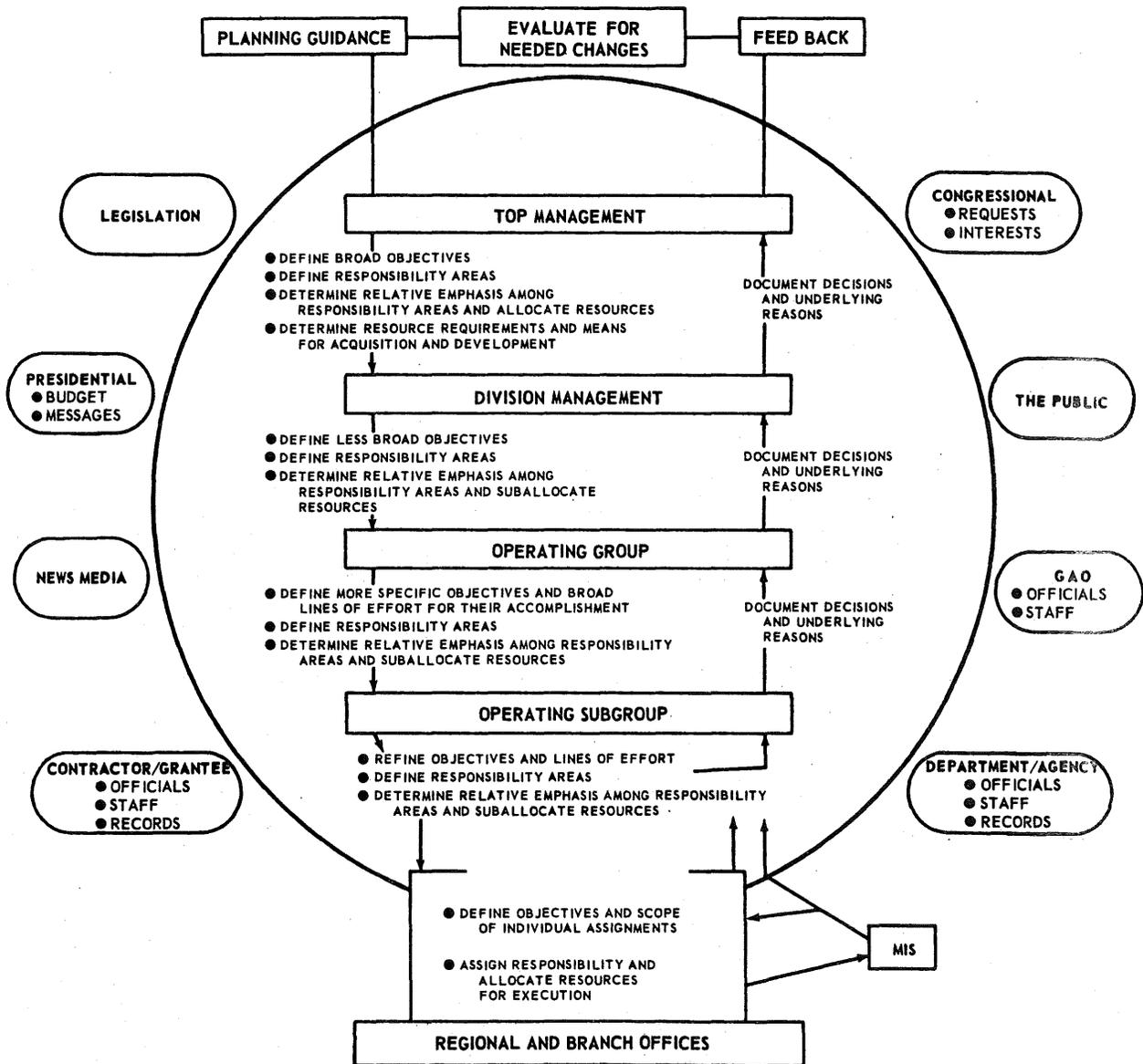
This report concerns planning for the accomplishment of the General Accounting Office mission. It contains the Committee's consensus of a planning concept specifically designed around the unique role of the Office, and the Committee's thoughts and conclusions about the concepts and mechanics of Office planning, derived from our collective experiences and from the information and views gathered during the study.

It offers a number of recommendations to clarify, formalize or alter various elements of the present planning system. Many of our proposals concerning Office-wide planning concepts are not new. They are already in operation within the Office in one form or another. What we are proposing is a formal, or structured, system including "feedback" provisions.

The Committee believes that planning is and should be a continuous process involving all organizational levels of the Office. The planning process is "circular" in nature, with each lower level organization providing inputs to the planning system and each with its own planning process responsive to the guidelines and resource allocations received from higher planning levels.

The following diagram emphasizes the circular character of the planning process, as we conceive it. The diagram shows the movement of planning guidance from top levels of management down through the organization and the feedback of planning information back up through the organizational chain. It also shows the information sources on which the planning is based at all levels.

# THE PLANNING PROCESS



A plan is a program of action to reach a goal. Constructing a plan requires knowledge of where you are and a decision as to where you want to be at a future time.

The highest level of planning sets forth the stated aims of the Office and the resources to be acquired or developed to meet them, and arrays the job to be done in broad terms of objectives, organizational assignments of responsibility, and determinations of relative emphasis and corresponding resource allocations; all of this considering the longest period of time possible.

