
GAO

U.S. GENERAL ACCOUNTING OFFICE

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Responding to the Budget Deficit

The federal government has had a budget deficit in every fiscal year since 1970. Although the size of the deficit has fluctuated from year to year, the clear trend over the last quarter century has been toward ever larger deficits. If that trend continues, it will present dramatically increasing risks to the U.S. economy.

Reducing the deficit is the most critical challenge facing the Congress and the President—and the most difficult. Meeting that challenge means making hard choices involving the defense budget, domestic programs, and taxes. These choices are complicated by an uncertain economy and inadequate information. GAO recognizes its responsibility both to provide information and analysis needed for current decisions and to suggest reforms that will help avoid similar problems in the future.

Nature of the Deficit

The current budget deficit has both a cyclical component and a structural component. The cyclical component is the portion that will disappear when

the economy operates at a high level of employment; the structural component is defined as the portion that will remain. Cyclical deficits were frequent through the early 1960's. Since 1965, however, a structural imbalance has been added. Recently, the structural deficit has become dramatically larger. It is no longer safe to assume that high levels of employment and normal economic growth will eliminate the budget deficit.

In developing strategies for reducing the deficit, the Congress and the President will need to consider both the expenditure and revenue sides of the budget. The gap between them can be closed only by reducing the rate of expenditure growth, raising the rate of revenue growth, or both.

The task of constraining outlays is made particularly difficult by the increasing rigidity of the budget in the short run. This inflexibility takes three forms. One is entitlement programs such as Social Security, Medicare, Food Stamps, and pension programs for civilian and military personnel. In these programs, eligibility and benefit levels are largely



Charles Bowsher, Comptroller General, is flanked by Milton Socolar, Special Assistant to the Comptroller General (left), and Frank Fee, Assistant Comptroller General for Operations.

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determined by the authorizing legislation. Constraining the costs of these programs requires further changes in legislation.

A second form of inflexibility comes from activities (such as procurement) for which current outlays are the results of commitments made in prior years. Once the decision is made to build a ship, for example, the outlays flowing from that decision may continue for 7 years or more. In other cases, such as the procurement of aircraft and tanks, reducing the acquisition rate may drive up unit costs and cause much of the anticipated savings to evaporate.

A third element of inflexibility is interest on the public debt. Over the next 5 years, the costs of debt service seem likely to be the most rapidly growing item in the budget. Our accumulated past deficits have risen to the point where the cost of financing them has become a major cause of future deficits. The only reliable way to reduce these costs is to reduce the deficit itself. Not only would that reduce the amount of debt on which interest must be paid,

it is also likely to produce lower interest rates for both the federal government and other borrowers because of reduced pressure on financial markets.

Addressing the Problems

There is a growing consensus in the business and financial communities, as well as among most economists, that budget deficits the size of those now projected constitute a serious threat to the future vitality of the American economy. The threat lies in the combined risks of escalating inflation, rising interest rates, reduced levels of private investment, and the loss of overseas markets because of distorted exchange rates.

Because of the severity of these risks, it is essential that the structural deficit be reduced substantially over the next few years. Deficit reduction efforts by the Congress and the President in 1984 were an important first step, but much more must be done.

Defense Spending. Current projections show defense outlays rising from 22.1 percent of the budget in 1980 to 29.6 percent in 1989. The defense buildup has been a major source of recent growth in the budget. The Defense Department's budget increased from \$143 billion in 1980 to \$258 billion in 1984 and \$284 billion in 1985. If that growth is to be restrained as part of a deficit reduction strategy, the Congress and the Administration will need to take a very close look at the need for each of the new weapons systems being developed. To assure maximum effectiveness for the defense dollar, the Congress will also need to look carefully at the pace at which these systems are being procured and deployed and at the balance between procurement of new systems and the resources needed to operate and maintain those systems once they are deployed. In fact, GAO's work has found that future operating and maintenance costs may be substantially underestimated.

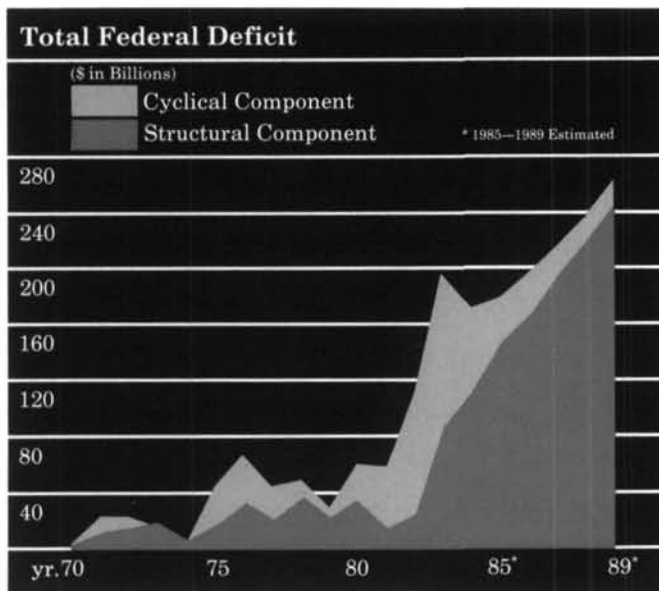
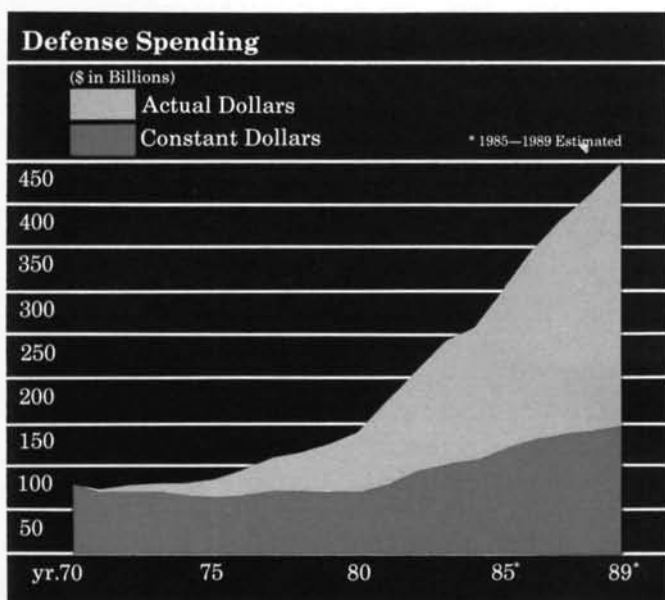


Table 1

Year	1965	1970	1975	1980	1985	1989
	(% of total)	(% of total)	(% of total)	(% of total)	(% of total)	(% of total)
National Defense	40.19	39.39	25.23	22.07	26.82	29.64
Entitlements	28.20	32.64	45.95	46.02	42.68	40.22
Discretionary Spending	24.78	21.02	22.05	23.26	16.79	14.53
Net Interest	6.83	6.94	6.77	8.65	13.72	15.62



Domestic Spending. Although the growth of domestic spending has been curtailed in many areas, some domestic programs still threaten to grow more rapidly than the Congress may consider acceptable. Of particular concern are recent trends in agricultural programs, the continued escalation of health care costs, and the growth of military and civilian employee pension costs, all of which are issues on which GAO is working. It is also important that the effect of recent changes in a variety of domestic programs be carefully reviewed. There may still be room for further reductions through improved program efficiency. GAO also believes the practice of fully indexing for inflation should be reconsidered, not only because of its cost, but also because of the additional budgetary rigidity which it causes. Finally, the growth in the size of the national debt and the share of the budget devoted to interest payments heightens the importance of effective debt management.

Revenues. To the extent that the structural deficit cannot be reduced quickly enough through expenditure reduction, additional revenue will be needed to further close the gap. As a share of the total economy, federal revenues from social insurance taxes have grown significantly over the past 15 years and the personal income tax has been relatively stable. Revenue from all other sources has actually declined. The drop in corporate tax revenues has been particularly dramatic. In order to raise any additional revenue needed to finance the budget, the Congress and the President may

need to consider increasing revenue from the personal income tax, altering recent trends on business taxation, or introducing new forms of taxation.

Financial Management. Sound decisionmaking is made much more difficult in the absence of reliable information. Weaknesses in the government's financial management systems seriously limit the accuracy and usefulness of government financial information. Erroneous information available to policymakers in the late 1970's suggested that each year's deficit was temporary. Much of the error in these projections came from overly optimistic assumptions about how the economy would perform, but the problem also grew out of the lack of reliable information about the costs and results of ongoing federal programs and projects. Without that information, it is extremely difficult to develop dependable estimates of future budget requirements. By themselves, improved financial management systems will not solve the problem of the deficit. But those systems are essential if the Congress is to have both the reliable information it needs to make these difficult decisions and the control it needs to help assure that the problems of the past are not repeated in the future.

These are areas that the Congress must examine if it is to meet successfully the challenge of reducing the deficit. The pages that follow outline recent GAO work concerning those issues and ongoing and future work that will contribute to resolving them.

Charles A. Bowsher

Charles A. Bowsher
Comptroller General
of the United States

Social Security—The Major Entitlement Program

Probably no other federal program directly affects more Americans than social security. Social security helps to provide income protection to over 40 million retirees, disabled persons, dependents, and survivors. In fiscal year 1985, nearly \$200 billion in benefits will be paid out, and more than 115 million workers will have their wages taxed to pay the bill. Social security taxes presently account for about 30 percent of all federal revenues.

Because of social security's importance, GAO is assessing the effects of population changes, studying ways to improve the quality of service to the public, reviewing the disability programs, and identifying needed steps to strengthen Social Security Administration (SSA) management.

Assessing the Effects of an Aging, Changing Population

The Congress needs up-to-date analyses to make decisions on social security. Of particular importance is information on the effects of demographic and socioeconomic changes in the nation. Since 1960, the 65-and-older population has grown twice as fast as the rest of the population, and this trend is expected to continue into the next century. GAO is studying how the growing number of elderly people will affect the services and costs of social security and other entitlement programs. Also, women have entered the work force in record numbers and more people retire early. GAO will be studying the effects of these trends and the fairness of current rules to women.

Improving Quality of Service

Quality of service in the social security program traditionally has been defined as accurate, timely payments and correct determinations of eligibility. GAO monitors SSA operations from this standpoint.

In 1984 GAO found that SSA temporarily underpaid the public by at least \$2 billion over a 34-month period because of delays in recomputing benefits. Replacing aging computers may help alleviate these delays. Currently underway is GAO's study of SSA operations from the "customer's" point of view. First, GAO is sending a questionnaire to beneficiaries and SSA employees to obtain their views on the quality of service. Second, because requests for assistance generally involve calling or

visiting local SSA field offices, GAO will evaluate services provided at this level.

Social security disability programs were recent targets of publicity and public concern when SSA began removing people from disability rolls and denying them benefits. Over 500,000 people had benefits terminated since this major effort began in 1981.

In fiscal year 1984, following up on several 1982 and 1983 studies on how the terminations were handled, GAO reported on the status of people who were removed from the disability rolls. GAO found that many were reinstated on appeal. Some others did return to work. A third group did not go back to work despite their income loss. Additionally, GAO reported that SSA overpays millions of dollars each year because it does not reduce disability payments—as the law requires—for certain people receiving workers' compensation.

In response to heightened public interest, the Congress examined the disability programs (with GAO's active involvement), and both houses passed reform legislation in 1984. In the future, GAO will focus on monitoring the new law's implementation and looking for ways to (1) strengthen program management and the federal-state government partnership, (2) streamline the complex appeals process, and (3) improve the fairness of eligibility decisions.

Strengthening SSA Management and Computer Systems

In 1982 SSA began to spend \$500 million to replace its antiquated computers. GAO has been monitoring



this effort. In 1984 GAO reported to the Congress that SSA had purchased a major data communications terminal system that could not originally do what it was supposed to do; this caused many performance problems for 2 years after installation. GAO is now examining SSA's new computers for security, protection of privacy, and ability to adapt to legislative changes.

SSA's management problems have historically extended beyond computers. Increasing program size and complexity, rapid turnover in top leadership, and difficulties in hiring and retaining good staff, among other things, have created obstacles.

GAO testified before the Congress in 1983 and 1984 on SSA's management problems. During this past year, GAO also addressed the recommendations of the Congressional Panel on Social Security Organization, chaired by former Comptroller General Elmer B. Staats. The panel was set up to look at how SSA could be made independent of the Department of Health and Human Services. GAO supported the basic conclusions of the panel regarding SSA management problems but noted that many of these problems were not necessarily related to its independence. In 1985 and 1986, GAO intends to make a broad-based study of how well SSA manages its primary functions and operations.



Other Entitlements and Pension Programs

Pensions and entitlement programs other than social security cost nearly \$250 billion in 1984. Such programs support millions of people with food, housing, health care, retirement income, and other needs. Efforts to cut federal spending have focused on these other entitlements and pensions, and some welfare programs have already been cut. The challenge will be how to reduce spending while maintaining a decent quality of life for the needy and aged.

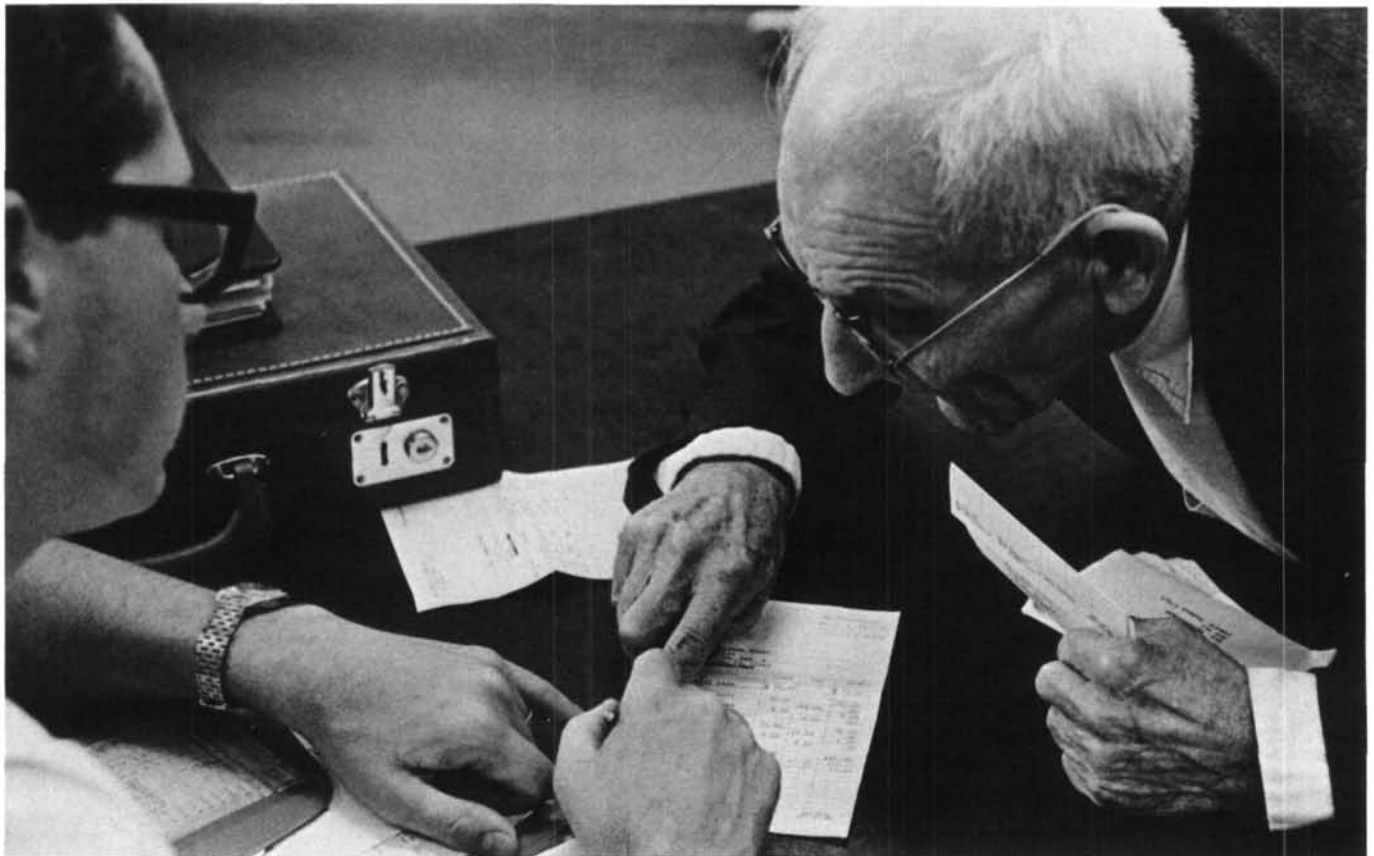
Many of these programs can be more economically administered, and service to recipients can be improved. GAO's work focuses on program management and operations with an eye toward cutting costs.

Controlling Spiraling Health Costs

Federal spending on Medicaid and Medicare has jumped dramatically from \$19.5 billion in 1974 to an estimated \$90 billion in 1984, about 360 percent. By 1990 these costs are expected to be nearly \$170 billion. Inflation partly explains the increases; but other factors also fuel this growth, including more

people receiving care, advances in medical knowledge and technology, and the health care system's structure. The cost growth needs to be curbed, and the system's structure must be redesigned to better encourage and reward efficiency.

This past year, one of GAO's health-related reports addressed higher costs to the federal government and others resulting from a private corporation's purchase of 54 hospitals, 18 nursing homes, and other assets of another company. The corporation sought reimbursement from federal Medicare and Medicaid programs for increased capital costs (depreciation and interest) resulting from the change in ownership. At a Congressman's request, GAO looked into the matter and found that during the year after the acquisition, the hospitals' (1) interest expenses increased by about \$62.5 million, nearly tripling, (2) depreciation expenses increased by about \$8.4 million, and (3) home office expenses decreased by about \$15.7 million. Overall, then, costs increased about \$55 million during the first year. GAO reviewed the corporation's cost allocation to 2 of the 54 hospitals and estimated that the acquisition caused an increase in capital costs



charged to Medicare of \$26 per patient per day at one hospital and \$21 at the other. Daily Medicaid costs per patient were caused to rise \$31 and \$27 at the respective hospitals. In June 1984, following GAO's report and testimony, the Congress passed legislation disallowing increased depreciation and interest costs associated with buying and selling hospitals and nursing homes.

GAO is currently evaluating Medicare's new fixed payment strategy for cutting hospital costs. This strategy tries to get hospitals to control costs, mostly through reductions in patients' length of stay. GAO will report on the effects (such as possibly higher home health care costs) of this controversial approach. GAO will also focus on identifying and categorizing major possibilities for containing costs while assuring quality care.

Gauging the Effects of Recent Legislation on Welfare

In a major study this past year, GAO evaluated how the 1981 Omnibus Reconciliation Act affected recipients of Aid to Families with Dependent Children (AFDC), a federally funded, state administered welfare program. GAO found that stricter eligibility standards reduced the caseload by 493,000 cases and lowered spending by \$93 million per month. When dropped from the AFDC rolls, most people who had been working and receiving aid kept their jobs and stayed off welfare. Also, those dropped from the AFDC rolls generally lost Medicaid benefits, and GAO found many remained without any medical insurance coverage



over a year later. GAO's study led to major legislative changes in the Deficit Reduction Act of 1984 affecting the AFDC program. One change set up a transition period to continue Medicaid coverage for people successfully working their way off welfare; another change raised the limits on allowable income.

GAO is currently examining trends in poverty for specific groups (single female heads-of-households, working poor, elderly people, and the homeless) and is linking these trends to needed changes in federal programs. Future GAO studies will (1) analyze whether welfare programs are appropriately designed to serve the needy, (2) examine the balance between the government's need to verify information and individual privacy rights, and (3) review the government's methodology for measuring poverty.

Reforming Pension Programs

Regarding federal civilian retirement benefit payments, which totaled \$20.6 billion in fiscal year 1983, GAO has been providing the Congress with information needed to make pension reforms. In 1983 the Congress passed legislation to include new federal employees in both social security and federal civilian retirement. In fiscal year 1984, the Congress acted on GAO's proposed alternatives to reduce some problems caused by the legislation. Also in 1984, GAO reported on the features of retirement programs outside the federal government. GAO's in-depth analysis covered eligibility, vesting provisions, social security, employee contributions, early retirement, disability provisions, survivor benefits, and other program features. GAO will later compare this data with current features of federal pensions.

GAO monitors the oversight of 700,000 private pension plans by the Internal Revenue Service, the Department of Labor, and the federal Pension Benefit Guaranty Corporation. GAO reported on such issues as (1) the need for the Corporation to raise insurance premiums on single-employer pension plans and (2) special statutory provisions affecting multiemployer pension plans in the construction, trucking, and entertainment businesses. GAO is now focusing on the adequacy of pension funding. In 1985 GAO will complete a comprehensive assessment of multiemployer plans and begin a review of women's equity issues in pension plans.

Defense

Defense follows entitlements as the largest category of federal spending. In fiscal year 1984, the U.S. defense budget was \$258 billion. And it has grown rapidly, rising from \$143 billion in fiscal year 1980.

Recognizing how difficult it is to use large and rapid budget increases efficiently, GAO is focusing on how well the Department of Defense (DOD) spends the taxpayers' dollars. Also, in this period of huge federal deficits when the accuracy and reliability of information is particularly critical to congressional decisionmaking, GAO is looking at ways for improving the quality of budget information that DOD reports to the Congress.

Analyzing the Effects of Increased Defense Budgets on Military Capability

This past year, GAO reviewed DOD's assessment of the military services' overall war-fighting capability in 1984, compared to 1980. GAO reported that progress was made in increasing the size of the forces, modernizing weapon systems, and improving the quality of personnel. This progress was not, however, matched in other areas—namely, equipment condition and supplies inventories—and in DOD's ability to sustain its military forces. For instance, inventories of munitions and war reserves necessary to keep U.S. forces fighting are substantially below requirements.

Specific examples of readiness problems were reported. For instance, the reported readiness of U.S. Air Forces, Europe, declined in 1983, primarily due to the shortages of equipment and supplies. GAO also reported that the Navy's tactical air forces did not meet their readiness goals; shortages of essential assets, such as spare parts and munitions, limited aircraft carriers' ability to meet war-time deployment schedules. GAO will continue to provide information as the Congress evaluates military capability and considers future DOD budget requests.

Reviewing DOD Programs and Budgets

The Defense Department's acquisition of major weapons comes under GAO's scrutiny. Examples of GAO's recent work included reports on

- problems in the conduct of tests and test results of the Pershing II missile (opposite page);

- the need for DOD to reevaluate the MX missile and its ability to meet the evolving Soviet threat; and
- reliability problems in tests of the vehicle intended to replace the jeep.

Three GAO reports since 1980 stated that the Army's Division Air Defense (DIVAD) gun—called the Sergeant York—had yet to demonstrate its effectiveness and reliability. GAO testified before the Congress and briefed congressional committees on the need for the Army to proceed cautiously in buying the still unproven weapon. DOD responded to congressional concerns by delaying the more than \$500 million procurement of the 117 DIVAD guns authorized in fiscal year 1984 until further testing.

Overall, GAO's defense-related reviews led to \$3.85 billion in measurable financial benefits to the taxpayers in 1984. For example, using GAO's work, the Congress trimmed DOD's ammunition budget by \$440 million. It also directed DOD to purchase rather than lease computer equipment, which, according to DOD estimates, will save \$467 million in fiscal year 1984 and \$244 million in future years.

Congressional oversight of DOD activities included a request for GAO to review U.S. military, economic, and intelligence activities in Central America. GAO gave numerous briefings to Members of the Congress and their staffs and issued three reports. GAO rendered a legal decision that found DOD had improperly used operations and maintenance funds for other purposes in Honduras and therefore avoided congressional controls on spending.

The Congress will be deciding on future spending to continue modernizing and expanding the armed forces. GAO will contribute to these deliberations, in part, by examining

- the Navy's fleet expansion program and the adequacy of cost and budget estimates;
- the rationale for the Army's light division concept and how this concept will affect the Army's capabilities; and
- the justification and achievability of Air Force plans for modernizing and expanding tactical air forces.

In the future, the military's role in space will receive greater attention from the Congress and the American people. GAO intends to examine DOD's planning for the military's use of space and the implementation and coordination of these plans, in-

cluding aspects of the Administration's strategic defense initiatives.

Providing Accurate, Reliable Information

In the past fiscal year, GAO analyzed Department of Defense cost information on its Five-Year Defense Program and major weapons dating back to 1963. GAO found that cost projections have consistently been underestimated. For individual weapon systems, the federal government has spent an average 32 percent more per year to procure fewer weapons than originally programmed. Underestimations of costs, of course, create uncertainties and difficulties for congressional decisionmaking. If that pattern continues, the defense program for fiscal years 1985 through 1989 could cost between \$253 billion and \$319 billion (in current dollars) more than DOD has estimated. GAO recommended a number of ways that DOD could improve its cost-estimating process and make its cost-estimating reports to the Congress more reliable, useful, and understandable.



Debt Service

Some 17.5 percent of federal spending in 1984 was payment on the national debt. The national debt is, simply stated, the cumulative result of past decisions to finance wars, defense buildups, social programs, and other activities through borrowing. It is roughly the sum total of our past budget deficits.

In 1984 the national debt rose to over \$1,500,000,000,000 (\$1.5 trillion). Economists, public officials, and political scientists may disagree on the immediate repercussions of this level of debt, but it is clear that the rapidly growing national debt—and its associated interest costs—will have to be borne by future generations. Particularly in recent years, as the graph below shows, the national debt has risen substantially.

Managing the Debt

The federal government, through the Department of the Treasury, finances its debt by selling various

securities, most of which are marketable and owned by private individuals, companies, and financial institutions. The maturity of these securities ranges from 3 months to 30 years. They are actively traded (in mid-1984, over \$50 billion worth were traded on an average daily basis) in large, complex, and highly liquid markets.

Because the government has enormous funding and refinancing requirements (nearly \$1 trillion in 1984) and because its securities form the benchmark for pricing other types of securities, the federal government's presence in the bond market has considerable influence on the economy. Since the mid-1960's, the Treasury has emphasized a borrowing strategy designed to make financial markets stable rather than strictly to keep the federal interest costs minimal. If Treasury tried solely to reduce the interest paid on the debt, it would tend to offer long-term securities during recessionary trends (when interest rates are low) and short-term securities during periods of high growth and infla-



tion (when interest rates are high). This policy would conflict with corporate borrowing plans, forcing higher costs on the private sector and worsening inflationary or recessionary trends.

Therefore, the Treasury has offered its securities on a regular basis, without regard to business cycles and interest rates. Predictable offerings of standard debt instruments with various maturities have been the general rule. Federal interest costs may actually, over the long run, be lessened by an approach that does not unduly disrupt private borrowing plans or reinforce economic cycles. This is because reduced uncertainty, in the view of market analysts and participants and the Treasury, tends to drive down interest rates.

Studying the Federal Treasury's Securities Market

In recent years, the bankruptcies of several securities dealers sent shockwaves through the Treasury securities market. Individual citizens, local school boards, and financial institutions—all of

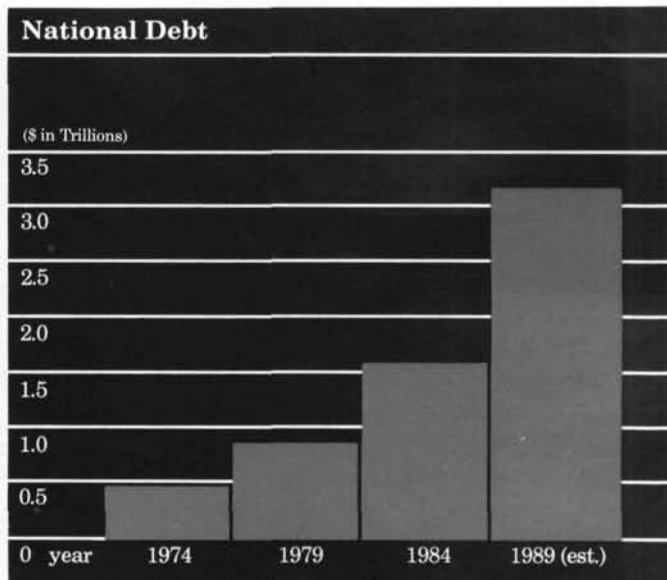
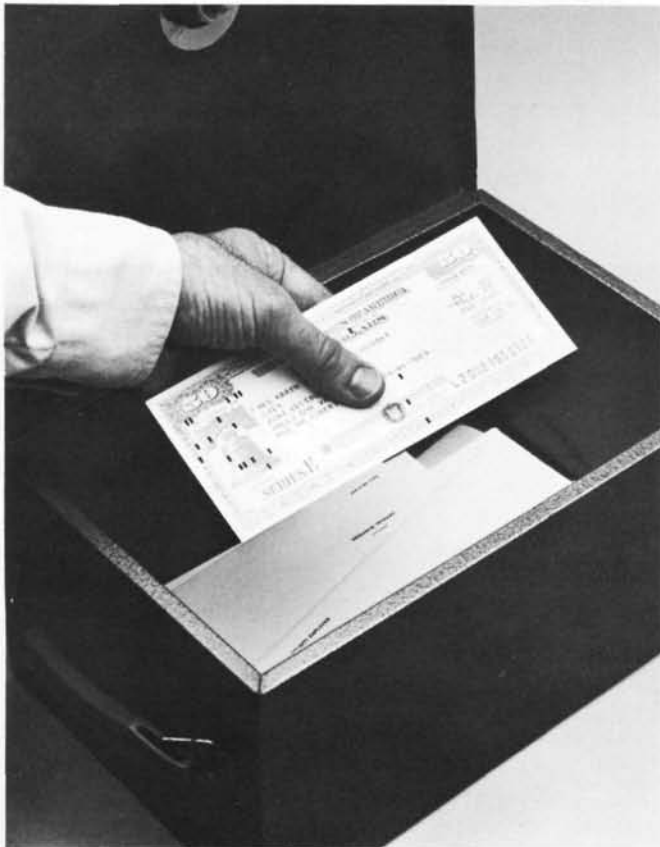
whom thought they had made totally safe investments—lost millions of dollars.

The federal government regulates the Treasury securities market in an informal manner. Concerned by the bankruptcies and the alleged improper conduct of some dealers, the Congress has asked GAO to undertake a long-term, comprehensive study of the Treasury securities market.

GAO began its work mid-way through 1984. After an initial broad survey, a series of studies has been designed.

- The first will describe the characteristics of the government securities market and private dealers in this market.
- Another study will assess the risks present in the market and implications for the federal government and the public.
- The third study will evaluate the Federal Reserve Bank of New York's oversight of the Treasury securities market.
- GAO's other studies will evaluate different proposals for the appropriate level of bond dealer capital and assess the costs and benefits of alternative regulatory strategies. Such alternatives include the current, relatively unregulated approach, industry self-regulation, and more stringent federal regulation.

Within the coming year, GAO will begin reporting its findings to the Congress.



Federal Aid: A Focus On Block Grants

In recent years, federal aid to state and local governments has significantly changed. Actual federal outlays increased nearly 4 times during the 1970's—from \$24.0 billion in 1970 to \$91.5 billion in 1980. In the 1980's, however, the rate of growth slowed. Actual outlays rose only to an estimated \$98.8 billion in 1984.

Moreover, greater emphasis has been placed on providing federal aid through general purpose and broad-based grants than through narrow categorical grants designated for specific purposes. In 1981 the Congress consolidated 80 categorical programs into 9 block grants covering health and social services, education, community services and development, and energy assistance. The categorical approach was often criticized for being overly fragmented, costly, and unresponsive to diverse public needs. The block grant approach shifted much of the control and accountability from federal to state governments. States have greater discretion to allocate funds on the basis of their particular needs and objectives, and traditional federal management activities have been curtailed.

Studying Block Grant Implementation

Because the Congress is now considering reauthorization of some block grant programs and further changes to federal grant programs, the results of the 1981 grant consolidations have been of great interest. GAO provided the Congress extensive information on block grant implementation in 13 states (California, Colorado, Florida, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, Pennsylvania, Texas, Vermont, and Washington). In a series of reports and several congressional testimonies, GAO documented states' fiscal, programmatic, and managerial responses to their new responsibilities. Some of GAO's major findings are highlighted below.

- Although federal spending cuts accompanied most block grants, states often added more of their own monies to maintain funding levels. For health and social services, total spending actually increased in many states. However, particularly when adjusted for inflation, spending decreased in most states. In addition, for community services and education, states took few steps to compensate for federal funding cuts. The federal government and states will find the next few years to be pivotal on the funding question. This is particularly true since

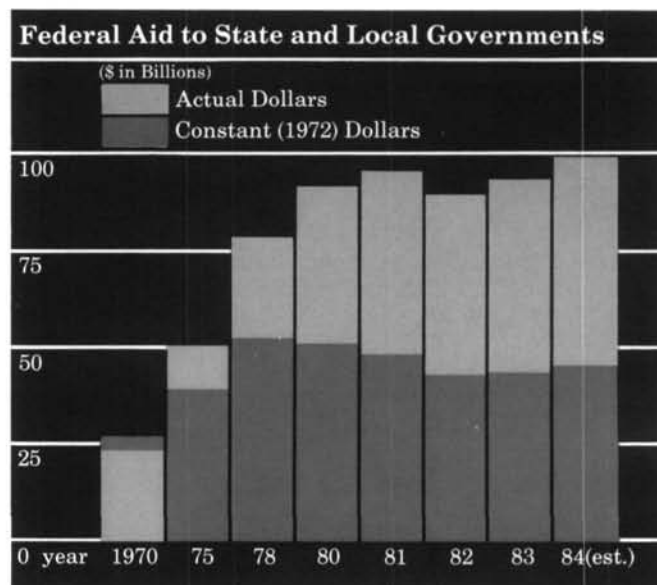
federal categorical program dollars in the pipeline and emergency job program funds—which promoted fiscal stability during early block implementation—will no longer be available.

- States tried to maintain continuity in offered services, especially for such programs as crippled children services where the states have been traditionally involved. States changed some services to better address their needs or cut funding in programs to cope with limited resources.

- More governors, state legislatures, and interest groups were involved in shaping state block grant programs than the prior programs. States offered multiple opportunities for public participation on how to spend available monies. State political and administrative officials overwhelmingly preferred the block grant approach. Interest groups were less enthusiastic, partly because some were dissatisfied with state decisions.

- States' prior involvement in those programs consolidated into block grants helped ease their transition to greater control. Also, state officials reported to GAO numerous examples of administrative simplification. GAO could not quantify the savings from such improvements.

- Overall, information on national results of block grant programs has not been available. Data collection efforts were influenced mostly by states' own planning and budget needs. Through recent actions, the Congress moved to strengthen data collection requirements for some block grants so it could obtain more uniform national data.



Assessing Emerging Issues

As block grants continue to evolve, GAO will focus on how well existing block grants are meeting the Congress' objectives and whether more categorical programs should be consolidated. Two issues—funding and oversight—will be of particular interest. In this regard, GAO intends at appropriate intervals to (1) assess the effects of some block grants on people served; (2) review state mechanisms for accountability, including monitoring and auditing processes; (3) research alternative national funding formulas; (4) explore options for obtaining consistent national information; and (5) track state funding in block grant program areas.



Agriculture

Federal spending on farm programs has grown substantially since 1981. During the 1970's, programs designed to stabilize supplies and support farm prices and incomes cost between \$0.6 billion and \$5.7 billion annually. Beginning in 1981, however, record harvests and lower domestic and foreign demand led to huge surpluses. Prices fell, as did farm incomes. The federal government's programs responded: surplus commodities owned by producers were purchased outright by the government or placed under loan with the government—and used as collateral for the loans—to keep these surpluses off the market. These subsidies rose to about \$19 billion in 1983.

The increase in federal spending occurred against a backdrop of the worst financial pressures on farmers since the Depression. Declining values of farm assets, high interest rates, and low farm incomes compared to the 1970's combined to create a crisis for many farmers. As an indication of the traumatic conditions, the Farmers Home Administration (FmHA) reported as of September 1984 that almost 30 percent of active farm borrowers it had lent money to were delinquent on loan payments. Further, during fiscal year 1982 to 1984, over

22,000 farmers with FmHA loans had to discontinue their operations for financial reasons.

GAO has been looking for opportunities to reduce the cost of agricultural programs and improve the Department of Agriculture's service to farmers. Among recent efforts, GAO recommended ways to improve the actuarial soundness of the expanded Federal Crop Insurance Program to reduce insurance losses (which exceeded \$500 million in 1983). In the last year, GAO's work has emphasized the Payment-In-Kind (PIK) program and dairy price supports and has expanded into the farm credit area.