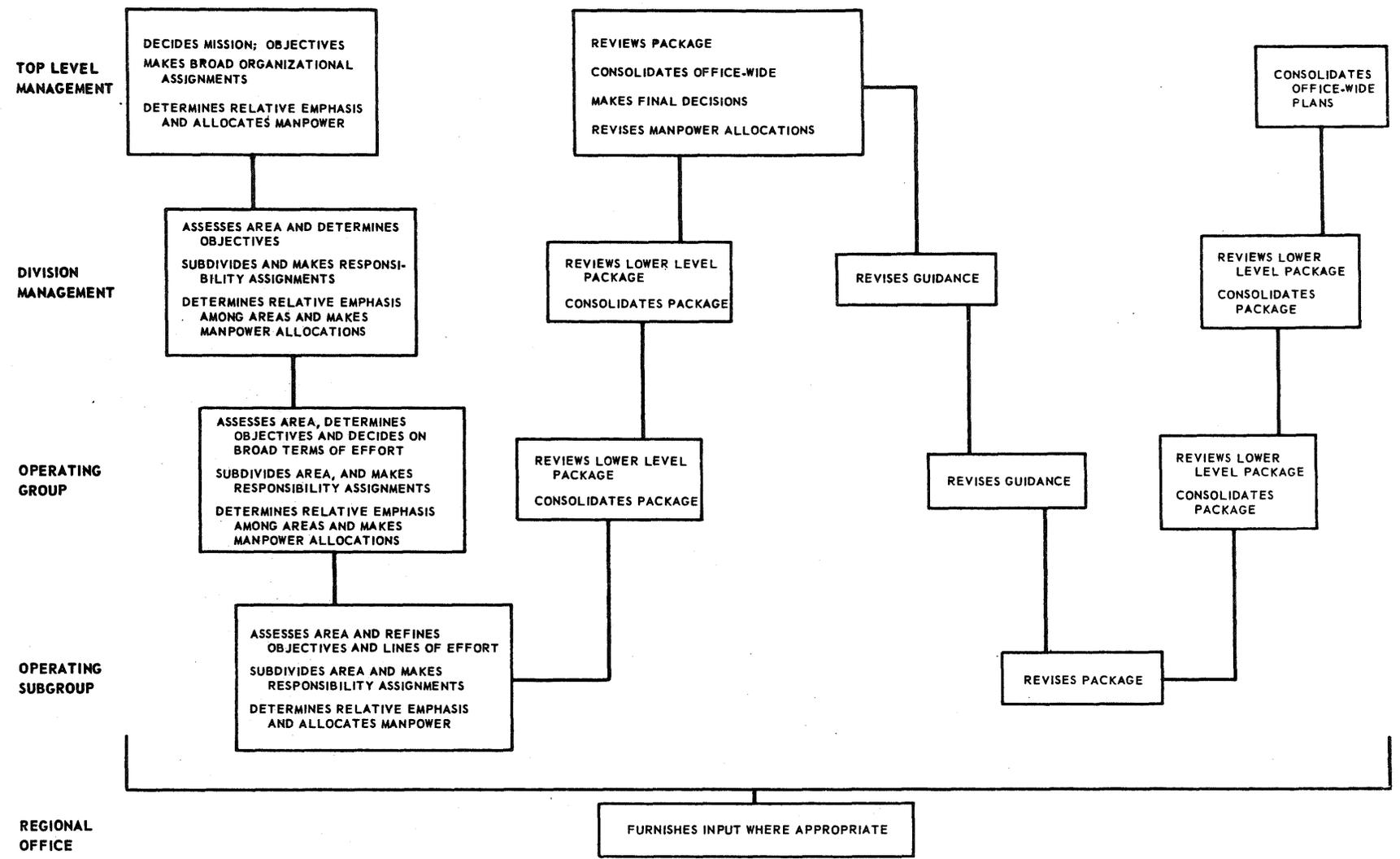
Characteristic of the results of this type of planning is the manner in which the discharge of the responsibilities of the Office has changed over the years, expanding greatly in scope and significance, and the corresponding changes in the character of staff resources. Originally, audit efforts dealt almost exclusively with fiscal accountability. Efficiency and economy considerations (management reviews) were added both by statute and by Office decision. Effectiveness, or program results studies, have been added as well and now we are being asked to examine basic program justifications.

Each of these categories of coverage are now used as means to contribute to good Government at the Federal level, with the categories to be used in specific circumstances being chosen on the basis of maximizing the contribution.

Planning at lower levels is narrower in scope, seeks to find the best specific means to accomplish specific goals, and considers shorter periods of time. The further planning moves down the organizational ladder, the more refined and specific it becomes.

The following diagram depicts the steps in the planning process, and the flow of planning guidance and feedback information, as the Committee views them, in a format different from that shown on page 4.

STEPS IN THE PLANNING PROCESS



In line with this view of the planning process, the Committee is making several recommendations for actions designed to:

- Simplify documentation requirements and their impact on professional staff through discontinuing the present short-range program system and substituting other techniques to serve its intended purposes.
  
- Improve the usefulness of the long-range program system as a planning tool by modifying its required contents to better expose for critical and qualitative analysis the bases for planning done at different organizational levels and the decisions made.
  
- Strengthen the overall planning capability of the Office through the establishment of a planning staff, responsible directly to the Comptroller General, charged solely with responsibility to support top level planning.

## RECOMMENDATIONS

On the basis of the principles, considerations, and findings discussed in subsequent sections of this report, the Committee recommends the following actions to improve planning for accounting and auditing functions of the Office.

### PRINCIPAL RECOMMENDATIONS

- To simplify the documentation requirements and lessen their impact on staff time and morale
  1. Abolish the present short-range program documentation system.
- To expose for critical and qualitative analysis the planning bases and decisions of organizational units below the level of the Office of the Comptroller General
  2. Modify the existing annual long-range program documentation requirements to
    - eliminate requirements for descriptions of individual assignments as such
    - require estimates of regional office manpower requirements only by relatively high defined areas of responsibility, preferably one tier below that of operating group directors
    - expand requirements for narrative material describing and explaining
      - . each defined responsibility area, preferably down to the second tier below those of operating group directors
      - . the factors relevant to the audit significance of area, including assumptions as to future developments
      - . the major lines of effort being pursued within the area, the relative emphasis being given to each, the reasons therefor, and the objectives sought

- . planned changes in major lines of effort and the relative emphasis given to each, the reasons therefor, and the objectives sought
- . judgments as to what changes would be made in major lines of effort and relative emphasis should the staff capability allocated to the responsibility area be significantly increased or decreased, and the reasons therefor.