Overseeing the PIK Program

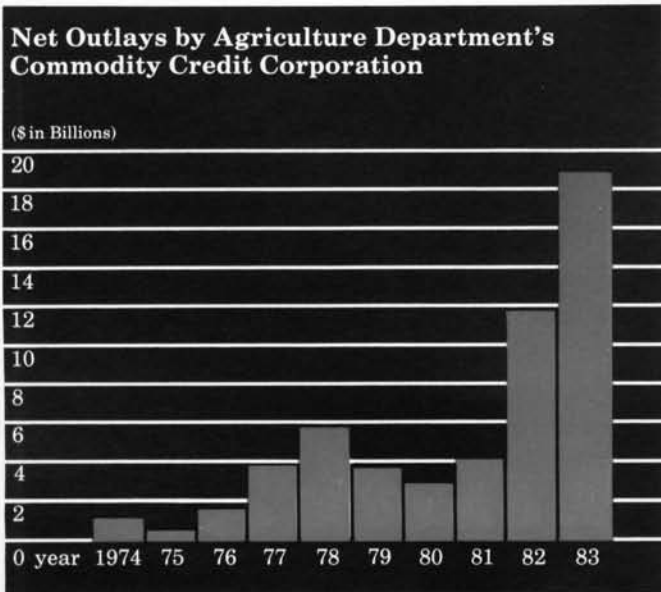
To reduce crop surpluses and the resulting federal outlays to farmers, the Department announced the PIK program in January 1983. PIK marked a fundamental change from previous farm programs, because the federal government paid farmers in surplus commodities from Commodity Credit Corporation inventories, rather than in cash, to keep their lands idle. Initiated without specific congressional approval, PIK quickly became controversial.



The Congress asked GAO to estimate how much the 1983 PIK program cost the taxpayers. In November 1983 testimony, GAO indicated the cost to be between \$10 billion and \$11 billion. Some PIK recipients had received payments valued in the millions of dollars because the Department of Agriculture believed the \$50,000 legal limit on subsidies to individual producers did not apply. The Department's reasoning: payments were made in commodities, not cash. GAO issued a legal opinion stating that the \$50,000 limit should have been in effect. In response to GAO's opinion and congressional concern, the Department limited to \$50,000 its 1984 PIK payments to individual producers, and this is expected to reduce PIK payments by \$288 million in 1984.

Evaluating the Dairy Price Support Program

The Department of Agriculture supports the prices dairy farmers get for their products by removing surplus butter, cheese, and nonfat dry milk from the market. In 1980 GAO responded to growing surpluses by identifying alternative ways to reduce them and resulting costs to the federal government. Since then, net budget outlays for surplus removal, including purchases, transportation, and storage, rose from \$24 million in fiscal year 1979 to \$2.5 billion in fiscal year 1983. The Department's dairy inventory went from about \$0.6 billion in September 1979 to \$4.2 billion in August 1984.



GAO has undertaken various reviews of dairy price supports and the dairy inventory. This past year, GAO reported that disposing of surpluses by giving them to the military or to poor people would displace some commercial sales of dairy products. In search for ways to improve federal management of the dairy inventory and save costs, GAO is (1) reviewing controls over inventory storage and (2) exploring the possibility of purchasing user-ready packages of dairy products. GAO also plans to estimate the effect of the 1984 milk diversion program on prices and production and to explore other means for reducing milk production. These efforts are scheduled to be completed in time for the Congress' use in drafting the 1985 farm bill.

Strengthening Federal Farm Credit Programs

The Department's Farmers Home Administration, as a lender of last resort, provides credit to farmers unable to get financing from other sources at reasonable rates and terms. Delinquent payments for the 41 largest FmHA loan programs totaled about \$5.4 billion in July 1984. This has led to inquiries by the Congress, including requests for GAO to review the management of farms acquired after loan default. Also, GAO plans to study the operation of FmHA's loan programs and the efficiency of FmHA's loan application procedures.



Taxes

To reduce the budget deficit significantly, the federal government may well have to generate additional revenues as well as constrain the growth of spending. Raising and collecting taxes is always difficult, but in the future it will be doubly so. First, the size of the deficit is so large that changes to the tax laws will probably be necessary to bring the deficit down enough. Second, the current tax system is beset with problems. Tax laws are complex and difficult to administer. Taxpayers increasingly disregard the laws. And tax preferences (sometimes called "tax expenditures") enacted over the years to advance U.S. economic and social policies have eroded the tax base.

As the Congress meets these challenges, GAO is addressing certain major areas in which to provide assistance. GAO is studying measures to improve the tax laws and is also trying to find ways to help IRS administer the tax system more effectively and fairly and in the least costly manner.

Improving the Tax Laws

In the Deficit Reduction Act of 1984, the Congress adopted a number of recommendations from GAO's reports and testimonies.

- As the Congress considered repealing certain estimated tax penalty exceptions to simplify the tax laws, GAO provided information on the potential effects of such an action. The Congress did eliminate these exceptions, and, as a result, an estimated \$731 million in additional penalties will be assessed through fiscal year 1987.
- Tax laws affecting the life insurance industry were the subject of an in-depth GAO review. In revising these laws, the Congress adopted many of GAO's views, such as those concerning revaluation of life insurance reserves and determination of taxable income and calculation of the reserve deduction. Revaluation alone will result annually in about \$300 million of additional tax revenues.
- GAO questioned the need to print and distribute federal tax stamps on distilled spirits. The Congress repealed the requirement, saving an estimated \$2 million in annual administrative costs.

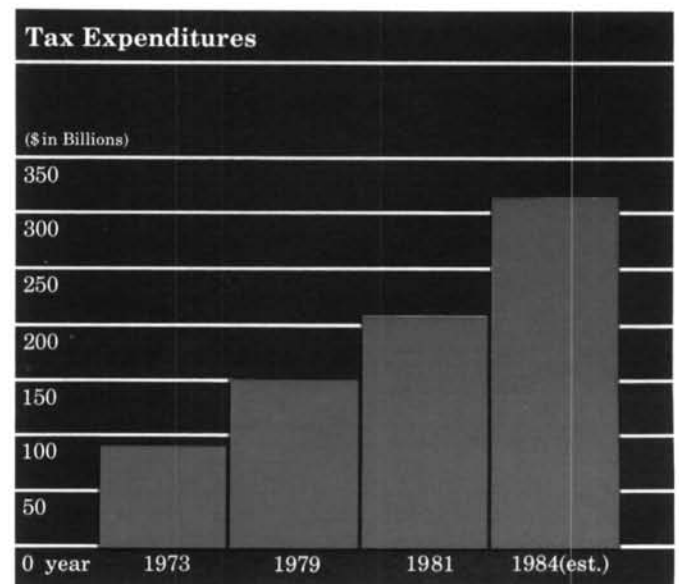
The Congress may soon explore various tax reforms and means for increasing revenues. GAO intends to help through its analyses. GAO's oversight of IRS' administration of the tax laws should continue to lead to legislative recommendations. GAO plans to expand its assistance by identifying tax provisions

that have proven particularly difficult to administer and by providing information on various tax reform proposals. Also, selected tax preferences, such as business energy credits, will be analyzed.

Strengthening Administration of the Tax Laws

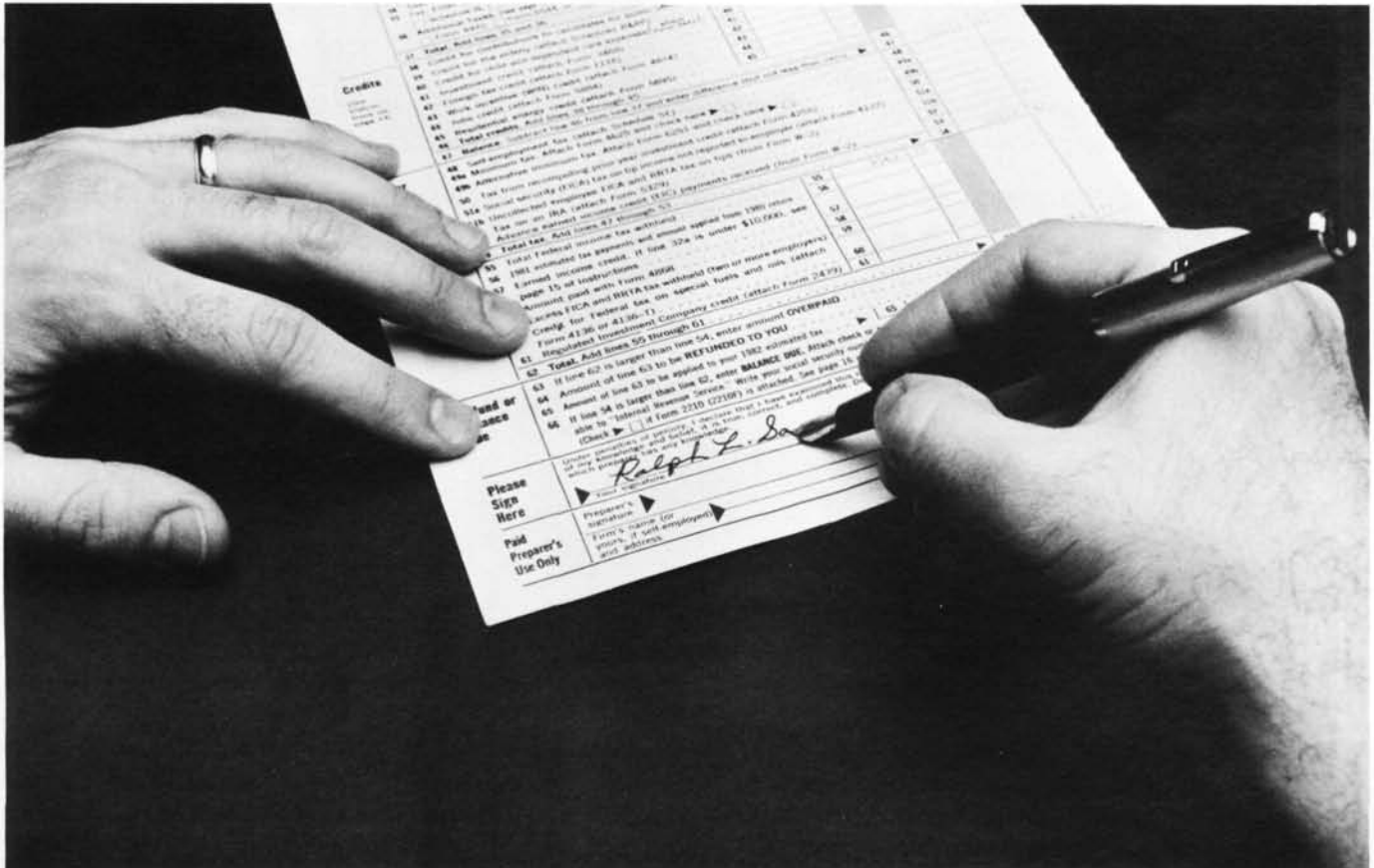
GAO's reviews of Internal Revenue Service activities aim at helping to make the tax system less costly to administer, with better service to the taxpayers and more equitable results. The following are examples of this work in 1984.

- GAO identified ways to strengthen and streamline IRS' administration of the Crude Oil Windfall Profits Tax Act. On the basis of GAO's recommendations, IRS has taken additional enforcement actions to collect more effectively the billions of dollars owed the government annually. Also, legislation has been introduced to provide for more rapid assessment of taxes and to speed up the appeals process.
- Based largely on GAO-developed information, the Congress decided to override administration efforts to substantially reduce IRS' taxpayer assistance programs.
- GAO found that IRS inappropriately abated (canceled or reduced) civil penalties worth \$21 million assessed against taxpayers for underpaying taxes or failing to file required information. IRS acted on GAO's recommendations for better determining whether such penalties should be abated.



- IRS agreed to act on GAO's recommendations aimed at speeding tax deposits to increase the government's interest earnings. GAO estimated that prior IRS practices cost the government over \$10 million in foregone interest in fiscal year 1981.
- GAO studied IRS computer technology—present and planned. The Internal Revenue Service and its contractors have found the study useful in modernizing and expanding IRS' computer capabilities.
- GAO reported on how the U.S. Tax Court could modernize its case processing, better cope with the growing case backlog, cut costs, and provide better service to taxpayers. Actions taken on GAO's recommendations should result annually in about \$100 million of additional revenue.

Over the next few years, GAO will pursue improvement in IRS' activities. In particular, GAO will focus on what to do about the multibillion-dollar unreported income problem, abuse of tax shelters, and unpaid taxes owed the government. As part of this work, GAO will review IRS' use of additional enforcement authority granted by the Congress in 1982 and 1984.



Financial Management

In an era of complex budget choices for a government which spends more than \$2 billion a day, the Congress and executive branch must have sound financial management systems and reliable information on which to base decisions and evaluate federal activities.

GAO's actions in fiscal year 1984 included:

- monitoring agency implementation of the 1982 Federal Managers' Financial Integrity Act; and
- assessing current problems in federal financial management and developing a comprehensive, integrated approach for addressing these problems governmentwide.

GAO also worked with the Congress as it considered and passed single audit legislation to strengthen financial management of federal aid programs.

Reviewing First Year Implementation of the Financial Integrity Act

In conjunction with the Financial Integrity Act, GAO comprehensively reviewed 22 federal agencies' work in assessing their own internal control and accounting systems. Although the agencies' own reports showed system weaknesses, GAO's review of these reports showed the agencies are establishing a process to evaluate, improve, and report on their financial management systems. An important result

of these efforts has been an increased awareness by federal managers of the need for good internal control and accounting systems.

Table 2 shows some areas in which significant weaknesses were identified and the number of agencies which reported weaknesses in each area.

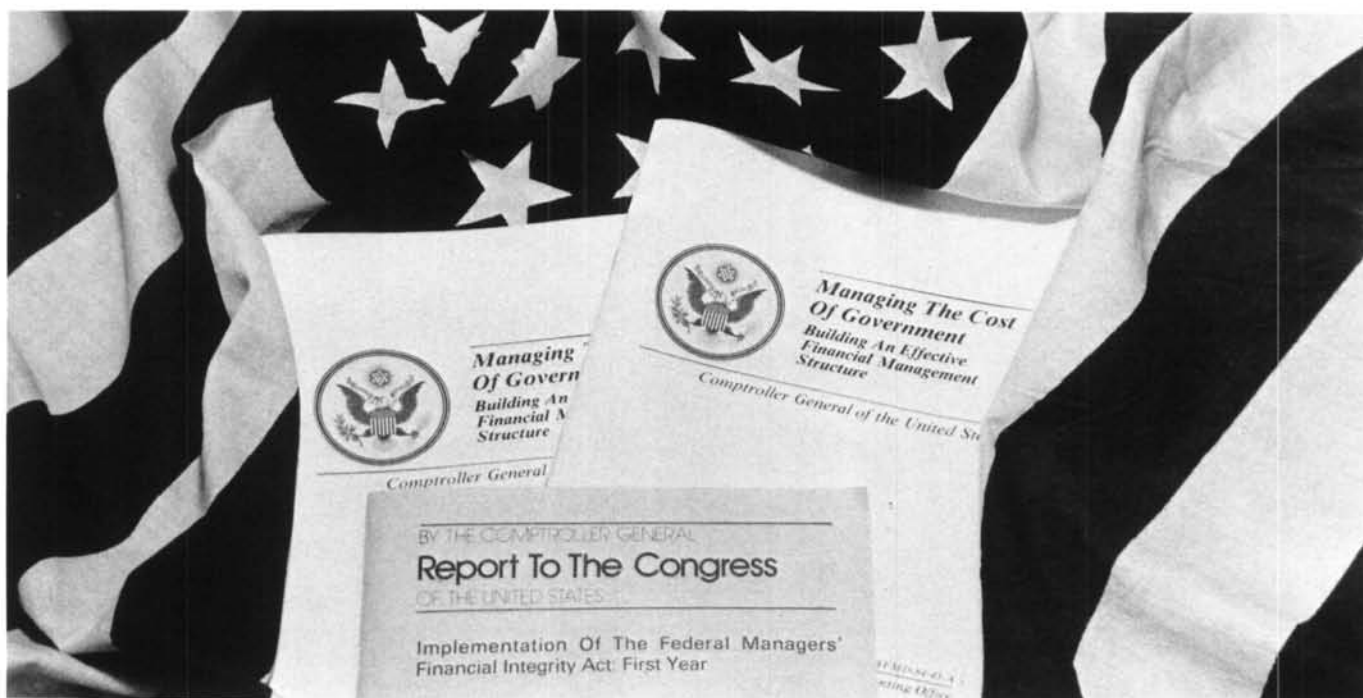
Table 2

Areas of Weaknesses	Number of Federal Agencies With Weaknesses ¹
Accounting/Financial Management Systems	16
Procurement	14
Property Management	13
Cash Management	12
Grant, Loan, and Debt Collection Management	12
Automated Data Processing	10
Personnel and Organizational Management	9
Eligibility and Entitlement	8

¹ Six Department of Defense agencies were counted as one agency here.

Reforming Federal Financial Management

The weaknesses identified in agency Financial Integrity Act reports are but one indication that cur-



rent financial systems, many now obsolete, face ever-increasing difficulties in coping with the demands placed on them. Perhaps the most visible evidence of these difficulties is the enormous amount of time and energy involved in obtaining consensus on the budget each year. Less visible, but equally important, problems include:

- The processes by which we decide how much to spend and for what purposes are cumbersome, repetitive, and time-consuming.
- Financial reports provide a flood of information, but much of it is unreliable, inconsistent, or irrelevant for decisionmaking. There is little of the reliable cost data essential for effectively monitoring program execution, anticipating overruns, and providing a basis for future program and budget planning.
- Major commitments of federal resources, such as retirement benefits and interest subsidies, are only partially recognized in the budget. Other activities—the Federal Financing Bank’s \$106.9 billion loan portfolio, for example—are entirely excluded from the budget totals.

These problems and others, such as the need to replace antiquated computer systems with more modern ones, highlight the need for comprehensive, governmentwide financial management reform. One key element of that reform is the adoption of uniform accounting principles and standards comparable to those now used in the private sector and state and local governments. To assist in this effort, GAO issued its revised internal control standards in

1983 and its accounting principles and standards in 1984 to guide agency improvements in financial management.

Successful governmentwide financial management reform must be part of an integrated approach. It will require a substantial commitment over a number of years by the Congress and the executive branch. The potential benefits are significant and include:

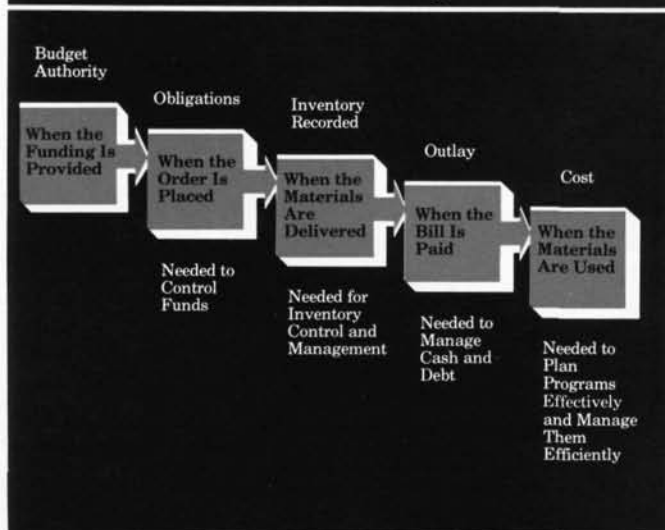
- the ability to measure cost input and performance output;
- the ability to compare costs of similar operations across the government;
- more accurate budget estimates based on actual past program and project costs;
- greater accountability for the use of public funds through better reporting on planned versus actual costs for programs, projects, and organizations.

A two-volume GAO report, *Managing the Cost of Government: Building an Effective Financial Management Structure*, identifies key problems and presents for discussion a conceptual framework that could be used as the basis for comprehensive reform. GAO is now working with congressional and executive branch officials to develop a consensus on the direction of reform measures, so that the federal government can build a financial management structure to serve the nation through the end of the 20th century and beyond.

Strengthening Financial Management of Federal Aid Programs

In October 1984, the Congress passed and the President signed legislation to strengthen financial management of federal aid programs. GAO worked closely with the Congress—as well as federal, state, and local government officials—throughout consideration of the legislation, which eventually became the “Single Audit Act of 1984.” The act requires state and local governments receiving \$100,000 or more per year in federal aid to obtain an annual or biennial independent audit of its financial operations. If the audit reveals material noncompliance with applicable laws and regulations or material weaknesses in internal controls, the state or local unit must provide a corrective plan or an explanation of why no action is necessary.

Financial Information For Management



More Highlights of GAO's 1984 Work

Hazardous wastes, unless carefully disposed of, pose a serious threat to the environment. There is concern that at thousands of disposal sites across the country, improperly managed wastes may be seeping into water supplies, contaminating land, or poisoning the air.

The Congress established the \$1.6 billion "Superfund" in 1980 to clean up the most dangerous abandoned sites. Since then, the Environmental Protection Agency has completed cleanup efforts at only 6 of these sites. In 3 major reports and several testimonies related to the Superfund, GAO identified a range of management and funding problems to be addressed. Among these were (1) GAO's concern that the federal government might have to spend as much as \$26 billion to clean up the worst sites and (2) EPA's lack of standards for determining the most cost-effective solution to cleaning up a given site. In its last session, the Congress reconsidered extending the Superfund for 5 more years and substantially increasing money for cleanups; it eventually postponed final action on the proposed legislation until 1985.



Energy issues still receive congressional and public attention, despite noticeable improvements in the nation's energy picture. One issue is the Department of Energy's program to enrich uranium. GAO has explored for the Congress some factors affecting the program—namely lower growth in demand for enriched uranium, more foreign competition, and a glutted world market. Since the Congress has required the Energy Department to recover its enrichment costs, the Department has had to keep its prices high, which makes it difficult to compete in a buyer's market. In its 1984 work, GAO expressed concern about some of the



Department's actions, such as changing accounting procedures to lower costs used to calculate price. GAO pointed out that the Congress and the Department need to work on an approach to the difficult problems facing the federal uranium enrichment program.

Also in the energy field, GAO focused on the activities of the Synthetic Fuels Corporation, a publicly funded and established company. Reduced demand for energy led the Congress in 1984 to consider substantially cutting the \$14 billion available for synthetic fuels projects, and GAO has contributed a great deal of information to this debate. The Corporation's management problems in selecting projects and negotiating contracts also prompted several GAO investigations.

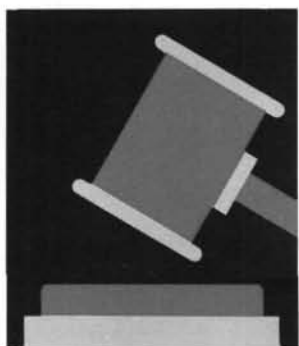
Drug trafficking has profoundly ill effects on society: drug abuse by young people and adults; crimes committed to pay for illegal drugs; billions of untaxed dollars diverted from the legal economy to organized crime; and strains on courts, prisons, and law enforcement agencies.

GAO has been looking for ways to bolster the government's efforts to control drug trafficking. In fiscal year 1984, GAO reported to the Congress on Drug Enforcement Administration (DEA) attempts to put major drug trafficking organizations out of business and jail their leaders. DEA agreed to carry out GAO's recommendation for better measuring the success of actions against high-echelon traffickers.



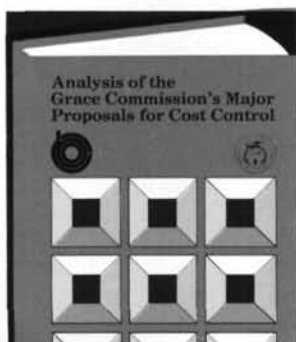
GAO also reported to the Congress on law enforcement agencies' steps to control U.S.-grown marijuana. Estimates show that production of domestic marijuana—perhaps over 2,000 metric tons in 1982—has been rapidly increasing. To a limited extent, DEA helps states combat this problem. In response to GAO's questionnaire, state law enforcement agencies stated that more resources, such as intelligence (data on marijuana trafficking), helicopters, and off-road vehicles, are needed to better thwart marijuana cultivation.

Bid protests by disappointed bidders for federal contracts are decided by the Comptroller General, who interprets how government procurement law and regulations should be applied. The Congress enacted the Competition in Contracting Act of 1984 to modernize federal procurement.



GAO's bid protest responsibilities have been affected in three major ways. First, the legislation establishes strict deadlines to ensure speedy resolution of bid protests. The involved federal agency has to report on the protest within 25 working days, and GAO has to issue a decision within 90 working days. Second, to make the process more meaningful, everything stops while the protest is being decided; i.e., the agency may not, except under specified circumstances, award or carry out the disputed contract. And third, to make the process more equitable, GAO may award successful protesters the costs of pursuing the protest.

The Grace Commission—a better known name for the President's Private Sector Survey on Cost Control—studied the federal government between June 1982 and January 1984 and made about 2,500 recommendations to help reduce program waste and/or improve management. After receiving the Grace Commission's proposals, the Congress asked GAO and the Congressional Budget Office (CBO) to evaluate recommendations which the Commission claimed to have the largest potential for savings—those estimated to save at least \$1 billion over 3 years. GAO and CBO reviewed nearly 400 of the recommendations, which accounted for almost 90 percent of the \$424 billion savings projected by the Commission.



In a February 1984 report, GAO and CBO provided the requested analysis and offered three overall

observations on the Grace Commission's important efforts. First, GAO concluded that roughly two-thirds of the Commission's recommendations examined by GAO have some degree of merit. Second, potential savings are much smaller than estimated. And third, most of the recommendations could be put into effect by the executive branch; these are administrative-type improvements. To realize most of the savings, however, the Congress would have to enact legislation to change policies or restructure programs.

Information management at the Social Security Administration (SSA) was the subject of two GAO reports and two testimonies to a congressional committee. GAO had reviewed SSA's acquisition of more than 1,800 data communications terminals for \$115 million.

GAO's first report concentrated on SSA's management practices in conducting the competitive procurement and in making the award to a contractor. GAO found inherent flaws in the system procurement management structure at SSA, including internal control deficiencies and inadequate oversight by the Department of Health and Human Services. These management flaws led to SSA's acquisition of equipment that did not begin to meet performance requirements consistently until 2 years after installation, thus impairing the quality of SSA's service to the public.



In a followup report, GAO addressed specific questions related to the contractor's actions in competing for the procurement award. GAO found that the contractor had misled SSA in numerous instances. GAO testified before the congressional committee that sufficient evidence existed for the government to initiate debarment proceedings, which could exclude the contractor from future government contracts for an appropriate time period. The committee concluded in its October 1984 report, partly on the basis of GAO's findings, that SSA deserves criticism for its contract award and administration and that the contractor played a large role in undermining the project.

GAO In Action

The General Accounting Office's major responsibility is to assist the Congress by providing information for its legislative activities and oversight of the executive branch. Through reports, testimony before congressional committees, legal opinions and comments on proposed legislation, and informal discussions with congressional staff, GAO contributes independent, nonpartisan information for congressional decisionmaking. GAO's audits and evaluations aim to improve federal government policies and operations, reducing costs where possible. In fiscal year 1984, the measurable benefits of GAO's work were \$5.2 billion.

To fulfill its responsibility in fiscal year 1984, with an appropriation of \$272 million, GAO issued 634 reports to the Congress, its committees and members, and federal agency officials; testified 145





times before congressional committees; provided legal opinions and legislative interpretations 587 times; and assisted the Congress in many other ways.

This work is done by GAO's 5,000 employees. Roughly half of these people are assigned to headquarters' divisions and offices in the Washington, D.C., area, either in GAO's main building or at 80 "audit sites" located in federal agencies. The other half of GAO's staff are assigned to 15 regional offices (Atlanta, Boston, Chicago, Cincinnati, Dallas, Denver, Detroit, Kansas City, Los Angeles, New York, Norfolk, Philadelphia, San Francisco, Seattle, and Washington) and one overseas office (Honolulu) in the United States and foreign offices in Frankfurt, West Germany, and Panama City, Panama.



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GAO

U.S. GENERAL ACCOUNTING OFFICE

ANNUAL REPORT 1984/VOLUME TWO

Transmittal Letter to the House and Senate

*Comptroller General of the United States
Washington, D.C. 20548*

*January 21, 1985
B-119600*

*To the President of the Senate and the Speaker of the
House of Representatives:*

*In accordance with the section 312 (a) of the Budget and
Accounting Act of 1921, I respectfully submit the annual
report of the activities of the U.S. General Accounting
Office during the fiscal year ended September 30, 1984.*

Charles A. Bowsher

*Charles A. Bowsher,
Comptroller General of the United States*



Comptrollers General of the United States

John R. McCarl
7/1/21 - 6/30/36
Fred H. Brown
4/11/39 - 6/19/40
Lindsey C. Warren
11/1/40 - 4/30/54
Joseph Campbell
12/14/54 - 7/31/65
Elmer B. Staats
3/4/66 - 3/3/81
Charles A. Bowsher
10/1/81 -

Deputy Comptrollers General of the United States

Lurtin R. Ginn
7/1/21 - 11/11/30
Richard N. Elliott
3/9/31 - 4/30/43
Frank L. Yates
5/1/43 - 6/29/53
Frank H. Weitzel
10/12/53 - 1/17/69
Robert F. Keller
10/3/69 - 2/29/80

The Comptrollers and Deputy Comptrollers General ¹ are appointed to their 15-year terms by the President. In determining whom to nominate, the President considers selecting one of at least three nominees provided by a Commission of the House and Senate leaders. The Comptroller General also serves on the Commission which develops a list of nominees for the Deputy Comptroller General position. The Senate must confirm both appointments.

¹ Prior to enactment of Public Law 92-51 (approved July 9, 1974), this appointment was entitled Assistant Comptroller General.

Table of Contents

Chapter One	1	Summary of Activities
	2	Assisting the Congress Through Quality Products
	2	Financial Management
	4	Assessing Government Activities
	6	Settlement of Claims
	6	Legal Services and Decisions
	8	Accomplishments
	9	Human Resource Management
	10	Using Diverse Skills
	10	Impact of New Legislation on GAO Operations
	10	Noteworthy Activities
	11	Participation on Boards, Councils, and Commissions
	11	Organization
Chapter Two	15	Legislative Recommendations
Section One	15	Legislative Recommendations Acted on by the Congress During the Fiscal Year Ended September 30, 1984
Section Two	31	Open Legislative Recommendations Made During the Fiscal Year September 30, 1984
Section Three	37	Open Legislative Recommendations from Prior Years
Chapter Three	51	Financial Benefits and Other Accomplishments
	51	GAO's Measurable Dollar Accomplishments
	52	Budget Reductions
	54	Collections and Increased Revenues
	55	Cost Reductions and Better Use of Funds
	58	Miscellaneous Financial Accomplishments
	59	Additional Financial Accomplishments Not Fully or Readily Measurable
	61	Other Benefits
Appendix One	65	Number of Audit Reports Issued During Fiscal Year 1984
Appendix Two	67	Catalog of Audit Reports Issued During Fiscal Year 1984
Appendix Three	113	Summary of Personnel Assigned to Congressional Committees, Fiscal Year 1984
Appendix Four	119	Descriptions of Major Organizational Units of GAO
Appendix Five	125	Legislation Enacted During Fiscal Year 1984 Relating to the Work of the General Accounting Office

Chapter One

Summary of Activities

Chapter One

Summary of Activities

Fiscal year 1984 saw the General Accounting Office (GAO) continuing to enhance its base of evaluation and analytical support for the oversight role of the Congress. Defense-related work has expanded as spending in that arena has grown. While nondefense program spending has not increased materially, pressures to at least continue existing levels of service without added funds have made it all the more important to assure the efficiency and effectiveness of the delivery mechanisms used by federal agencies.

To assure that its work is well-timed and meets the Congress' heightened information needs, GAO continues its concerted efforts to expand the skills of its staff and enhance the quality of its work. Efforts to improve products persist as GAO strengthens its report review process and issues guidance to further assist staff in building quality into all phases of a project.

To ensure that GAO's work will contribute to the most important issues facing the Congress and the nation, the Comptroller General revised GAO's planning system in 1984. The issue areas around which GAO plans its work were updated, and the number of areas was reduced from 37 to 29. Four additional areas, generally requiring fewer GAO resources, were designated as areas of interest. The Comptroller General's revised system also:

- provides for early involvement in the planning by the Office of the Comptroller General and increased involvement by congressional committees, top federal officials, and recognized experts in the various issue areas;
- modifies the period covered by issue area plans, so that plans will cover from 2 to 4 years, depending on the issues;
- provides the strategy by which individual projects will, over a number of years, contribute fully to broader objectives;
- supplements the multiyear issue area plans with annual work plans that are integrated with GAO's staffing and budgeting systems; and
- assigns overall responsibility for an issue area to one person.

The Office of Policy's role was expanded to serve as a clearinghouse for all GAO auditing and evaluation guidance and to develop a new auditing and reporting policy system.

Fiscal year 1984 also saw the first joint report issued by GAO and the Congressional Budget Office (CBO), another congressional support agency. The dual-agency analysis of the President's Private Sector Survey on Cost Control (better known as the Grace Commission) looked at those Commission proposals estimated by the Commission to save \$1 billion or more over 3 years. The joint report covered 396 specific recommendations on 131 different issues, accounting for nearly 90 percent of net 3-year cost savings. CBO developed the budgetary estimates while GAO focused on the merits of the recommendations, as well as program impact and implementation issues. (Many of the Grace Commission recommendations were based on previous GAO work, the report noted.) In general, the GAO/CBO review found that the potential deficit reductions that might be achieved in 1985-1987 by implementing the Commission's proposals would be considerably smaller than the 3-year savings projected by the Grace Commission. In addition, most recommendations involved various management improvements that could be carried through administrative actions, but those which would lead to significant savings would require changes to current laws and policies.

GAO also reported on the first of its series of "management reviews" of cabinet departments and major federal agencies. This assessment of the Department of Housing and Urban Development (GAO/RCED-84-9) reflects GAO's conviction that the federal government should be well managed. Each management review will look at overall policy and planning development, financial management, information resource management, procurement, personnel and productivity management, and audit and evaluation efforts. Ultimately, GAO expects to have sufficient information on individual departments and agencies so that it can comprehensively assess the role of the central agencies—the General Services Administration, Office of Personnel Management, and Office of Management and Budget—in providing managerial support to the agencies. Four more management reviews are underway.

All of these actions are designed to fulfill GAO's major functions, which are to

- assist the Congress in its legislative and oversight responsibilities,
- audit and evaluate programs, activities, and

Chapter One

Summary of Activities

financial operations of federal departments and agencies,

- prescribe standards for financial control and related functions with respect to most federal government programs and operations, and
- provide legal services and perform accounting and claims settlement work.

To fulfill these functions, GAO has a headquarters office and approximately 80 audit sites in the Washington, D.C., area. It also maintains 15 regional offices throughout the continental United States, an office in Honolulu, and foreign offices in Frankfurt and Panama City.

Assisting The Congress Through Quality Products

GAO provides the Congress with the results of its work through varied products—reports, testimony before congressional committees, comments on pending legislation, and legal opinions, to name a few. (Table I)

GAO's work is performed under the authority provided in its basic statutes, as a result of statutes specifically requiring GAO work, or through specific requests by committees or Members of the Congress. Work in the last two categories accounted for about 46 percent of that done by GAO's audit and evaluation staff during fiscal year 1984. GAO staff maintain close contact with congressional committees to ensure that they are fully aware of those issues on

which the committees are most likely to need information. GAO's Office of Congressional Relations, which coordinates all of GAO's assistance to the Congress, is in continuous contact with committees and Members.

In fiscal year 1984, GAO received 540 requests from Committees and 380 requests from members to do specific work.

Staff Assignments to Committees

On request, 79 staff worked with the staff of 23 committees and subcommittees during the year. As required by the Legislative Reorganization Act of 1970, details concerning these assignments are shown in Appendix 3.

Financial Management

GAO's financial management work has broadened through the years from prepayment reviews of vouchers, to comprehensive assessments of the government's complex budgeting and accounting systems, and to providing leadership and initiatives for improving governmental financial management.

Many recent legislative and administrative initiatives have focused attention on improving governmental financial management. Legislative efforts include the Federal Managers' Financial Integrity Act of 1982, Inspector General legislation, and the Single Audit Act of 1984. Administrative initiatives include establishment of the President's Council on

Table I

GAO's Products and Their Audiences

Type of Product	Product Recipient	Number Issued
Reports	Congress	78
	Committees	266
	Members	100
	Agency Officials	190
Total		634
Testimony	Congressional Committees	145
Legal Opinions and Legislative Interpretations	Senate Committees	142
	House Committees	445
Total		587
Comments on Pending Legislation	Congressional Committees	38

Integrity and Efficiency, the President's Council on Management Improvement, and the President's Reform 88 project.

GAO, too, is providing initiatives for improving governmental financial management. One of the most significant initiatives involves GAO's efforts to define a conceptual framework for a sound financial management structure. The current federal financial management process does not adequately provide reliable, consistent information for policy formulation and management control. Recognition of the problems with the current system has led government managers to look for solutions to the financial management dilemma. In March 1984, GAO published a report entitled "Managing the Cost of Government: Building an Effective Financial Management Structure." The two-volume report identifies the major issues which must be addressed in building an effective financial management structure and describes the conceptual framework to accomplish the new structure. Active GAO participation in conceptualizing, planning, designing, and implementing a new structure complements GAO's role of working with agencies to improve financial management.