The description and explanation as specified above would be given for each ascending level of defined responsibility areas, differing in the degree of specificity and the length of planning horizons as appropriate to the responsibility level and attendant circumstances. At the lowest responsibility levels included, reference would be made to individual assignments to the extent appropriate to illustrate and explain major lines of effort.

--To strengthen the overall planning capability of the Office

3. Establish a planning staff responsible directly to the

Comptroller General, charged solely with responsibility for

- assessing and advising the Comptroller General with respect to needed changes in overall objectives and goals, definitions of responsibility areas of principal subordinate organizational units, and the relative emphasis to be given to each through the allocation of available manpower resources
- translating the Comptroller General's decisions with respect to the above into planning guidance to subordinate organizational units
- assessing and advising the Comptroller General with respect to the progress and problems experienced by subordinate organizational units in responding to the planning guidance given
- assessing and advising the Comptroller General with respect to the needs of the Office for manpower resources and means for their acquisition and/or development, and translating the Comptroller General's decisions in this regard into directives for action.

Although the staff would concern itself primarily with top level planning, the insight into lower level planning provided by the documentation envisioned in recommendation number 2 would assist not only in reaching higher level planning judgments, but also in assessing the organization's overall responsiveness to these judgments. The Committee expects that the staff would freely consult with officials at all levels, and use all relevant information available to it, as it deems appropriate.

#### OTHER RECOMMENDATIONS

- To give regional offices the information they need to plan for the effective utilization of staff resources, to the extent possible considering external demands for work
- 4. Require that work authorizations (Forms 100) for self-initiated individual assignments be prepared and approved, and a copy furnished to each regional office involved, at least 60 days before field work must or is desired to start.
- 5. Require that Washington operating group directors, as soon as possible after receiving a congressional request which is expected to entail work by a regional office(s), advise each regional office concerned of the nature of the request and its probable scope and timing, and as promptly as is consistent with the need for preliminary work in Washington and possible discussions with the requestor, prepare and process an appropriate work authorization document.

--To assist regional managers to accommodate urgent and unforeseen work required by congressional requests, and to make good inputs into the total planning process

6. Permit regional managers to utilize a reasonable portion of their staff resources (perhaps 10 percent) at their discretion subject only to demands for urgent and unforeseen work, on survey work which they deem meritorious after informal consultation with the cognizant operating director.

--To simplify priority designations for individual assignments

7. Provide only two priority designations:
  - I. All assignments specifically required by statute, undertaken pursuant to congressional request or so designated by the Comptroller General
  - II. All other self-initiated assignments.

--To identify and deal with short-term imbalances which arise between the staff capability of regional offices and the demands made upon them

8. Require that each regional manager, at any time that he finds that the demands of assignments already in process and covered by advance work authorizations will significantly exceed or fall short of the total staff capability of his office, and if he cannot correct the situation on an informal basis (through advancing or deferring starting dates after discussion with the appropriate Washington officials, or otherwise), advise the Director, Field Operations Division, of the situation who,

after such consultation with directors of other divisions as may be necessary or appropriate, will determine whether the short-term imbalance is to be rectified through

- a) temporary duty assignments of regional office staffs to or from other locations,
- b) deferral, advancement, cancellation, or shift in location of planned work, or
- c) authorizing regional office initiated work after advice to and consultation with the cognizant operating director.

--To assist in identifying and dealing with any long-term imbalances which may arise between the staff capability of regional offices and the demands made upon them

9. Monitor the situations which arise and actions required in connection with 8 above to enable judgments to be made as to whether they are symptomatic of long-term imbalances requiring adjustments in staff capability.

--For such analyses of manpower usage data as may be desirable and useful in terms of defined responsibility areas or in accordance with other appropriate classifiers such as congressional request work, functional categories, assignment type, indirect time, etc.

10. Utilize information developed through the computerized data and information system containing assignment description and time usage data, which is presently under development.

## BASIC PRINCIPLES AND CONSIDERATIONS

### PURPOSES OF PLANNING

The strength and only real resource of the Office lies in its people at all levels of responsibility and the knowledge, experience, imagination, and energy they bring to their assigned areas of responsibility. From this premise, and leaving aside for the moment the subject of "resource planning" as such, it follows that the purposes of planning at all levels of management must be to:

1. Define objectives in terms sufficiently clear to enable people at all organizational levels to apply their knowledge and energy with confidence in their ability to judge whether the specific objectives or goals of their work are consistent with those of higher management.
2. Define areas of organizational responsibility on a departmental/agency/functional/subject matter/ or other basis.
3. Determine the relative emphasis each defined responsibility area should receive in the application of available resources.
4. Assign to each defined responsibility area the number and quality of people judged necessary to achieve the desired relative emphasis.
5. Assure that planning decisions are effectively implemented and defined objectives are met.

Although the purposes of planning are constant at all organizational levels, there are wide differences among the various levels in two important respects: (1) the specificity of terms used to define objectives, responsibility areas, relative emphasis, and resource allocations, and (2) the time outlook considered in their formulation. At higher levels, definitional terms tend to be broader and the planning horizon longer; at lower levels the definitional terms tend to be narrower and the planning horizon shorter.

#### BASES FOR PLANNING

The factors to be considered in planning decisions have been reasonably well documented in the past in internal manuals and instructions. In the hearings before the Senate Subcommittee on Executive Reorganization in September 1969 (the Ribicoff hearings), the Comptroller General summarized these factors for the subcommittee (see page 29 of the printed hearings) and included more detail in an appendix to his statement, as follows:

"Specific factors considered in reaching decisions on the nature, direction, and intensity of audit effort are:

- Specific statutory requirements for audits
- Congressional requests
- Other commitments
- Expressions or indications of congressional interest
- Potential adverse findings of significance
- Importance of programs or activities, judged by such measures as size of expenditures, investment in assets, and amount of revenues
- Nature of GAO experience with the agency
- Knowledge as to effectiveness of system of management control
- Capacity to develop findings and complete reports
- Responsibility for making settlements with accountable officers
- Status of agency accounting development
- Other special factors (e.g., establishment of new program)

"The weight given these kinds of factors varies from agency to agency and from program to program. Decisions in each case represent a composite judgment of all pertinent factors; the overriding factor being constructive contribution to improved management of Government operations." (See pp. 90-91 of printed hearings.)

The nature of these factors and the fact that they need consideration in combination with one another, makes planning a highly judgmental matter, with the judgments being guided by the overriding factor of making constructive contributions to Government operations. In the case of specific statutory requirements, congressional requests, etc., the potential contribution is presumed.

The sources of information upon which to base planning include, but are not necessarily limited to:

- President's budget documents and messages
- Legislation
- Congressional hearings and debate
- Congressional committee reports
- Members of Congress, both as individuals and as members of committees
- Congressional staff members, including committee staffs
- Department and agency officials and employees at both headquarters and field locations
- Department and agency (and contractor and grantee) records at both headquarters and field locations
- News media
- The public

Information from the above sources is synthesized by the GAO staff, into definite subjects for review. One person, in responding to this Committee's request for views on planning and data needed for planning, stated the case quite well with reference to an audit group as follows:

"Generally speaking, the subjects of our reviews are selected by the staff members and their supervisors who are assigned to particular agencies or areas of interest. These men, in effect, are our data base. They, together with the assistant and associate directors, live with their assigned jobs 24 hours a day. Everything we read, everything we see, and everything we hear concerning our assigned areas of responsibility bears on our formulation of future work plans. There are many factors bearing on decisions to undertake or not undertake future work in our assigned areas of responsibility. Such items as congressional and public interest; staff capability, both in number and ability; the cost to GAO in money, time, and image; agency problems and outside criticisms of the agency. All of the above are merely illustrative of the things that give us a 'feeling' for things that ought to be done and should be done \* \* \*."

Although the Comptroller General and his staff, and division directors and their staffs, have a different vantage point, they too must be highly judgmental in making planning decisions, based upon a subjective weighting of all the pertinent information available to them.

At each organizational level, there must be a concerted effort to acquire and bring together all of the information available, including the judgments of others, and give it careful consideration in judging where and how the greatest contribution may be made.

## OTHER CONSIDERATIONS

The Committee believes that to complete the background against which it formulated its recommendations for improvement in the planning mechanisms of the Office, again leaving aside for the moment the subject of "resource planning," certain considerations dealt with only lightly or implicitly in the foregoing discussion need to be highlighted and treated in more detail.

A. Responsibility area definition--the key planning tool through which direction of effort is established.

The subjects which will be considered in specific planning depend to a great extent upon the organizational level involved and the definitional terms used, whether department or agency, program, functional, or otherwise.

For example, three separate groups responsible for "procurement" located within larger groups responsible for the Departments of Army, Navy, and Air Force, view their respective assignments from a quite different perspective than would one group responsible for "defense procurement," or one group responsible for "Government procurement."

Similarly, several subgroups responsible for "health activities" within different components of the Department of Health, Education, and Welfare, would plan from a different perspective than a group responsible for all health activities in the Department or all such activities in Government.

The Committee believes that a basic part of the planning process at all levels must be to determine which orientation is most suitable for the particular time and place.

The Committee recognizes that the definition of responsibility areas can be viewed as an organizational matter, rather than as a program planning matter. The two are so interrelated, however, that the job of responsibility area definition must be part of overall program planning.

B. Achieving desired relative emphasis--more of an art than a science.

Changes in relative emphasis among responsibility areas at any organizational level are accomplished through changes in the allocations of available resources (people). Two important principles must be clearly understood, however, in connection with making and giving effect to decisions to change relative emphasis.

1. Locus - The changes in the allocation of resources must be made at the place in the organization having the basic responsibility. This principle means that so long as basic responsibility is with organizational divisions, groups, or subgroups, in Washington headquarters, real changes in emphasis can be effected only by reallocating Washington headquarters' resources among those divisions, groups, and subgroups.

That is not to say that field resources are not reallocated as a part of changes in relative emphasis--in most cases they will be and usually will constitute an important part of the change in emphasis. However, the field resources will be reallocated in response to reallocations in Washington rather than directly.

The extent to which each responsibility group will draw upon field resources in support of its work will depend upon the nature of its responsibility area.

2. Staff capability - The emphasis a particular responsibility area will receive is dependent on the staff capability assigned. This principle means that neither the number of persons assigned to a responsibility area nor the total man-years of effort applied in that area, are direct indices of the emphasis the area receives. Staff capability is a function of both the numbers of people and their individual capabilities, both in Washington and the field, and the staff capability in Washington will largely determine how effectively field resources are utilized.

Accordingly, changes in relative emphasis must be made through changes in staff capability, either by changing the number of people assigned or by assigning people with different individual capabilities, or a combination of the two; the judgments as to how to best effect a desired change in emphasis are largely qualitative.

C. External demands and requirements -- the disruptive influence?

Statutory requirements requiring repetitive performance are not disruptive in their influence because their significance in terms of resource requirements can be predicted with a high degree of accuracy. They are, until changed as a result of Office initiative or otherwise, merely a continuing influence on defining responsibility areas and allocating resources.

One time statutory requirements, and requests by congressional committees and members, however, are highly unpredictable as to nature, timing, and points of impact on the organization. Because planning must be done by responsibility areas, and because the timing and magnitude of external demands are not predictable by responsibility areas, they do disrupt the plans in the responsibility area(s) affected--work which otherwise would be done, cannot be done, or cannot be done when planned. In varying degrees, such demands influence the definition of responsibility areas themselves--a minor request may require temporary modification of the definition with respect to one person, or a small group at a low echelon; a major requirement, such as the defense profit study, the uniform cost accounting standards feasibility study, or the major weapons systems acquisition work, may require the definition of a completely new responsibility area at a fairly high echelon and for a considerable length of time.

In general terms, such as trends in the total impact on Office resources, developing areas of intense interest in the Congress, and certain developments in the Government or the Nation as a whole, forecasts can be made which can be helpful in making decisions on responsibility area definitions at certain organizational levels, and on the relative emphasis to be given these areas. Beyond that, however, planning must be flexible enough to accommodate the insertion of requests and demands with the priority they deserve, with whatever adjustments may be required.