GAO also seeks to improve financial management through its requirements for federal agencies in the areas of internal control, accounting principles, accounting systems, financial reporting, and auditing. GAO is required by law to establish accounting principles, standards, and related requirements for federal executive agencies. In 1983, GAO issued the *Standards of Internal Control*, which serve as the basis for federal agencies to annually evaluate and publicly report on whether their accounting and internal control systems conform to GAO's principles, standards, and related requirements, as required by the 1982 Federal Managers' Financial Integrity Act. In 1984 GAO issued the *Accounting Principles and Standards for Federal Agencies*. The new GAO standards

- update the accounting principles and standards of the federal government to reflect the many recent advances in accounting theory and practice,
- require federal agencies to prepare basic financial statements, and
- put federal financial reporting on a more consistent basis with reporting by state and local governments and the private sector.

GAO requires preparation of agency financial statements, which will facilitate Treasury's preparation of the *Consolidated Financial Statements of the United States Government*. The statements, the prototypes for which have already been prepared, will mark a major milestone for the federal government. The statements will put the federal government on an equal footing with the private sector and demonstrate that the federal government believes in sound financial management. The statements will provide a broader perspective on the federal government's financial condition than is provided by the budget process alone. The statements will also stimulate systems' integrity because federal financial management systems must be effective to yield reliable, consistent, and relevant financial statements.

GAO will continue its standard-setting work in 1985 by revising the principles, standards, and related requirements for manual and automated federal financial management systems' development and operation. The revised requirements will emphasize systems integration, especially for accounting and budgeting. Also in 1985, GAO will begin its revision of its *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, also referred to as "Generally Accepted Government Audit Standards" or the GAO "Yellow Book." The standards, which will be revised to maintain their currency and usefulness and to assure continued overall quality in governmental auditing, must be followed by all auditors for audits of federal organizations, programs, activities, functions, and funds received by contractors, nonprofit organizations, and other external organizations.

GAO also provides financial management initiatives through its technical assistance to the Congress and to federal agencies. One of GAO's basic efforts in the area of technical assistance is providing guidance and assistance to federal agencies in implementing GAO's new principles, standards, and related requirements for internal control, accounting, accounting systems, financial reporting, and auditing. GAO also provides technical assistance in other areas. For example, one of GAO's most important technical assistance efforts involves implementation of the Federal Managers' Financial Integrity Act of 1982. The Integrity Act, which followed continuing disclosures of fraud, waste, and abuse associated with weak internal controls,

Chapter One

Summary of Activities

requires federal agencies to annually evaluate and publicly report on the effectiveness of their accounting and internal control systems. GAO strongly supported the Integrity Act, assisted the Congress in drafting the act, and testified before the Congress in support of the act. GAO has undertaken a considerable effort to foster effective implementation of the Integrity Act through review of implementation in 22 federal departments and major agencies. GAO will continue to provide technical assistance to federal departments and agencies through its future reviews of departments and agencies.

GAO will also provide technical assistance in ensuring the effective implementation of the single audit concept. GAO assisted the Congress in drafting the Single Audit Act of 1984, which legislatively requires use of the single audit concept. Effective implementation of the single audit will improve financial management of federal assistance programs, promote the efficient use of audit resources, and establish uniform requirements for audits of federal financial assistance provided to state and local governments. GAO will provide consultation in establishing single audit policies, procedures, and regulations and monitor and assess implementation of the Single Audit Act.

Another area in which GAO provides initiative for improving federal financial management is the traditional auditing of federal financial systems and financial statements and GAO's oversight of federal audit activities and interests. In addition to its Financial Integrity Act work, GAO conducts federal agency accounting system reviews to determine whether those systems are in compliance with GAO and other requirements. Under the government corporation control laws and other legislation, the Accounting and Financial Management Division (AFMD) audits the financial statements of federal agencies, government corporations, federal pension plans, and legislative entities. Further, GAO facilitates oversight of federal audit activities and interests by providing the Congress and the public with information on the quality of audits and investigations performed by federal Inspectors General, internal audit organizations, state and local auditors, and public accounting firms, and the progress made and problems encountered by these organizations in carrying out their responsibilities.

GAO also seeks to improve financial management through its active support and participation in

various professional organizations. One of these organizations, the Governmental Accounting Standards Board, was established in early 1984 to promulgate financial reporting standards for state and local governments. GAO is one of 20 organizations represented on the new Governmental Accounting Standards Advisory Council, which advises the Board on budgets, Board nominees, projects, technical issues, priorities, and policies.

GAO also provides leadership in governmental auditing through its involvement in the national and regional Intergovernmental Audit Forums. The forums serve as a meeting ground for exchange of ideas and promotion of cooperation among the three levels of government—federal, state, and local. GAO also helps to improve financial management through the Comptroller General's membership in the Joint Financial Management Improvement Program. The program, which also includes the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Director of the Office of Personnel Management, is charged under law with improving financial management in the federal government. The program's progress is reported separately for use by the Congress, federal agencies, and the public.

Assessing Government Activities

GAO is perhaps best known for its reviews and evaluations of federal programs and activities. This work covers the results and operations of federal departments and agencies and their contractors and grantees as well. Subjects are as diverse as the need to improve emergency preparedness near nuclear plants and ways to correct problems in the Food Stamp program.

The focus of GAO's work is accountability. Thus, its work

- evaluates the efficiency, economy, legality, and effectiveness with which federal agencies and those who receive their funds fulfill their financial, management, and program responsibilities and
- provides the Congress and federal officials with objective information, conclusions, and recommendations intended to help them carry out their work.

An entity as large and complex as the U.S. government cannot be fully evaluated each fiscal year, or even every few years. The size of government, com-

bined with GAO's staff limitations, makes it especially important that GAO carefully select which programs and activities to review. GAO's policy is to use its staff where its work will best promote improved government operations.

In addition to that work done in response to direct congressional request, GAO is continually aware of the major issues before the Congress through its regular contact with congressional committees. The

revamped issue area planning system, discussed earlier, reflects the many subjects of national importance GAO addresses. (See Table 2)

The diverse work takes GAO staff to all corners of the globe. During fiscal year 1984, assignments were performed in the United States, several U.S. territories and possessions, and 63 foreign countries. At any given time, GAO had approximately 1,100 assignments underway.

Table 2

GAO Issue Areas/Areas of Interest By Lead Divisions

Lead Divisions	Issue Areas	Areas of Interest
Office Wide	Agency Management Reviews	
Programming Divisions		
General Government Division	Financial Services Tax Policy & Administration Administration of Justice Federal Civilian Workforce Civil Procurement & Property Management	Privacy National Productivity
Human Resources Division	Income Security Health Financing Health Delivery & Quality of Care Employment & Education	Intergovernmental Relations
National Security and International Affairs Division	Air Force Army Navy Research, Development, Acquisition & Procurement Logistics, Mobility & Sustainability Command, Control, Communications & Intelligence Security & Intl' Relations Manpr. & Reserve Affairs Development Assistance Intl' Trade/Commerce Policy	
Resources, Community and Economic Development Division	Energy Food/Agriculture Transportation Housing & Community Devp. Environment Natural Resource Management	Science and Technology

GAO Issue Areas/Areas of Interest By Lead Divisions (continued)

Lead Divisions	Issue Areas	Areas of Interest
Technical Divisions		
Accounting and Financial Management Division	Financial Management	
Information Management and Technology Division	Information & Technology Management	
Program Evaluation and Methodology Division	Program Evaluation	

Program divisions are responsible for leadership of GAO's audit and evaluation work related to issue areas, as shown above, and for various defined agencies and their programs.

Technical divisions have responsibilities for audit and evaluation of issue areas and certain agencies and programs; their primary responsibility is to provide leadership and perform and direct audit and evaluation work related to areas of special expertise, such as automatic data processing (IMTEC), accounting and financial management (AFMD), and program evaluation methodology (PEMD).

Settlement of Claims

Claims against the United States are referred to GAO because of statutory requirements or because they involve questions of law or fact. In fiscal year 1984, GAO settled claims for and against the federal government under 43 different statutes. GAO collected over \$1.7 million on debts that other government agencies had been unable to collect. The agency granted in full or part 1,385 waivers of erroneous pay and allowances out of 1,482 requests considered - a total of \$4.85 million out of \$5.29 million requested. In total, GAO disposed of 5,295 debt claims.

During the fiscal year, GAO authorized 3,048 payments totaling \$258 million from the permanent indefinite judgment appropriation in settlement of a large variety of claims against the federal government for which funds were not otherwise available. Additionally, there were 465 other claim settlements which included authorizations totaling \$419,000 to be paid from available agency appropriations.

At year end, GAO was in the process of settling over 400 claims of government contractor violations of the Davis-Bacon Act totaling \$1.4 million. The GAO Claims Group was also in the process of settling 165 estates of Americans who had died abroad.

During the year, the GAO Claims Group was instrumental in the issuance of Federal Debt Collec-

tion Standards which significantly strengthen agencies' methods for effectively collecting debts owed the government. The Claims Group's implementation of those methods is greatly reducing the rate and number of delinquent debtors and reducing the time to fully liquidate the debt.

During the year, GAO received 174 congressional requests about claims-in-process and closed 155 requests.

Legal Services And Decisions

The legal work undertaken by GAO deals with the full range of government activities. During fiscal year 1984, GAO's Office of the General Counsel disposed of 4,550 separate legal matters. GAO renders legal decisions and advice to

- congressional committees, Members of the Congress, the Attorney General, the Office of Management and Budget, and other federal officials,
- heads of federal agencies and disbursing and certifying officers on the legality or propriety of proposed expenditures of public funds,
- officers or employees with delegated authority to request relief on behalf of accountable and certifying officers,
- contracting and procurement officers and bidders, in connection with government contracts,
- debtors and creditors of the government who are dissatisfied with the handling of their affairs by

other agencies, and

- GAO staff in its reviews of agency programs and activities.

The Comptroller General's decisions on the legality of expenditures are binding on the executive branch. Payments made contrary to them may be disallowed. While the decisions are binding on executive branch officials, private firms and individuals have further recourse to the courts, in most instances.

Table 3 summarizes legal matters resolved during the year.

Table 3

Legal Matters Resolved In Fiscal Year 1984

Procurement and Transportation	2,949
Personnel Law	665
General Government Matters	555
Special Studies and Analyses	381
Total Matters Disposed Of	4,550

Legal Opinions And Interpretations And Comments On Pending Legislation

Frequently, committees and Members of the Congress ask GAO for formal and informal legal opinions, advice, and assistance. They also solicit GAO's views on contractual, fiscal, and administrative provisions of law; opinions on drafts of or revisions to legislation; and views on administrative regulations.

In fiscal year 1984, GAO provided 587 legal opinions and interpretations. One hundred forty two of these were for the Senate and 445 were for the House. Table 4 shows a profile of this work, broken down by the Senate and House Committees which were the recipients of the legal opinions and interpretations

GAO's continuing analyses of government programs and activities and its expertise in law and the federal legislative process enable it to give congressional committees objective comments on proposed legislation. During fiscal year 1984, GAO provided comments on 62 pieces of pending legislation.

Table 4

FY 1984 Legal Opinions And Legislative Interpretations

Senate Committees

Agriculture, Nutrition, and Forestry	7
Appropriations	23
Armed Services	5
Banking, Housing, and Urban Affairs	1
Budget	4
Commerce, Science, and Transportation	4
Energy and Natural Resources	5
Environment and Public Works	2
Foreign Relations	2
Governmental Affairs	63
Labor and Human Resources	8
Judiciary	2
Veterans' Affairs	4
Aging (Select Committee)	9
Small Business (Select Committee)	3
Senate Total	142

House Committee

Agriculture	5
Appropriations	16
Armed Services	10
Banking, Finance and Urban Affairs	9
Budget	2
District of Columbia	2
Education and Labor	15
Foreign Affairs	6
Government Operations	143
House Administration	1
Interior and Insular Affairs	14
Energy and Commerce	78
Judiciary	51
Merchant Marine and Fisheries	7
Post Office and Civil Service	40
Public Works and Transportation	10
Rules	2
Science and Technology	10
Small Business	7
Veterans' Affairs	2
Ways and Means	6
Aging (Select Committee)	8
Intelligence (Select Committee)	1
House Total	445
Grand Total	587

Chapter One

Summary of Activities

Accomplishments

The complexity and variety of GAO's work was most apparent when reviewing the results achieved because of it. The culmination of many of GAO's audits and evaluations can be measured in dollars saved by the federal government. Other work leads to less quantifiable products, but these culminate in better government through increased efficiency, improved day-to-day operations or enhanced well-being of individuals or groups of citizens. GAO records results in both categories and includes in its tabulations actions taken by the Congress, federal agencies, and others in response to GAO's suggestions and recommendations.

In fiscal year 1984, GAO identified measurable accomplishments of \$5.2 billion which were directly related to its work. Some of these accomplishments involved changes advocated by others, as well as GAO. The dollar accomplishments fall into two general categories—budgetary savings and better use of funds.

Budgetary savings are produced when actions taken in response to GAO's work result in actual decreases in federal spending or increases in federal revenue for a given budget function and appropriation or receipt account. For example, over several years, GAO and Department of Defense auditors have identified shortcomings in the procurement of military spare parts and made a number of recommendations for improvements. One such example was that which suggested that the Department of Defense (DOD) combine the purchases of spare parts with production components to reduce costs on the B-1 Bomber Program. Acting on the information developed by GAO and the Department of Defense auditors, the Congress reduced Defense's budget for spare and repair parts to encourage more aggressive and efficient procurement policies for these items. Estimated benefits are \$648.6 million. This is but one example of the extent of cooperation between GAO and an Office of Inspector General. In a recent report, the DOD Inspector General noted that a 3-year effort had resulted in 2,400 corrective actions taken on 1,000 GAO reports.

Those accomplishments which GAO categorizes as better use of funds are usually estimates of costs that will be avoided because the Congress or agencies implemented needed changes identified during

GAO's audit or evaluation work. For example, based on GAO report recommendations, the Department of Commerce cancelled its planned independent acquisition of scientific computers for the National Bureau of Standards and the National Oceanic and Atmospheric Administration Environmental Research Laboratory. The department replaced these separate plans with a department-wide acquisition plan which will meet, at a lower cost, the needs of both agencies as well as other Commerce agencies. Estimated benefits are \$28.7 million.

At times, it is the work which cannot be measured in monetary terms which can have the greatest impact. For example, during the first 5 years of the GAO Fraud Hotline Operation, over 53,000 calls were received and over 10,600 allegations were referred to departmental or agency Inspector Generals or other GAO units for investigation or audit. Of the 10,600 referrals, approximately 7,400 cases were closed, with 1,100 being substantiated. In another 398 cases, the reported allegations could not be substantiated, but action was taken by the agency to prevent or minimize the possibility of a future violation or other improper activity. The substantiated cases resulted in administrative actions against federal employees, recipients of federal assistance being removed from their roles, contractors and grantees being disbarred or suspended, and over 175 referrals to the Department of Justice for prosecution.

Another report cited safety deficiencies at National Park Service dams in the Blue Ridge Parkway area. The Service took interim measures to improve safety conditions, thus reducing the potential dangers posed by the dams, which will later be repaired. Yet another evaluation assessed how the 1981 Omnibus Reconciliation Act affected recipients of Aid to Families with Dependent Children (AFDC), a federal welfare program. GAO found that the stricter eligibility standards reduced the caseload by 493,000 per month, lowering monthly costs by \$93 million. Most people dropped from the AFDC rolls who had been working and receiving aid kept their jobs and did not receive welfare. However, they also generally lost their Medicaid benefits and remained without medical insurance for over a year. GAO's study led to legislative changes which established a transition period so that people working their way off welfare could retain Medicaid coverage; another

change raised the limits on allowable income which a person can earn and still receive some assistance.

Human Resource Management

Human resource management is a high GAO priority because the skills and needs of its staff are so diverse. As of September 30, 1984, GAO had 5,068 employees, a slight increase over the previous year. Of these, 4,175, or 82 percent, were members of the audit, evaluation and general management staff.

Aware that the quality of its staff is the most important ingredient in producing quality reports, GAO recognizes that personal and professional development of employees is a responsibility shared by the individual and the organization. With this in mind, GAO has developed a new recruiting strategy and continued its redesign of those management systems which affect staff and organizational development.

The nationwide recruiting network involves senior officials in every GAO division and region, each of whom have designated key staff to assist in the recruiting program in support of GAO's diverse staff needs and equal opportunity hiring goals. Improved recruiting materials, including a full-color brochure and a brief film, were developed to help attract high-quality applicants.

GAO's Career Management System entails courses designed for staff at the entry through executive levels. It is supported by specialists in such subjects as curriculum development and computer-assisted instruction, but also makes use of GAO's evaluation expertise by having staff serve as instructors for one to 2-year periods. In fiscal year 1984, GAO offered a total of 156,671 hours of classroom training to 6,352 participants.

Much of the classroom training is carried out in GAO's new Training Center, which provides an enhanced training environment and includes a self-paced learning center which enables GAO employees to use individualized instructional packages to learn, improve or refine skills. In conjunction with the opening of the new center, GAO became the first federal agency to be approved by the Council on the Continuing Education Unit (CEU) to award CEUs for eligible internal training courses and workshops.

An important component of GAO's human resource programs is the Executive Candidate Development Program to prepare managers for entry into GAO's Senior Executive Service. Twenty-four candidates were selected for the current program.

Another component is GAO's revitalized Upward Mobility Program, which provides opportunities for employees in jobs with little promotion potential to cross over to positions as GAO evaluators after successful completion of rigorous academic and on-the-job training. Ten participants, selected from around the country, entered the program in 1984.

Other programs bring in students or early careerists to serve as interns within the organization. GAO is an active participant in the Presidential Management Intern Program, which is coordinated by the U.S. Office of Personnel Management as a way of bringing to government service highly talented public and business administration graduates. GAO was one of the first federal employers to participate in the Cooperative Education on Program, which permits undergraduate and graduate students to alternate periods of academic education and work-experience. In fiscal year 1984, GAO had 231 co-op students. Another program brings candidates for doctoral degrees to GAO to conduct research in subject areas relevant to GAO's mission. Three candidates participated in the 1984 program.

In addition to more formal training during the year, GAO's Office of Organization and Human Development's Counseling and Career Development Branch offered a series of 34 workshops. These were attended by 590 staff, and a lunchtime learning series on topics as diverse as overcoming fear of success, stress and alcohol use, and parents and teens was presented. It also initiated a Health Advocacy Program, an innovative pilot program to assist volunteer participants to improve health, well-being and the quality of their lives.