Fortunately, except for unusually large demands, such demands displace or disrupt only planned individual assignments, with some interruption or delay in the larger lines of effort of which the individual assignments are a part. Accordingly, the basic problems caused are related to individual assignment scheduling, with possibly some loss of invested effort due to work interruption.

D. Regional Offices (and Foreign Branch Offices)--where they fit in the planning framework.

Two important aspects of the relationship between regional offices and program planning warrant discussion here.

1. Regional managers and regional office staffs serve as a good source of ideas on what should be done and how it should be done. With a different perspective than the Washington organizational components, their continuing relationships with officials of Federal agencies, State and local governments, contractors, universities, etc., and their continuing contact with the many audit groups in the Washington headquarters of the Office, their judgments as to any one of the types of planning decisions required at any organizational level can be valuable and should be encouraged and sought. In the present situation, however, where basic responsibility rests generally in Washington, with the regional offices supporting the execution of these responsibilities, these judgments can be only inputs to the thinking and judgments of others on matters concerning other than the specific responsibilities assigned to the regional office involved.

In the past and presently, the judgments of regional office staffs have influenced many decisions made by Washington personnel. Much of this input and influence is not formally documented, nor need it be. Rather it is accomplished through face-to-face and other communication between the staffs of the respective offices in which ideas are interchanged, and is often carried out as an adjunct to the prosecution of on-going work.

2. The regional manager and his staff have the responsibility of planning for the effective utilization of the staff resources of the regional office. Since, for the most part, the regional offices' assignments of responsibility come to them in the form of individual assignments, the planning problem is one of scheduling the allocation of staff resources to the individual assignments, and otherwise planning for effective job execution.

To adequately fulfill this responsibility, regional managers need information, as reliable as practicable, on each individual assignment they will receive, including when it is to be started, the approximate time frame for its accomplishment, the estimated manpower requirements, and a description of its nature, scope, and purpose. This information, according to most regional managers, is needed 30 to 60 days in advance of the desired starting date in all cases where this much advance notice is possible.

E. Estimates of manpower requirements for individual assignments---

how reliable can they be?

The Committee believes that except for certain assignments of a repetitive nature, estimating manpower requirements for individual assignments is, and will remain, largely a matter of educated---and not very educated---guesswork. The reasons for this situation are many but include, most importantly, the fact that most assignments are unique, are somewhat similar to research and development work in that all aspects cannot be foreseen, adjustments to the plan of work must be made as the assignment progresses, and the person making the initial estimate is often not personally knowledgeable of the capabilities of the persons who will be assigned to execute it. Moreover, auditors seem to be somewhat optimistic by nature.

Accordingly, all that can be done in this area, it seems, is to guard against any indications of deliberate underestimation for the alleged purpose of "buying in," and to properly manage initiated assignments to see that they are performed in a manner consistent with efficient utilization of resources. It should be kept in mind, however, that the better an individual assignment has been "planned," the better should be the initial "educated guess."

F. Assignment priorities--limitations on use.

The usefulness of priority designations for individual assignments ( I, II, and III under the present system) is largely limited to determining which assignment should have first call where the resources of a particular regional office are not sufficient to carry out all new starts assigned. Seldom, and properly so, is the priority designation used as a basis for discontinuing an assignment already in process in favor of one of higher assigned priority.

The distinction between priorities II and III in the present system has been difficult to control, basically because of the several ways in which priority II may be justified, and the apprehension that priority III work will not be accommodated by regional offices. As a result, relatively little effort has been designated priority III.

Exclusive of effort programmed for the settlement of accounts of accountable officers, including payroll audits, less than 7 percent of the time shown in the 71-2 work program for the Civil, Defense, International, and Transportation Divisions was designated priority III (CD-13%; DD-2%; ID-5%; TD-8%). Inclusion of settlement work would raise the overall percentage to about 16 percent.

Given these limitations and problems, and assuming that responsibility areas are appropriately defined and given the desired relative emphasis through allocation of Washington resources, the Committee sees little need for more than two priority designations--one for specific statutory requirements, assignments undertaken pursuant to congressional requests, and assignments so designated by the Comptroller General, and the other for all remaining self-initiated assignments.

## RESOURCE PLANNING

The objective or purpose of resource planning is to determine the professional and supporting manpower resources needed to carry out the accounting and auditing mission of the Office and to devise means to assure their availability. Accordingly, although the two types of planning are obviously interrelated, resource planning must be clearly distinguished from the type of planning discussed in the preceding sections, which has as its overall purpose the effective utilization of manpower resources available and expected to be available.

Because, as stated previously, the strength of the Office lies in its people and the knowledge, experience, imagination, and energy they bring to their assigned areas of responsibility, resource planning can be characterized as one of the highest and most important types of planning. Its object is not only to determine the numbers and types of people needed to be brought into the Office (and the extent to which reliance will be placed on outside consultants) and provide for their recruitment, but to determine how the people brought into the organization will be developed into persons with the capabilities ultimately required.

The time horizon for resource planning must be as long as that of the highest level planning of what the Office is going to accomplish. Resource planning must be predicated upon what the Office wants to be able to do 3, 5, or 10 years in the future; how well the resources planning is done will control what the Office will actually be able to do when these points in time have been reached.

Since resources planning must necessarily be based upon the broadest objectives and goals of the Office and must consider a relatively long time horizon, it cannot, obviously, be done by translation directly the manpower requirements for specific work planned in the relatively short term future into recruitment goals and budgetary requests. Rather, it must be done in conjunction with the establishment of the top level, relatively long term, broad objectives of the Office, with these together, then, providing the framework within which the more specific planning will be done.

## THE SHORTCOMINGS OF THE PRESENT SYSTEM

The Committee examined the existing program planning system from the standpoint of its compatibility with the considerations and principles discussed in the preceding sections of this report. The Committee believes that although much of the planning performed within the Office conforms generally with these principles and considerations, a fuller and common understanding of them by persons involved in planning at all organizational levels would, in and of itself, enhance the overall effectiveness of planning efforts.

The formal Office-wide planning documentation requirements need to be modified considerably, however, to be compatible with the principles and considerations discussed and with the way in which planning is, for the most part, actually carried out.

In addition, high level planning in the Office should be oriented more toward substantive, qualitative issues and less toward detailed quantitative and procedural issues. In this regard, the Committee believes that there is a need to significantly strengthen the top level planning capability in the Office to:

- assess the need for changes in (1) overall objectives and goals, (2) definitions of responsibility areas of principal subordinate organizational units, and (3) the relative emphasis to be given to each through the allocation of manpower resources,
- provide planning guidance in these terms to subordinate organizational units,
- assess the progress and problems experienced by subordinate organizational units in responding to the guidance given, and
- assess the needs of the Office for manpower resources and provide for their acquisition and/or development.

## PLANNING DOCUMENTATION

The basic Office-wide planning documentation now prescribed consists of the short-range work program, prepared twice each year with a 6-month outlook, and the long-range work program prepared once each year with a 3-year outlook in general terms and shorter outlooks in more specific terms.

In addition, work authorizations (Forms 100) are prepared and approved for each significant assignment to be undertaken, either in conjunction with and as a part of the short-range work program, or on an individual basis outside such plan.

Short-range work program - In the Committee's opinion, this documentation, in the form presently required, has not served and cannot serve as a useful planning tool beyond such discipline as may be inherent in the mere requirement for its preparation. Because of the impossibility of estimating manpower requirements for most individual assignments with a high degree of accuracy, and the disruptive effect of external demands on planning at the individual assignment level, forward planning information in the detail required in the short-range program document cannot, with a 6-month (effectively 8 months) planning horizon, have sufficient integrity to make it useful.

In the Committee's view, the type of information in the short-range program document, if reliable, is potentially useful for two purposes: (1) to enable regional offices to schedule and staff individual assignments in the manner which most effectively utilizes their manpower resources, and (2) as one basis for analysis of the relative emphasis

being accorded to defined responsibility areas, the trend of changes in such relative emphasis, and trends in terms of various other classifiers.

The Committee found that the short-range program serves the needs of regional offices very poorly as a basis for planning for new starts. The regional office must obtain the kind of information it needs to plan for the effective utilization of manpower resources on a more or less ad hoc, continuing basis, from other sources. The degree of integrity of the information included in the short-range program in terms of new starts by regional offices during one 6-month planning period, is illustrated in appendix 1 to this report. In summary, of 648 new regional office starts shown in the program, only 335 were actually started during the period; 303 new starts not shown in the program were actually made.

Similar information on congressional reports projected for issuance during the period is shown in appendix 2.

The second purpose of enabling useful analyses to be performed, cannot be well served, if at all, by information as unreliable as that included in 6-month programs with respect to new starts. To the extent information related to assignments in process at any given point in time might be useful for purposes of analysis, it is or should be available from the automated assignment data and time reporting system.

In addition to the time and effort of professional and supporting staff which goes into the preparing of the short-range work program (which hopefully would be reduced somewhat through currently planned use of a computer to assist in its preparation), and the adverse effect upon

morale of being required to document plans in terms known or believed to be unrealistic, the present short-range work program tends to be counter productive in two other respects.

First, the existence of an official, detailed, 6-month plan requires some kind of system to follow-up and communicate all deviations from the plan to those who need to know of such deviations, basically the regional offices. This is usually done through telephone calls or correspondence initiated either in Washington or the regions, to advise or inquire as to the status of the new starts shown in the program. This kind of ad hoc follow-up consumes time and effort on both sides, and is not always effective.

Second, the field manpower allocations, by regional office, given to the Washington divisions and offices, and within which they were expected to program field work, sometimes influence the locations at which individual assignments are to be carried out, when other locations are judged better from the standpoint of meeting assignment objectives. Such allocations also require considerable effort and paperwork for the sole purpose of achieving a "balanced" regional office workload. Since, in actuality, regional offices respond on a continuing basis to the need for work in their regions during the program period, which need is not well described in the short-range program, the allocations have little real effect on how much and where the Washington divisions and offices use regional office manpower. The relationship between time allocated, time programmed, and time used in each regional office by the Civil and Defense Divisions is shown in appendix 3.

Long-range work program - In the Committee's opinion, this documentation, with some modification, is potentially a very useful planning tool. At present, however, its usefulness suffers also from the degree of specificity required in relation to the time horizon involved. The present requirement to list individual "major" assignments proposed to be commenced during a period ending approximately 2 years after the document is formulated, and the requirement for schedules showing, in considerable detail, regional office manpower utilization over the same period, are examples.

Concerning the former, the most important consideration is the fact that most assignments cannot be properly formulated and planned that far in advance.

With respect to the latter, since regional offices respond to needs for work on individual assignments on a continuing basis, the amount of regional office manpower required for each of many responsibility areas or other classifications, cannot be estimated on any reasonably reliable bases, and even if reliable, would serve no particular purpose. By way of illustration, the last long-range plan for the Civil Division, prepared in September 1970, contained estimates of regional office manpower requirements in fiscal year 1972 for each of 124 separate categories, ranging in amount from a low of 0.1 to 38.6 man-years; only 21 of the 124 estimates exceeded 10 man-years. This kind of detail for a relatively long planning horizon is not useful.

One apparent effect of including considerable detail in the long-range planning documentation has been to limit the amount of narrative

material included in the long-range document. More narrative would seem necessary to expose for critical and qualitative analysis, the major factors relevant to the audit significance of the various responsibility areas; the major lines of effort within which individual assignments will be planned and executed and the basic objectives sought through these lines of effort whether diverted to program results, management efficiency, or fiscal accountability; where and why relative emphasis is being adjusted; and so on.