Related to many components of GAO's human resource management system is the Personnel Systems Development Project, established in 1981 to develop components of GAO's new personnel system as authorized by the GAO Personnel Act of 1980. Efforts in fiscal year 1984 concentrated on refining an annual assessment process for determining outstanding achievement awards and to support the merit promotion of evaluators and specialists to GS

Chapter One

Summary of Activities

grades 13, 14 and 15. A key feature of annual assessment is a closer linkage between performance appraisal and key personnel decisions. The performance appraisal system for evaluators/auditors/specialists was revised and updated during the year to improve the quality of appraisal information used in the annual assessment process.

Using Diverse Skills

As important as the composition of staff skills is their mix throughout GAO. Audits and evaluations are undertaken by a cadre of staff comprised of accountants, business and public administration graduates, engineers, computer specialists, economists, and social scientists, to name a few of the disciplines in which staff have expertise. Some staff use their skills as specialists, for example in, EDP, while others apply general analytic capabilities to assessments of government activities. Many employees have advanced degrees, and a number pursue them through evening and weekend university programs.

Although its total staff in the audit, evaluation, and general management areas increased only slightly during fiscal year 1984, GAO's equal employment profile continued to improve. Minorities and women now comprise 34.3 percent of the staff in these areas, compared with 32.9 percent in 1983. Additional gains are evident GAO-wide, in that minorities and women represent 45 percent of the total staff as compared to 44 percent in 1983.

Impact Of New Legislation On GAO Operations

New legislation continues to add to or broaden GAO's responsibilities. Some of these laws direct the Comptroller General to audit specific programs, while others call upon him, for example, to promulgate standards or evaluate data systems.

Public Law 98-185 (Nov. 30, 1983, 97 Stat. 1309) amends that portion of the U.S. Code with respect to auditing requirements for revenue sharing. One of the new requirements is that audits must be conducted in accordance with generally accepted government auditing standards issued by the Comptroller General. The Comptroller General is also required to assist the Secretary of the Treasury in developing a plan for completion of a comprehensive

study of federal, state, and local fiscal relationship mandated by the law (97 Stat. 1010, 1011, 1013).

Public Law 98-397 (Aug. 23, 1984, 98 Stat. 1426), the Retirement Equity Act of 1984, requires the Comptroller General to conduct a detailed study (based on a reliable scientific sample of typical pension plans of various designs and sizes) of the effect on women of participation, vesting, funding, integration, survivorship features, and other relevant plan and federal pension rules. The Comptroller General is provided access to records for purposes of the study. (Appendix 5 of this report provides details on the impact of legislation on GAO.)

Noteworthy Activities

GAO's efforts to enhance government operations extend beyond its own work to interacting with other levels of government and other nations. These interactions are not only in terms of providing information but also encompass sharing experiences and learning from one another.

In a joint study with the Office of the Auditor General of Canada, GAO is examining government accounting and financial information needs, and the kinds of financial information legislators need to make decisions. The project builds on work already done in each country, and results will be presented to the Canadian Parliament and the U.S. Congress, Treasury, and OMB.

GAO's Sixth International Auditor Fellowship Program brought senior staff of 14 less developed countries' national audit offices to GAO for a 3 1/2 month practical work-study program. Funded largely by the U.S. Agency for International Development and the United Nations Development Program, the participants use a curriculum designed for their specific needs. This program led to a joint venture with the Canadian Office of the Auditor General, in that the 10 participants in a similar Canadian-sponsored program joined the U.S. group for a one-week course in public works auditing.

Much of GAO's 1984 work with the Intergovernmental Audit Forums, which are composed of 1 national and 10 regional forums, centered around its fifth biennial conference of audit executives. The more than 250 federal, state, local government and private sector audit officials heard representatives

from GAO and OMB, and were addressed at their opening session by New York's Mayor. GAO continues to view the forums as experienced groups which can be effectively employed to react to policy and other studies performed by OMB and GAO and state and local governments.

Participation On Boards, Councils, And Commissions

On occasion, the Comptroller General is appointed, either by statutory or administrative actions, to serve on special boards or commissions. During fiscal year 1984, he served as a member of the Chrysler Corporation Loan Guarantee Board (established by Public Law 96-185, Jan. 7, 1980, 93 Stat. 1324). For all intents and purposes, this Board concluded its business when it sold the government-owned warrants, which it had received as part of the guarantee arrangement. The Chrysler Corporation repaid its government-guaranteed loans in August 1983.

The United States Railway Association Board, on which the Comptroller General serves (P. L. 97-35, Aug. 13, 1981, 95 Stat. 674), made a determination, required by law, concerning the profitability of Conrail, the federally owned freight railroad, over the next 4 years.

Other bodies on which the Comptroller General serves include

- the Advisory Council for the Office of Technology Assessment (P. L. 92-484, Dec. 13, 1972, 86 Stat. 800),
- the President's Management Improvement Council (Executive Order 12157, Sept. 14, 1979), and
- the Railroad Accounting Principles Board (Staggers Rail Act of 1980, P. L. 96-448; Legislative Branch Appropriations Act of 1985, P. L. 98-367).

Organization

While the previous year saw organizational realignments, fiscal year 1984 was one of solidifying GAO's relatively new management structure and reinforcing the quality enhancement measures already underway. GAO's Institute for Program Evaluation was renamed as the Program Evaluation and Methodology Division and redirected somewhat to better assist the program divisions.

One of its roles is to serve as a resource by maintaining a pool of technical and methodological experts and to develop and disseminate within GAO methods that advance program evaluation.

The Information Management and Technology Division continued its consolidation of GAO's approach to work relating to federal agency management of information resources. In testimony before the House Subcommittee on Civil Service, the Comptroller General noted that GAO is working to assure that adequate reviews are undertaken of the computer systems which support vital government functions, such as national security, air traffic control, and the control of billions of dollars in fund transfers for social and economic programs. To aid in this and other efforts, the Congress approved additional Senior Executive Service (SES) positions for GAO, several of which will augment GAO's capabilities in evaluating computer and telecommunications programs throughout the government.

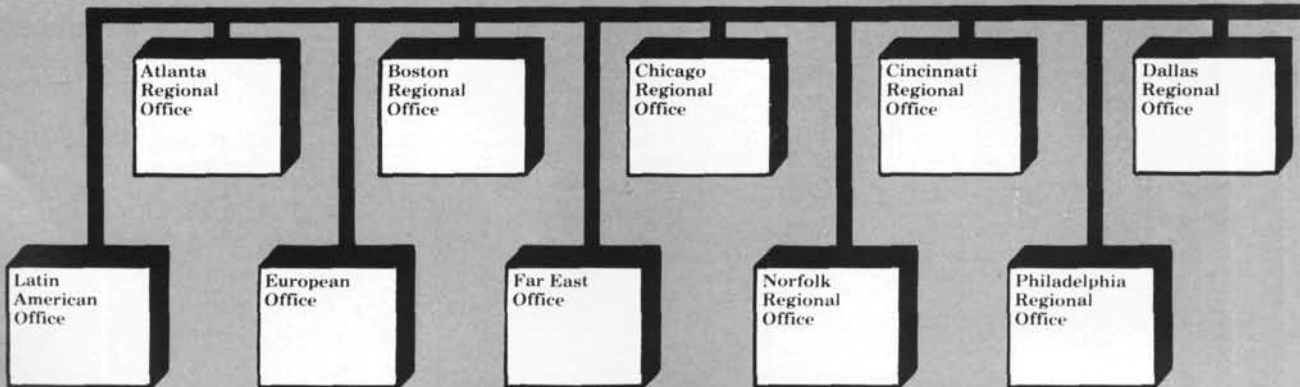
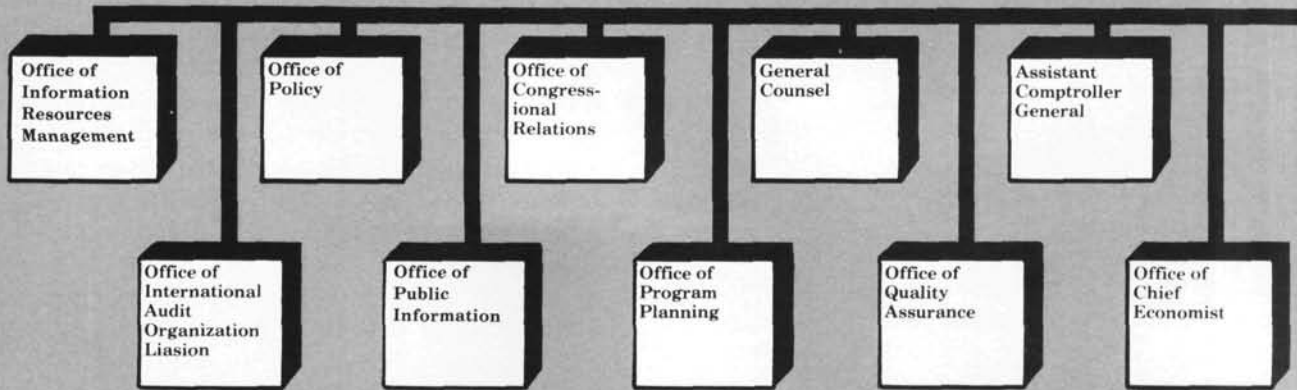
Also refocused somewhat was GAO's coordination and management of its own information systems and services. The new Office of Information Resources Management will manage GAO's information resources, and be a service-oriented group to foster ADP use as a tool in doing GAO's work. It will also test and evaluate new systems and technologies and develop a new center to support the introduction of new technology into GAO.

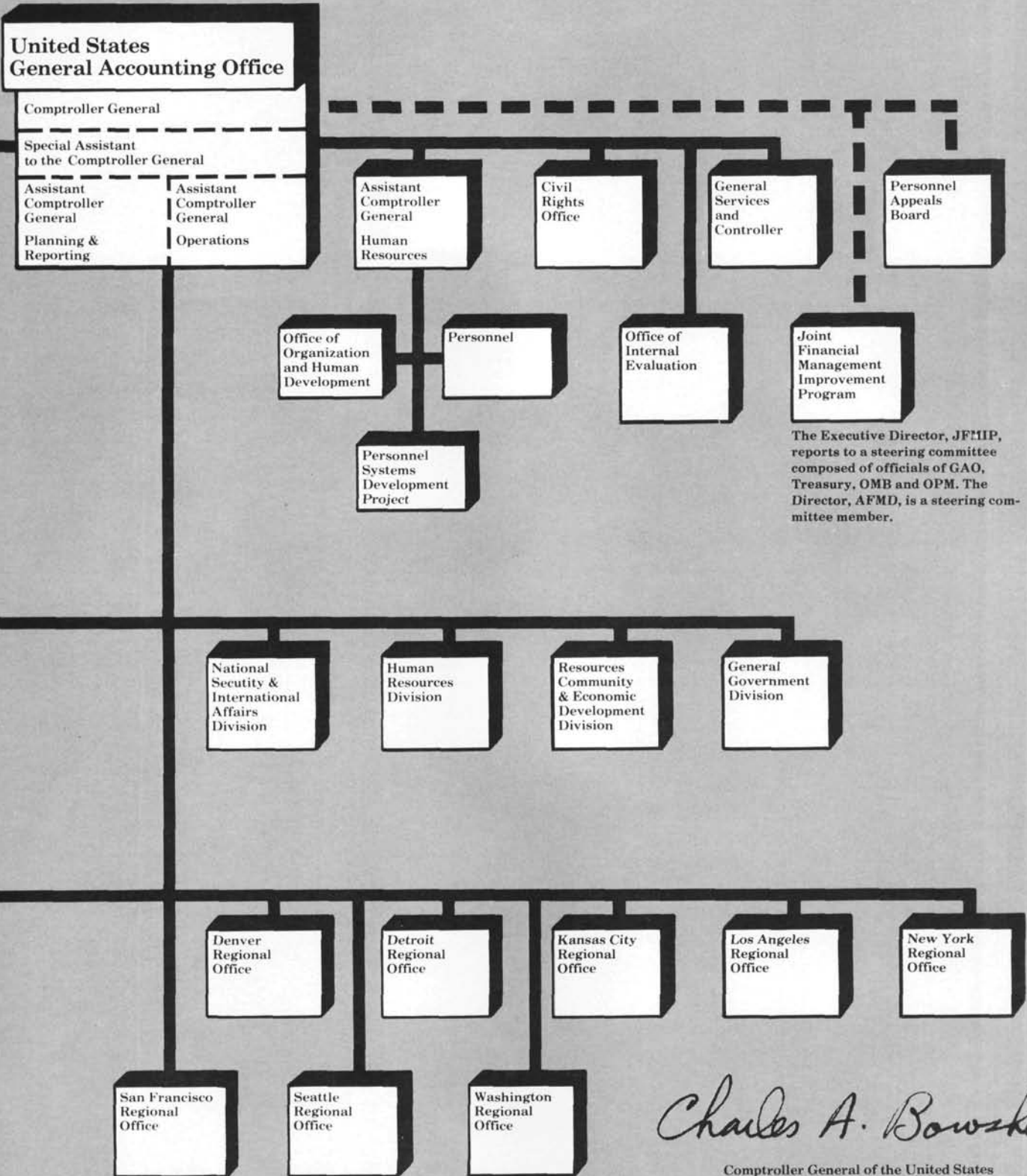
Further reinforcing the management initiatives of the past few years was GAO's first "management meeting" of senior executives. The 3-day session marked the first time such a broad group of GAO managers met as a team to develop more effective ways to enhance product quality and more smoothly manage the agency's work and people. Emanating from this meeting has been a series of smaller, more focused sessions, such as those of the key staff in charge of planning and reporting in the divisions and regional offices.

As fiscal year 1984 ended, GAO was nearly ready to implement a new, consistent set of design standards for its written products. The new formats are expected to lead to increased readability and will provide the Congress and general public with a set of products easily identified as those of GAO.

Chapter One

Summary of Activities





Charles A. Bowsher

Comptroller General of the United States
 October 1, 1984

Chapter Two

Legislative Recommendations

Chapter Two - Section One

**Legislative Recommendations Acted on by the Congress
During the Fiscal Year Ended September 30, 1984**

Chapter Two-Section One

Recommendations Acted Upon FY 1984

Administration of Justice

Processing Certain Forfeited Criminal Assets

Federal law enforcement agencies have increased their seizures of cars, boats, and planes as a means to fight the importation and transportation of illegal aliens, narcotics, and various other contraband. However, the seized conveyances are held by the agencies for prolonged periods awaiting forfeiture to the government, during which time they receive little care, maintenance, or protection. As a result, when the conveyances are sold, they often sell for only a fraction of their appraised value at seizure.

We made recommendations, which were incorporated into the Comprehensive Crime Control Act of 1984, (P. L. 98-473, Oct. 12, 1984) which should improve the forfeiture process. The adopted recommendations involve raising the limit on the administrative forfeiture of conveyances. Prior to the Act, conveyances valued at \$10,000 or less could be forfeited administratively; conveyances over \$10,000 had to be forfeited through the courts—a much longer process. Also adopted was the recommendation to establish funds from the sale of proceeds from forfeited conveyances to store, protect, and maintain the conveyances. Both these actions should increase the dollar amount realized by the government from the sale of forfeited property. (PLRD-83-94, July 15, 1983)

Forfeiture of Criminal Assets

Given the primary motive for drug trafficking—monetary gain—a major dimension of drug law enforcement should be the forfeiture of criminal assets. Through the years, however, the federal government's law enforcement forfeiture efforts have been hampered, in part, by forfeiture statutes that were ambiguous in some areas or incomplete and deficient in others.

In two reports, we discussed the lack of criminal forfeiture in drug law enforcement cases. The Comprehensive Crime Control Act of 1984, (P. L. 98-473, Oct. 12, 1984) contains legislative changes we recommended. Specifically, the act clarifies the kinds of property subject to forfeiture and provides for the forfeiture of substitute assets to the extent that the assets forfeited under the statutes cannot be located; have been transferred or sold to a third party; have been placed beyond the jurisdiction of the court;

have been substantially diminished in value by an act or omission of the defendant; or have been commingled with other property which cannot be divided without difficulty.

(GGD-80-52, Mar. 23, 1980 and GGD-81-51, Apr. 10, 1981)

National Drug Enforcement Policy Board

This provision of the Comprehensive Crime Control Act of 1984 (P. L. 98-473, Oct. 12, 1984) referred to as the drug czar provision, creates a board made up of cabinet officers with drug enforcement responsibilities. The Attorney General, as chairman, will be the primary advisor to the President and the Congress on drug issues. The law requires that the board develop a single drug strategy and plan and develop a single budget proposal relating to drug enforcement and interdiction efforts.

We raised the issue of the need for central oversight of federal drug law enforcement efforts in an October 1978 report. Subsequently, a June 1983 report recommended that the President make a clear delegation of responsibility to one individual to oversee federal drug enforcement programs and direct the development of a more definitive federal drug strategy that stipulates the roles of the various agencies with drug enforcement responsibilities. This report also recommended that OMB accumulate budgetary data on drug enforcement costs and submit the information to the Congress concurrent with these agencies' budget submissions. The new crime legislation contains these basic requirements. We also testified on these issues before subcommittees of the House Committees on the Judiciary and Government Operations. (GGD-80-4, Oct. 25, 1979 and GGD-83-52, June 13, 1983)

Control Over the Diversion of Licit Drugs

Prescription drugs have been abused or misused by more Americans than many illegal drugs. The Comprehensive Crime Control Act of 1984, (P. L. 98-473, Oct. 12, 1984) gives the Drug Enforcement Administration improved ability to deny practitioners, in appropriate cases, the right to utilize controlled drugs. The act also provided the Attorney General with special authority to make grants to state and local governments to assist them in meeting the costs of controlling the diversion of controlled substances.

Chapter Two-Section One

Recommendations Acted Upon FY 1984

We reported on the division of licit drug problems in two reports and recommended expanding the Drug Enforcement Administration's regulatory authority over retail level diversion and implementing grant programs for assisting states in controlling diversion.

(GGD-78-22, Mar. 10, 1978 and GGD-83-2, Oct. 29, 1982)

Strengthen Federal Penalties Applicable to Drug Offenses

In the past, the maximum penalties for persons involved unlawfully in manufacturing, distributing, dispensing and/or the possession of significant amounts of non-narcotic drugs, such as phenylcyclidine (PCP) and lysergic acid diethylamide (LSD), was less severe than for unlawful involvement in narcotic drugs, such as heroin. Provisions were included in the Comprehensive Crime Control Act of 1984 (P. L. 98-473, Oct. 12, 1984) to increase the maximum penalty (up to 20 years imprisonment and/or \$250,000 fine) for persons involved unlawfully in controlled substances, including those involved with PCP and LSD.

GAO raised the issue of the discrepancy in the penalties in a 1981 report. We pointed out that many non-narcotic drugs are as harmful and as abused as narcotic drugs, yet the penalties for unlawful involvement differ. We recommended that the Congress amend the Controlled Substances Act to increase the maximum penalties for non-narcotic drugs and suggested appropriate language. The substance of the language we suggested was incorporated in the Comprehensive Crime Control Act of 1984.