Except for its use in relation to the budget, and its use as the basic format for the Comptroller General's Fall Review, the long-range planning documentation has apparently been used very little in the Office of the Comptroller General as a planning tool. As will be discussed later, it could well be used as one basis for evaluating the way in which responsibility areas have been defined and the relative emphasis being given to each. The results of this evaluation and other considerations which might be relevant, would support needed planning guidance to subordinate organizational units.

The Form 100 - This document is the formal authorization to proceed with an assignment and serves as the basic description of the assignment used as input into the staff time reporting system. In addition, the document identifies various assignment classifiers which make possible or facilitate the retrieval of information on manpower usage in a variety of classifications. It can also be used to meet regional office needs for information upon which to plan for the effective utilization of their staff resources.

The Committee believes that the concept of the work authorization document is sound. The timing of its preparation and approval with respect to new starts contained in the short-range work plan, however, adversely affects its usefulness in two important ways.

First, as an authorization to proceed with an assignment, often a costly one, it should receive more than cursory attention from those officials responsible for its approval, in order that they may raise and resolve any questions as to the proposed objectives and scope of the assignment. It is extremely difficult to give the necessary attention to the information contained in the documents when Forms 100 for all anticipated new assignments for a 6-month period must be processed in a very short time frame, in the midst of coping with the workload otherwise generated by short-range program documentation requirements. This difficulty is particularly acute at the division director level. In addition, the expenditure of a great deal of effort in reviewing these documents at this time is discouraged by the considerations discussed above in connection with the short-range program generally.

Second, when issued as part of the short-range program, they are subject to the infirmities of that document in terms of providing useful information for regional offices.

## PLANNING ORIENTATION

### Top Level Planning

As can undoubtedly be discerned from some of the discussion in the preceding sections of this report, the Committee believes that there should be increased emphasis on high level planning which would support

substantive guidance from the Comptroller General to subordinate organizational units to guide their more detailed planning efforts.

In this connection, the Committee believes that the following paragraph included in comments by a division director to the former Accounting and Auditing Policy Staff, which then was the focal point for program planning, rather aptly sums up the situation as it stands today.

"The role of the Policy Staff under the present system can therefore be defined pretty much as piecemeal approval of a mass of individual jobs without having adequate machinery in operation for having considered at any time previously or at any time subsequently the approval of the broad allocations of total staff time. The developing problem which has been and will become more acute with the passage of time is that policy considerations become primarily the concern of audit supervisors and assistant directors, and perhaps even lower levels, and the detail becomes the concern of the higher echelons of the Office. These roles should be reversed, and reporting techniques should be developed as part of an overall system adequate to promptly disclose the results of judgments of the lower echelons on the policy decisions of top management, and particularly to disclose quickly and concisely any significant deviations."

The occasion of his comments, dated August 8, 1963, was the demise of a predecessor short-range program documentation system, commonly known as the "Blue Book," which was generally similar in concept and content to the one which exists today.

The reasons why undue emphasis has been placed on individual assignments and detailed quantitative information are not entirely clear but the Committee feels the following are among the most important.

-- a lack of a full and common understanding throughout the Office of the principles and considerations that are inherent in the planning process.

- the fact that the initial planning documentation system devised when the present program planning staff was formed, was consciously or otherwise modeled on the predecessor Blue Book system.
- the fact that the program planning staff was charged also with responsibility for developing a management information system, which may have detracted from its planning capability as well as giving it basically a quantitative, rather than qualitative orientation, and
- because of the nature of the planning documentation requirements and the relationship between the type of data contained therein and the developing management information system, much of the program planning staff's effort went to the development of procedural, content, and format changes in the documentation requirements.

Whatever the reasons for the situation today, it is clear to the Committee that the orientation and focus of high level planning efforts have not been fully in keeping with the needs for top level planning.

A few words need to be said about the Comptroller General's Fall Review in connection with the long-range work program, a subject which the Committee views somewhat equivocally.

On one hand, the Fall Review comes the closest of any of the formalized top level planning mechanisms to being qualitative in its focus. It brings people from several organizational levels together, in a forum somewhat removed from day to day pressures, to talk face to face about what should be done and why. Further, any forum such as the Fall Review, which brings many persons from subordinate organizational units, who may otherwise seldom see or talk to the Comptroller General and his top assistants, together with them for an exchange of views, cannot help but be highly beneficial; this benefit alone might well justify the time and effort involved.

On the other hand, the Fall Review does not serve as an adequate substitute for a penetrating and comprehensive evaluation of the information in the work program and the formulation and communication of planning guidance to subordinate organizational levels. Rather, the guidance emanating from the Fall Review sessions tends to be ad hoc and fragmentary.

If time between preparation of the planning documentation and the conduct of Fall Review sessions were sufficient to permit an in-depth staff review and the formulation of substantive planning issues appropriate for discussion and resolution in such a forum, the planning worth of the sessions would of course be enhanced. In the past, however, lack of time precluded a penetrating staff review, and with few exceptions, the issues which the program planning staff was able to formulate in the short time available, were not dealt with during the sessions.

#### Planning at Lower Levels

Program planning at lower levels should have basically the same orientation as top level planning with the objective of utilizing resources available to the responsibility area involved in the manner which will make the greatest contribution. This requires the establishment of objectives in the degree of specificity appropriate to the organizational level, assignment of responsibility, and so on.

These functions are, of course, now being carried out, although undoubtedly not as well as they might be. Also, planning decisions made at the various levels are not always documented or documented sufficiently to permit an informed review and critique by other organizational levels.

The Committee believes that implementation of its recommendations concerning top level planning and related documentation, will go a long way toward instilling the requisite discipline at all planning levels and making basic planning decisions and underlying justifications more visible.

Although the Committee is making no recommendations for organizational changes relating to the planning function at the division or lower operating levels, it believes that such changes would logically and naturally follow a strengthening of top level planning. It is probable that more resources would be devoted to planning at the division level and that the use of planning assistants at the operating group and sub-group level would be expanded.

Each of these levels would be responsible for assessing the planning decisions made at lower levels for consistency with established objectives and guidance and for assuring that individual assignments proposed for execution carry out the approved lines of effort, have sound specific objectives, and call for efforts which can reasonably be expected to achieve the objectives with efficient use of resources.

**APPENDIXES**

REGIONAL OFFICESNEW STARTS - PERIOD 71-1

<u>Region</u>	<u>In Work Program</u>				<u>Not in Work Program</u>	
	<u>Number</u>	<u>Period Man-days</u>	<u>Number</u>	<u>Started Period Man-days</u>	<u>Number</u>	<u>Period Man-days</u>
Atlanta	50	6,255	22	2,657	28	2,185
Boston	26	3,730	7	667	30	2,800
Chicago	44	5,530	28	3,439	27	734
Cincinnati	45	5,990	24	3,335	9	318
Dallas	61	8,770	28	4,196	22	2,164
Denver	38	4,735	20	2,387	5	919
Detroit	30	4,530	18	2,836	7	983
Kansas City	57	8,320	33	6,145	18	1,259
Los Angeles	52	6,590	24	3,500 <sup>1/</sup>	32	1,808
New York	41	5,190	22	2,235	17	610
Norfolk	27	3,575	11	1,513	13	1,194
Philadelphia	59	8,260	29	4,023	11	1,111
San Francisco	48	7,250	31	4,260	27	1,846
Seattle	28	3,165	16	1,411	22	2,017
Washington	<u>42</u>	<u>7,190</u>	<u>22</u>	<u>3,289</u>	<u>35</u>	<u>3,546</u>
TOTAL	<u>648</u>	<u>89,080</u>	<u>335</u>	<u>45,893</u>	<u>303</u>	<u>23,494</u>

<sup>1/</sup>Estimated

PROJECTIONS OF CONGRESSIONAL REPORTS TO BE ISSUEDPeriod 70-2

	<u>CD</u>	<u>DD</u>	<u>ID</u>	<u>TD</u>	<u>TOTAL</u>
1. a. Congressional reports projected for issuance	141	80	33	6	260
b. Reports included in 1.a. actually issued during period	63	26	8	2	99 <sup>1/</sup>
c. Reports included in 1.a. reprojected for issuance in following period	46	25	18	1	90
-----					
2. Congressional reports not included in 1.a., issued during period					
--Congressional request	63	50	6	0	119 <sup>2/</sup>
--Self-initiated	<u>17</u>	<u>16</u>	<u>3</u>	<u>0</u>	<u>36</u>
Total	80	66	9	0	155 <sup>3/</sup>
Add projected congressional reports issued	<u>55</u>	<u>22</u>	<u>8</u>	<u>2</u>	<u>87</u>
Total congressional reports issued	<u>135</u>	<u>88</u>	<u>17</u>	<u>2</u>	<u>242</u>

Period 71-1

1. a. Congressional reports projected for issuance	106	72	28	7	213
b. Reports included in 1.a. actually issued during period	52	18	10	0	80 <sup>1/</sup>
c. Reports included in 1.a. reprojected for issuance in following period	33	30	8	4	75
2. Congressional reports not included in 1.a., issued during period					
--Congressional request	61	56	14	0	131 <sup>2/</sup>
--Self-initiated	<u>15</u>	<u>12</u>	<u>3</u>	<u>3</u>	<u>33</u>
Total	76	68	17	3	164 <sup>3/</sup>
Add projected congressional reports issued	<u>46</u>	<u>13</u>	<u>8</u>	<u>0</u>	<u>67</u>
Total congressional reports issued	<u>122</u>	<u>81</u>	<u>25</u>	<u>3</u>	<u>231</u>

<sup>1/</sup> Includes several reports ultimately issued to agency rather than the Congress, as follows:

	<u>70-2</u>	<u>71-1</u>
CD	8	6
DD	4	5
ID	-	2
	<u>12</u>	<u>13</u>

<sup>2/</sup> Includes reports to individual Congressmen as well as to Committees.

3/ Includes several reports not scheduled or rescheduled for period but which were issued either shortly after end of prior period, a little later than expected when the work program was formulated, or shortly before the end of the planning period, a little earlier than expected, as follows:

	<u>70-2</u>	<u>71-1</u>
CD	17	11
DD	12	13
ID	<u>3</u>	<u>3</u>
	<u>32</u>	<u>27</u>

PRELIMINARY TIME ALLOCATIONS  
VS.  
MAN-DAYS PROGRAMMED  
VS.  
MAN-DAYS USED  
JULY 1 THROUGH DECEMBER 31, 1970

	<u>Civil Division</u>			<u>Defense Division</u>		
	<u>Preliminary Allocation</u>	<u>Programmed</u>	<u>Used</u>	<u>Preliminary Allocation</u>	<u>Programmed</u>	<u>Used</u>
Atlanta	4,050	4,615	5,959	6,050	6,400	6,391
Boston	2,950	2,430	3,180	4,700	4,960	6,226
Chicago	4,650	5,235	5,245	4,350	4,400	4,476
Cincinnati	2,550	3,225	2,795	4,050	4,305	5,456
Dallas/New Orleans	6,200	7,075	7,732	7,450	7,725	7,035
Denver	3,400	3,400	4,089	2,900	3,000	3,620
Detroit	3,600	2,610	3,186	4,300	4,750	6,162
Kansas City	4,600	5,230	6,286	5,950	6,215	6,206
Los Angeles	3,850	3,785	3,845	5,700	6,080	6,574
New York	4,550	3,875	5,267	3,850	4,000	3,304
Norfolk	1,600	1,680	1,442	3,850	3,980	4,695
Philadelphia	3,450	2,915	3,242	7,700	7,520	8,402
San Francisco	3,850	4,520	4,500	4,950	5,100	5,981
Seattle	4,850	5,510	6,296	2,650	2,685	2,416
Washington	<u>3,900</u>	<u>3,340</u>	<u>5,710</u>	<u>6,100</u>	<u>7,055</u>	<u>9,112</u>
Total Man-days	<u>58,050</u>	<u>59,445</u>	<u>68,774</u>	<u>74,550</u>	<u>78,175</u>	<u>86,056</u>