(GGD-82-6, Nov. 6, 1981)

Improvements in Juvenile Justice and Delinquency Prevention Programs

In various reports and testimony, we have made recommendations to improve the Juvenile Justice Program as authorized by the Juvenile Justice and Delinquency Prevention Act of 1974. Specifically, we reported that states needed to improve their monitoring and recordkeeping systems to verify compliance with the act's goals and requirements. We also recommended that the Office of Juvenile Justice and Delinquency Prevention (OJJDP) assist states and localities in improving their monitoring and recordkeeping systems. In addition, we reported

that states were not meeting national secure detention standards and recommended that OJJDP encourage states to adopt and implement the standards and that OJJDP develop and support the adoption of model state legislation that would conform their detention practices to the standards. In other reports, we noted that since January 1981, the appointments to and operations of the National Advisory Committee for Juvenile Justice and Delinquency Prevention did not comply with various requirements of the act. We reported that certain OJJDP grants made under the act's special emphasis provisions were proper. In addition, we reported that a proposed missing children and serial murder tracking program was not eligible for the act's special emphasis funding.

The 1984 crime bill, enacted October 12, 1984, addressed these concerns. (P. L. 98-473) It amended the Juvenile Justice and Delinquency Prevention Act to require that OJJDP audit the state monitoring systems to review their adequacy and also amended the act to authorize grants and contracts to establish and adopt the standards and to authorize OJJDP to develop and support model state legislation consistent with the standards. It repealed the national advisory committee's authorization and modified the act to state specific programs for which special emphasis funds must be used. It also amended the act by adding title IV which authorizes the administrator of OJJDP to make grants and provide other assistance for missing children programs. (GGD-83-23, Mar. 22, 1983; GAO testimony before Subcommittee on Human Resources, House Committee on Education, Mar. 7, 1984; GGD-84-85, July 9, 1984; GGD-84-8, Nov. 30, 1983; GGD-84-44, Apr. 3, 1984; GGD-84-7, Nov. 16, 1983)

More Efficient and Equitable Treatment of Federal Youth Correction Act Cases

In a March 1983 report, we recommended (1) eliminating the disparity in the terms of probation that judges and magistrates were authorized to impose for petty offenses and misdemeanors and (2) limiting the sentences of incarceration that district court judges could impose on youthful offenders for petty offenses and misdemeanors to those that could be imposed on adults. The 1984 crime bill enacted on October 12, 1984, addresses these concerns. (P. L. 98-473)

(GGD-83-40, Mar. 9, 1983)

Changes to Federal Sentencing and Parole

In various reports and testimony, we have provided information on issues related to sentencing and parole reform proposals. We have reported on disparity in federal prison sentences. We have noted that a major goal of parole—to reduce sentence disparity—is not being accomplished.

In other areas of parole, we recommended that the chairman of the Parole Commission seek a legislative change to abolish a costly two-stage appeal process. As a part of the process, offenders would appeal their parole decisions directly to the same commissioners who made the initial decisions. Then the appeal would go to another body (National Appeals Board). We stated appeals should go directly to the National Appeals Board. With regard to sentencing, we have pointed out that offenders were not being given adequate opportunity prior to the imposition of sentences to review their presentence investigation reports and assess the accuracy of information contained in them. And, we said that standards should be established to assist judges in determining whether or not to accept plea agreements.

The sentencing provisions of the crime bill enacted in October 1984 (P. L. 98-473, Oct. 12, 1984) are designed to reduce disparity in punishment for defendants who commit similar crimes. For the first time, the general purposes of sentencing are specified and a seven-member Sentencing Commission will be established to prepare sentencing guidelines for judges over the next 18 months. Upon enactment of the guidelines, a judge will be required to sentence within the specified ranges unless the judge states, in writing, the reasons for deviation from the guidelines. Also, the defendant is authorized to appeal a sentence harsher than the guidelines, and the government is authorized to appeal a sentence more lenient than recommended by the guidelines. Two years after the guidelines go into effect, the phase-out of parole commences over a 3-year period. Those prisoners incarcerated before the guidelines went into effect will be given a release date during that period.

The bill also amends 18 U.S.C. 4215 to eliminate the first stage of the two-stage appeals process; establishes a requirement that offenders be allowed to review their presentence investigation report at least 10 days prior to sentencing; and recognizes

that judges need guidance on the use of plea agreements.

(GGD-78-112, Mar. 19, 1979, GAO-82-1, July 17, 1982; GAO testimony before the Subcommittee on Criminal Justice, House Committee on the Judiciary, May 9, 1984)

Protecting the Rights of Third Parties and the Safety of Relocated Witnesses

The Witness Security Program is administered by the Department of Justice's U.S. Marshall's Service and was established to protect witnesses from harm as a result of their testimony against individuals involved in organized criminal activity. In our report, we made recommendations that the Congress enact legislation that would improve the operations of the Witness Security Program and recognize legislatively the rights of third parties seeking enforcement of court judgements. These recommendations were addressed in the 1984 crime legislation enacted in October 1984 (P. L. 98-473, Oct. 12, 1984). In addition, the administrative recommendations made to the Attorney General were also addressed in the legislation. The new legislative requirements should enhance the operations of this important program while at the same time make sure that relocated witnesses pay civil judgments issued against them and that court child custody orders are followed.

(GDD-83-25, Mar. 17, 1983)

Agriculture

National Dairy Promotion Program

In July 1980, we reported that government purchases of dairy surpluses could be minimized by reduced production, increased consumption, or a combination of both. Experience has shown that consumption could be increased by effective dairy promotion programs. We recommended that to provide more uniform participation in funding programs to encourage the use of milk and milk products, the Congress establish a federal nation-wide milk-producer promotion program and set the contribution rate as a percentage of sales. The Dairy Production Stabilization Act of 1983 (P. L. 98-180, Nov. 29, 1983) authorized the establishment of a coordinated national dairy promotion program to be financed through assessments of 15 cents per hun-

Chapter Two-Section One

Recommendations Acted Upon FY 1984

dredweight on all milk produced in the United States for commercial use.
(CED-80-88, July 21, 1980)

Reduction in Dairy Price-Support Level

In July 1980, we reported that the dairy industry had continually produced more milk than could be marketed commercially and, as a result, government purchases of surplus dairy products under its dairy surplus removal program had, at times, been burdensome. The rapidly increasing price-support level, based on the concept of parity, was a major factor in creating the surpluses.

Our report discussed several alternatives for congressional consideration that could help reduce surpluses. We recommended that if the Congress decided to keep the parity price standard as a basis for establishing the milk support price, it should amend the Agricultural Act of 1949 to

- eliminate the requirement to set the milk support price at a level between 75 and 90 percent of parity;
- require the Secretary to set the support price at the level of parity that would balance the interests of producers, consumers, and taxpayers after considering changes in the cost of producing milk, milk product stocks, and demand for milk products; and
- require the Secretary to adjust the price-support if the 12-month moving total of Commodity Credit Corporation net removal of dairy products exceeded trigger levels established by the Secretary.

In testimony before the Subcommittee on Agriculture, Rural Development, and Related Agencies, Senate Committee on Appropriations, on March 18, 1981, we said that we favored the elimination of the April 1981 mandatory increase in the support price. The support price was maintained at \$13.10 per hundredweight of milk until December 1983, when the Dairy Production Stability Act of 1983 (P. L. 98-180, Nov. 29, 1983) lowered the support price to \$12.60 per hundredweight for milk containing 3.67 percent milkfat.

The 1983 act also provided that the Secretary may make a further 50-cent reduction in the support price if on April 1, 1985, the Secretary estimates that government purchases of dairy products for the succeeding 12 months will exceed 6 billion pounds milk equivalent, and either a reduction of an in-

crease of 50 cents on July 1, 1985, depending on whether estimated 12-month purchases will be more or less than 5 billion pounds.
(CED-80-88, July 21, 1980)

Energy

Improvements in Low-Income Weatherization Program

In October 1981, we reported on several improvements needed in the Department of Energy's (DOE) low-income weatherization program. These improvements included the need for (1) requiring adequate inspections of weatherized homes to assure complete and adequate work, (2) a reliable estimate of energy savings for adequate program assessment, and (3) improvements in financial management and program monitoring at the federal, state, and local levels.

On January 24, 1984, the House passed H. R. 2615, which required, among other things, (1) state provision for post-installation inspections of weatherized units to ensure proper installation, (2) a DOE program plan which includes a method for measuring energy savings achieved by individual weatherization measures and combinations of measures, and (3) the establishment by DOE of an effective system of monitoring state and local expenditures of funds, including reporting requirements. In justifying the need for this last requirement, the report on H. R. 2615 by the House Committee on Energy and Commerce cited our report (H. R. 98-108, May 12, 1983). The Senate did not act on this bill.
(EMD-82-2, Oct. 26, 1981)

More Information Needed To Facilitate Arctic Research

Expensive and controversial requirements to minimize environmental impact are being imposed by the federal government on arctic energy-related projects. We found that present research is insufficient to evaluate the effectiveness or necessity of these requirements. Arctic research is expensive and is conducted by several federal agencies. More site-specific data and research findings are needed to develop these requirements and could result in more timely and less costly energy development. In June 1983, the Senate Committee on Governmental Affairs reported favorably on S. 373, which provides for the three critical elements (coordination, prioritization, and a source of funding) that we recom-

mended be included in arctic research legislation (S. Rept. 98-159, June 21, 1983). The report cites our work and states that the legislation represents a timely response to the problems we identified. S. 373 was signed into law as public law 98-373 on July 31, 1984.

(EMD-82-44, June 17, 1982)

Removing an Unnecessary Department of Interior Reporting Requirement

In an October 1983 report, we recommended that the Congress should repeal legislation requiring the Department of the Interior to issue an annual report on offshore shut-in and flaring wells. We found that Interior's report does not satisfy the congressional intent behind the requirement, and that Interior's report is not necessary in view of recent measures decontrolling oil and gas prices. The Congress should repeal the reporting requirements to release resources of the Department of the Interior to serve high-priority needs.

In response to our recommendations, H. R. 6189 was introduced on September 5, 1984 and was referred to the House Committees on Interior and Insular Affairs and Merchant Marine and Fisheries. No further action was taken.

(GAO/RCED-84-19, Oct. 24, 1983)

Need To Expand Electrical Transmission Facilities Between the Pacific Northwest and California

The Pacific Northwest and California are joined by three high-voltage transmission lines (interties) which allow for the exchange of electricity between the two regions. The regions benefit from the exchange of power because of the difference in the costs of generating electricity—the Northwest uses relatively low-cost hydropower while California relies on higher cost oil- and gas-fired generation.

In two separate reports dated 1980 and 1983, GAO recommended that the intertie be expanded. In the 1983 report, we specifically recommended that the Western Area Power Administration and the Bonneville Power Administration within the Department of Energy facilitate expansion of the intertie. On July 16, 1984, the Energy and Water Development Appropriation Act for fiscal year 1985 was signed into law (P. L. 98-360). Within the act, the Western Area Power Administration was authorized

to construct or participate in the construction of additional intertie facilities as appropriate to allow for mutually beneficial power sales between the Pacific Northwest and California. By October 1984, the Secretary of Energy was to submit to the Congress a conceptual plan for constructing the additional intertie.

(GAO/RCED-84-38, Nov. 4, 1983)

General Government Division

Improving the Senior Executive Service and Merit Pay System

A cornerstone of the Civil Service Reform Act (CSRA) of 1978 was the creation of the Senior Executive Service (SES), which brought major changes in flexibility to manage and reward the government's 7,000 executives. The concept of pay for performance (merit pay) was also extended to the government's 108,000 GS-13 through GS-15 managers and supervisors.

We reported and testified that problems in the merit pay and SES systems were creating disincentives to the motivational factors built into the act. We recommended several revisions because

- factors other than performance were influencing employees' merit pay increases,
- employees could not be certain of the basis for performance ratings,
- many employees appeared skeptical of the fairness of the merit pay systems,
- restrictions were imposed that limited the number of senior executives who could receive bonuses,
- bonus restrictions added to the pay compression problem that was already adversely affecting executive motivation and turnover, and
- senior executives had little say in geographical reassignments.

In October 1984, the Congress passed H. R. 2300, legislation which will implement various changes to CSRA, including the establishment of the Performance Management and Recognition System (PMRS) to replace the current merit pay system and improvements to the Senior Executive Service (SES) program. These changes are designed to lessen the adverse effects of various problems we identified in past GAO work that have undermined the reforms intended by the CSRA.

Chapter Two-Section One

Recommendations Acted Upon FY 1984

The legislation establishes the PMRS, whose primary objective is to set up more direct links between specific levels of performance and various pay increases for the 108,000 managers and supervisors under the current merit pay system. The legislation reinforces the pay-for-performance concept in that it contains provisions to connect the amounts of employees' annual pay increases and within-grade step increases to the level of their performance and to reward the top-rated employees with performance awards. We believe that these improvements to the current system should ease the negative perceptions many employees have had about the fairness of the merit pay system.

The legislation also contains provisions to improve various aspects of the SES program. Specifically, the recent amendments will provide some additional requirements that agency management must meet for directed reassignments of senior executives, such as a required 60-day notice and statement of the reasons for geographical reassignments. These requirements are intended to inject more humane considerations into decisions on reassignments. The recent amendments will also give agency management more flexibility in awarding bonuses, and a rollover provision will ensure that bonuses or rank awards above the pay limitation are not lost. The bill was presented to the President for signature on October 29, 1984.

(GGD-84-1, Mar. 26, 1984; GAO Testimony, Nov. 7, 1983, Subcommittee on Civil Service, House Committee on Post Office and Civil Service, and Apr. 26, 1984, Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service)

Extension of the Executive Agencies' Employee Cash Awards Program for Disclosure of Fraud, Waste, or Mismanagement

In May 1984, we reported on the implementation and reasonableness of awards granted under the employee cash awards program for disclosure of fraud, waste, and mismanagement. This cash awards program for cost savings disclosures, established by Public Law 97-35, was scheduled to expire on September 30, 1984. As a result of our report, H. R. 5646 was introduced to continue the program for 3 more years.

In comments and testimony, we supported the bill and also recommended that the Comptroller Gen-

eral's oversight requirements to review the program be changed. GAO was required to review and verify the cost saving for each individual award. We recommended that this requirement be deleted because it created a duplication of effort between the agencies' inspectors general and GAO. This requirement was deleted from H. R. 5646, which passed the House on September 24, 1984 and the Senate on October 11, 1984. However, the legislation did not go to conference and was not enacted.
(GAO/GDD-84-79, May 8, 1984)

Improving the Effectiveness of the Administration of the Crude Oil Windfall Profits Tax

We recommended that the Congress expand IRS' authority to issue notices of additional tax due as a result of examination of oil properties. IRS presently is limited to issuing a single notice of tax due per taxpayer each year. Thus, significant revenue collection delays could be encountered when IRS seeks to consolidate examination results for producers' various properties.

We also pointed out a need to assure that the same examination issues do not lead to duplicative court cases. Taxpayers should be able to appeal IRS examination determinations. However, the Congress should establish a consolidated appeals process for issues which affect all producers in any given oil property in the same manner. This would help prevent further increases in the Tax Court's already heavy case backlog.

On June 26, 1984, H. R. 5934 was introduced in the House and incorporated our two recommendations. The legislation was not acted upon.
(GGD-84-15, June 18, 1984)

Updating the Taxation of the Life Insurance Companies

We recommended that the Congress

- replace the outdated method by which a life insurance company calculates its reserve deduction in determining its tax liability,
- eliminate, or at least adjust to a lower amount than allowed, the method by which life insurance companies revalue reserves which can significantly affect their tax liability, and
- phase out the provision that allowed automatic deferral on one-half of the underwriting gains in determining taxable income.

We also suggested that the Congress reconsider the provisions of the Internal Revenue Code relating to deferred annuities. These investment-type contracts were designed to take advantage of the favorable tax treatment accorded life insurance products. The Deficit Reduction Act of 1984 (P. L. 98-369, July 18, 1984) incorporated all three recommendations and revised the code provisions applicable to deferred annuities.

In testimony before the Subcommittee on Select Revenue Measures of the House Ways and Means Committee on May 10, 1983, we suggested that the Congress consider eliminating special deductions for nonparticipating contracts, as well as group life and accident and health lines of business. These deductions were eliminated in the Deficit Reduction Act. (PAD-81-1, Sept. 17, 1981; GAO Testimony, May 10, 1983, Subcommittee on Select Revenue Measures, House Ways and Means Committee)

Increasing the Efficiency of Private Foundations

We identified certain limitations in existing tax exemption laws regulating private foundations. Through a study, testimony, and briefings, we provided data for the Congress to evaluate alternative proposals for increasing private foundations' efficiency. Through the Deficit Reduction Act of 1984 (P. L. 98-369, July 18, 1984) the Congress amended existing tax exemption requirements to increase the efficiency of private foundations, with the resultant savings passing directly to charitable works, thereby increasing funds for charitable purposes during a time of federal expenditure reduction. (GGD-84-38, Jan. 5, 1984; GAO testimony, June 28, 1983, House Ways and Means Committee, Subcommittee on Oversight)

Elimination of Strip Stamps Can Save the Federal Government \$1.7 Million Annually

In May 1982, we recommended that Treasury regulations be revised to eliminate government-supplied strip stamps while retaining a requirement that bottlers and distributors of distilled spirits provide and use approved closure devices. We reiterated our recommendation in subsequent testimony. The Deficit Reduction Act of 1984 (P. L. 98-369, July 18, 1984) provides for the repeal of the strip stamp requirement for distilled spirits containers, effective July 1, 1985. The act requires that distilled spirits containers, on determination of tax, bear a closure or other device which is designed to require break-

ing in order to gain access to the contents of the container.

(GGD-82-60, May 7, 1982; GAO testimony, July 25, 1984, House Committee on Ways and Means)

Revision of Penalty for Failure to Pay Estimated Income Tax

We informed the Commissioner of Internal Revenue that taxpayers had difficulty in understanding the estimated tax requirements to the extent that they preferred to pay the estimated tax penalty rather than try to determine if they met one of the four exceptions to all or part of the penalty. In July 1983, we testified and provided statistical information to the Congress to show which of the four exceptions from paying estimated tax penalties taxpayers used the most. As a result, the Deficit Reduction Act of 1984 (P. L. 98-369, July 18, 1984) modified the estimated tax requirements to alleviate having individuals avoid estimated tax requirements in some situations, while subjecting other individuals to a substantial penalty for failure to meet one of the exceptions by a few dollars.

(GGD-80-89, July 16, 1980; GAO testimony, July 25, 1983, House Ways and Means Committee)

Collection of Nontax Delinquent Debts Through the Use of IRS Offset

In March 1979, we recommended that the Congress provide for the collection of nontax delinquent debts through the use of IRS offset. Arrangements for using IRS offsets to collect nontax debts could be worked out between IRS and the federal agencies wishing to refer debts for offset, with the Attorney General having a consultation role in the development of such agreements. Such offsets should be made only after procedures to protect the debtors' rights to due process had been instituted.

The Deficit Reduction Act of 1984 (P. L. 98-369) provides for the collections of delinquent nontax debts through the offset of federal tax returns. The law was signed by the President on July 18, 1984. The act stipulates that the Secretary of the Treasury shall issue implementing regulations. In addition, the act further states that federal agencies cannot submit debt to IRS for offset until the due process procedures outlined in the act have been fully complied with by the referring agency. (FGMSD-79-19, Mar. 9, 1979; FGMSD-80-68, July 17, 1980; PAD-81-69, Mar. 30, 1981)

Chapter Two-Section One

Recommendations Acted Upon FY 1984

Single Audit Legislation

The 98th Congress gave its final consent to the "Single Audit Act of 1984" on October 4, 1984. President Reagan signed the act into law on October 9, 1984 (P. L. 98-502). The passage of the "Single Audit Act of 1984" was an important landmark in the audit of federal financial assistance programs administered by state and local governments.

The purpose of the law as stated in Section I is to (1) improve the financial management of state and local governments with respect to federal financial assistance programs; (2) establish uniform requirements for audits of federal financial assistance provided to state and local governments; (3) promote the efficient and effective use of audit resources; and (4) ensure that federal departments and agencies, to the maximum extent practicable, rely upon and use audit work done pursuant to the single audit. The law also contains uniform audit and reporting requirements concerning the audit of state, local, and Indian tribal governments. (AFMD-84-21, Mar. 14, 1984)

Budgeting for Capital Investments

In a 1981 report on federal capital budgeting, we reported that the federal government needs to pay special attention to planning, budgeting, and managing such assets. We believed this was important because decisions made in the 1980's would determine, in part, the future of the nation's infrastructure and the nature of the economy it could support in the decades ahead. We made several recommendations to help achieve that end. Several bills were introduced during the Ninety-eighth Congress requiring the President's annual budget submissions to include identification and analysis of long-range capital investments, assessments of capital investment needs, and policies and other factors impacting on capital investment needs. All of the bills were generally directed at alleviating the problems to which the recommendations were addressed. Hearings were held by House and Senate Committees. We testified several times in support of these bills and also commented on them formally. On October 19, 1984, the President signed Public Law 98-501, which addresses most of the recommendations we made in the 1981 report. (PAD-81-19, Feb. 26, 1981)

Improving Census Counts

Compiling a national mailing list prior to census day is critical to ensuring as complete a count as possible. However, inflation and housing growth could push the cost of compiling a mailing list for the 1990 census to over \$40 million if current Census Bureau methods are used again. Our analysis showed that obtaining addresses directly from the Postal Service could significantly reduce this amount. Therefore, to facilitate pilot tests of this alternative, we recommended that the Congress enact legislation that (1) specifically authorizes the Postal Service to provide the Census Bureau address information; and (2) protects the confidentiality of address information provided to the Census Bureau by the Postal Service. The Congress did so in fiscal year 1984 appropriations legislation for the Departments of Commerce, Justice, State and the Judiciary. (P. L. 98-166, Nov. 28, 1983) (GGD-82-13, Feb. 22, 1982)

Economic Implications of the Fair Insurance Practices Act

In April 1984, we recommended that the Congress consider amending the proposed Fair Insurance Practices Act (H. R. 100 and S. 372) so as to reduce its adverse economic effects. Specifically, we recommended that the Congress consider eliminating the applicability of the bill to existing life insurance contracts, and extending the transition period (before the bill becomes effective) from 90 days to at least 1 year. Representative Florio introduced an amended version of the bill in committee embodying these two changes, as well as others. The House Energy and Commerce Committee reported the bill on March 28, 1984, eliminating virtually all the adverse economic effects identified in our report. No further action was taken on either bill. (OCE-84-1, Apr. 4, 1984)

Improving the Operation of the Secondary Market for Loans Guaranteed by Small Business Administration (SBA)

In an April 1983 report entitled "SBA's 7(a) Loan Guarantee Program: An Assessment of Its Role in the Financial Market," we made several recommendations for improving the effectiveness of the secondary market in SBA guaranteed loans to make more funds available to small businesses at lower costs. Our recommendations included (1) formalizing

the goals and objectives for the secondary market process, (2) developing better recordkeeping procedures, (3) increasing the availability of fixed-rate financing to small businesses through such techniques as loan pooling, (4) developing more standardized accounting practices for remitting payments to secondary market investors.

These recommendations were included in legislation designed to improve the operation of the secondary market for SBA guaranteed loans. On March 6, 1984, GAO testified in support of this bill, S. 2375, which was subsequently signed into law on July 10, 1984. (P. L. 98-352). This law makes changes to SBA's secondary market operations that are consistent with our recommendations. (RCED-83-96, Apr. 25, 1983)

Effects on Users of Commercializing Landsat Satellite System

In March 1983, the Administration proposed to transfer the National Oceanic and Atmospheric Administration's land-observing satellite system (called Landsat) to the private sector. Our February 1984 report discussed how Landsat data is used worldwide and how the commercial operation of the satellite system might affect users. We suggested that, in considering legislation to authorize a sale, the Congress should consider whether the sales terms proposed by the Administration adequately protect the interests of Landsat users in the United States and abroad.

On July 17, 1984, the President signed Public Law 98-365 authorizing the commercialization of Landsat. The law requires that any contract entered into for the sale of Landsat to the private sector must provide that the contractor will offer to sell and deliver unprocessed remote-sensing data to all potential buyers on a nondiscriminatory basis, assure continuous data availability to the federal government, and continue to supply unprocessed data to foreign ground stations in accordance with the terms of existing agreements between the U.S. government and the foreign ground stations. The law also requires that the satellite system must be operated in a manner to preserve and promote the national security of the United States.

Our February 1984 report suggested that the Congress also consider whether a phased approach to the private operation of Landsat, beginning with

the data distribution functions, should be an alternative to control of the whole system, which includes the satellite and the ground operations. Public Law 98-365 provides a framework for phased commercialization of land remote sensing operations.

RCED-84-93, Feb. 24, 1984)

Health

Protecting Medicare and Medicaid Patients from Health Practitioners Who Lose Their Licenses

We found that Medicare and Medicaid patients were treated by health practitioners (doctors, dentists, podiatrists, etc.) who lost their licenses in one state because they failed to meet minimum professional standards. The practitioners simply moved to another state where they held a license and continued to practice. The Department of Health and Human Services did not have authority to nationally exclude from participation in the programs practitioners who lose their licenses in one state, and we believed it should be given this authority. We also identified three other gaps in the Department's exclusion authority. We recommended that the Department expand its planned legislation proposal on exclusion authority to eliminate the four gaps we identified.

Bills were introduced in both Houses of the Congress (S. 2744 and H. R. 5989) that would eliminate the gaps in exclusion authority we identified. We testified at a September 18, 1984 hearing on H. R. 5989, and this bill was favorably reported (H. Report 98-1102, Part 1) by the House Committee on Ways and Means on September 26, 1984. No further legislative action was taken. (HRD-84-53, May 1, 1984)

Improving Indian Health

In 1980, we reported that many Indian tribes and Alaskan Native communities were not adequately maintaining water and sanitation systems constructed by the Indian Health Service (IHS). Formerly, IHS assisted the tribes in maintaining these systems; however, in 1976, the Department of Health and Human Services determined that IHS lacked legislative authority to maintain water and sanitation systems transferred to tribes and communities. Lack of maintenance could result in a (1)

Chapter Two-Section One

Recommendations Acted Upon FY 1984

loss of significant capital investment by IHS due to lack of maintenance, and (2) greater burden on the IHS health care system due to deteriorating health caused by inadequate water and sanitation facilities. GAO recommended that the authorities and responsibilities of IHS for maintaining transferred sanitation facilities under the Indian Sanitation Facilities Act (42 U.S.C. 2004a) be specifically addressed.

On September 14, 1984, the House of Representatives passed H. R. 4567, which authorized the Secretary of Health and Human Services to provide technical and financial assistance for the operation, maintenance, and emergency repair of tribal sanitation facilities. H. R. 4567 was subsequently incorporated into S. 2166 which stated that, to clarify the powers conferred by 42 U.S.C. 2004a, the Secretary, acting through IHS, is authorized to provide operation and maintenance assistance for and emergency repairs to tribal sanitation facilities when necessary to avoid a health hazard or protect the federal investment in sanitation facilities. (HRD-80-14, July 28, 1980)

Income Security

Amendments to the Longshoremen's and Harbor Workers' Compensation Act

We reported (1) the unclear jurisdiction of the Longshoremen's and Harbor Workers' Compensation Act has resulted in much litigation and has made insurers reluctant to provide workers' compensation coverage and (2) some employers and insurance carriers had limited their liability for certain compensation payments by obtaining relief from a special fund that assumed liability for these payments. In the latter case, the Department of Labor stated that it lacked the resources to challenge claims against the fund. We recommended that the Congress consider (1) defining the act's jurisdiction as explicitly as possible, (2) permitting the contributors to the special fund to challenge questionable claims, and (3) more clearly defining the circumstances under which the fund should assume liability for employees' compensation payments.

On September 28, 1984, the President signed S. 38, the Longshore and Harbor Workers' Compensation Act Amendments of 1984, into law (P. L. 98-426). The amendments clarified jurisdiction under the act

and revised the formula upon which contributions are made to the fund. (HRD-82-25, Apr. 1, 1982)

Need To Improve Verification of Welfare and Unemployment Insurance Recipients' Income and Assets

On July 18, 1984, the President signed H. R. 4170, the Deficit Reduction Act of 1984, into law (P. L. 98-369). Section 2651 of the law requires that income and eligibility verification systems be established in the Aid to Families with Dependent Children, Social Security Administration, Food Stamp, Medicaid, and Unemployment Insurance programs, and in programs administered by the Territories under titles I, X, XIV, and XVI of the Social Security Act. This new law implements the following recommendations we made to the Congress:

- Require all states to collect individual wage data on a quarterly basis for use in their unemployment insurance programs and in federally funded, needs-based programs.
- Require the disclosure of wage and other income information from the Social Security Administration and the Internal Revenue Service for use in selected needs-based programs.
- Require that social security numbers be obtained for applicants and recipients in additional programs. (HRD-82-9, Jan. 14, 1982; RCED-83-40, Feb. 4, 1983; GAO testimony, Mar. 24, 1982, and Apr. 20, 1983, House Committee on Agriculture, and Mar. 29, 1982, Senate Committee on Agriculture, Nutrition, and Forestry)

Techniques for Collecting Overissued Food Stamp Benefits Should Be Improved

In fiscal year 1981 and 1982, states collected only about 1 cent of every overissued food stamp dollar. The Omnibus Budget Reconciliation Act of 1981 provides states with financial incentives and improved methods to increase collections. However, trying to recover overissuances from those no longer participating in the Food Stamp Program is still a particularly difficult task. We recommended that the Congress require states to promptly take all necessary steps to recover overissuances from households no longer in the program.

The Deficit Reduction Act of 1984 (P. L. 98-369, July 18, 1984), authorizes the U.S. Department of the Treasury to recover overissued food stamp benefits by offsetting them against federal income

tax refunds. Also, S. 1993, introduced in October 1983, would authorize states to intercept unemployment compensation benefits.

(RCED-83-40, Feb. 4, 1983; GAO testimony, Apr. 20, 1983, House Committee on Agriculture, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, and Apr. 25, 1984, Senate Committee on Agriculture, Nutrition, and Forestry)

Authority To Recover Food Stamp Benefit Overissuances Through Allotment Reduction Should Be Extended to Agency Errors

The Congress recognized the need for more effective ways for states to collect on claims resulting from overissuances of food stamp benefits and, in the Omnibus Budget Reconciliation Act of 1981, required states to use recoupment; that is, to recover overissuances from current program participants by reducing their monthly benefits. However, this procedure was authorized only in the case of participant-caused overissuance: it may not be used to collect overissuances caused by the food stamp agency unless the participant agrees. We recommended that the Congress amend food stamp legislation to require states to recover overissuances by reducing monthly benefits of participating households regardless of the reason for the improper issuance. Such a change would make the Food Stamp Program's recoupment authority comparable to that of the Aid to Families with Dependent Children program.

S. 1993, introduced in October 1983, would extend mandatory recoupment authority to agency-caused errors as GAO has recommended. The Senate Agriculture Subcommittee on Nutrition held hearings on this legislation in April 1984.

(RCED-83-40, Feb. 4, 1983; GAO testimony Apr. 20, 1983, House Committee on Agriculture, and Apr. 25, 1984, Senate Committee on Agriculture, Nutrition, and Forestry)

States Should Be Given Greater Incentive To Reduce Their Food Stamp Program Error Rates

Errors made in determining applicants' eligibility for food stamps and in calculating participant benefits cost the federal government about \$1 billion a year, according to the most recent data available. To reduce these losses, the Congress in 1980 established an error rate sanction system to hold states accountable for some part of incorrect benefit is-

suances. Acting on a GAO recommendation, the Congress in 1982 passed legislation to set more stringent error rate goals (tolerances) and reduce federal reimbursement of state administrative expenses in cases where state error rates exceed those goals. Although the 1982 legislation increased state liability for errors, the procedure used does not hold states accountable for the entire amount by which they exceed error rate goals. Also, the Food Stamp Program has more lenient error rate goals than do other income security programs, such as Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI).

H. R. 5151, which passed the House on August 1, 1984, and S. 1993, introduced in October 1983, would make states liable for the entire amount by which they exceed error rate goals. Both bills also would make Food Stamp Program error rate goals comparable to those in AFDC and SSI. The Senate did not act on either bill.

(RCED-84-155, Apr. 25, 1984; GAO testimony, Mar. 24, 1982, House Committee on Agriculture, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, and Mar. 29, 1982, and Apr. 25, 1984, Senate Committee on Agriculture, Nutrition, and Forestry)

States Need Independent Information on the Unearned Income of Food Stamp Program Participants

Although states are required to verify the earned income of Food Stamp Program participants, they have not been required to verify, and have not had an effective means of verifying, participant information on unearned income. In fact, states have been denied access to Internal Revenue Service (IRS) and Social Security Administration (SSA) data which could be used to verify unearned income, such as interest, dividends, and certain retirement income. We recommended that the Congress remove certain legislative restrictions on the use of IRS and SSA data for verifying the income and related assets of participants in the Food Stamp and other needs-based programs. These data could then be used to verify unearned income and to serve as an indicator of whether the assets which generate that income fall within program eligibility guidelines.

The Deficit Reduction Act of 1984 (P. L. 98-369, July 18, 1984) makes IRS data on unearned income

Chapter Two-Section One

Recommendations Acted Upon FY 1984

available to states administering needs-based income security programs. H. R. 5151, which passed the House in August 1984, and S. 1993, introduced in October 1983, would require states to use this newly available data to verify information. (HRD-82-9, Jan. 14, 1982; RCED-83-40, Feb. 4, 1983; GAO testimony, Mar. 24, 1982, and Apr. 20, 1983, House Committee on Agriculture, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, and Mar. 29, 1982, Senate Committee on Agriculture, Nutrition, and Forestry)

International Affairs

Better Management of Commodity Import Programs

In February 1984, we recommended that the Agency for International Development strengthen the accounting, monitoring, and use of local currencies generated from the sale of U.S.-financed commodities. As a result, the House passed the Foreign Assistance Authorization for fiscal year 1985, which contains a provision requiring greater control over these currencies. The Senate did not act on this provision.

(NSIAD-84-47, Feb. 29, 1984)

Deobligation of Funds

In January 1983, we recommended that the Agency for International Development take action to identify problem projects, make the necessary corrections, and, if warranted, deobligate the unliquidated balances. In its reports on the Foreign Assistance Appropriations Act for fiscal year 1985, the Senate Appropriations Committee noted that our recommendations reflected its views. (S. Rept. 98-531) Furthermore, the committee was encouraged that the agency had followed up on the recommendations by taking a number of concrete steps, including the establishment of uniform criteria for identifying problem projects.

(ID-82-14, May 26, 1982)

Clarifying the Mandate for the Export-Import Bank of the United States

In a June 1981 report, we pointed out that the financial condition of the Export-Import Bank of the United States (Eximbank) was deteriorating. Eximbank was attempting to match the the financing terms of its foreign competitors in a period of unus-

ually high domestic interest rates. As a result, the Bank's average borrowing costs were exceeding its lending rates by several percentage points, threatening losses and Eximbank's traditional self-sufficiency. We recommended that the Congress either direct Eximbank to emphasize its statutory mandate to be competitive or its traditional policy to be self-sufficient. On November 30, 1983 the Congress enacted the fiscal year 1984 Supplemental Appropriations bill (P. L. 98-181) clarifying that the bank's primary function was to expand U.S. exports through fully competitive financing. (ID-81-48, June 24, 1981)

Reducing Export Control Regulations

The Export Administration Act of 1979 authorizes the Secretary of Commerce, in consultation with other departments and agencies, to control exports of certain commercial items for national security, foreign policy, and short supply purposes. Commercial technologies and products considered useful to adversaries comprise the largest category of controlled exports.

Our 1982 report concluded that industry is required to obtain export licenses for many more products than is necessary to protect national security. We recommended technical changes in licensing regulations that could eliminate almost half the export license applications received each year without affecting national security. We also identified a means of further reducing licensing requirements to close U.S. allies. H. R. 3231, which passed the House on October 27, 1983, would eliminate licensing requirements to close U.S. allies. The Senate passed a comparable bill, S. 979, but neither bill was enacted.

(ID-82-14, May 26, 1982)

National Defense

Alternatives to the Navy's Fiscal Year 1984 Shipbuilding and Conversion Budget Requests

In September 1983, we suggested that the Navy's budget request for the ship programs was excessive because

- budgeted amounts for fleet oilers, hospital ships, and fast logistics ships were overstated;
- the price of an underway replenishment ship, purchased from the United Kingdom, was lower

than Navy's fiscal year 1984 budget submission due to the prevailing favorable exchange rate;

- the actual cost of service craft already purchased in fiscal years 1983 and 1984 was less than the amounts the Navy budgeted for these crafts;
- alternative ships to those chosen for the survey ship program may be available from the commercial fleet, thus eliminating the need for the Navy's use of Ready Reserve Force ships; and
- Navy's decision to use actual rather than a stabilized labor rate for the reactivation of the U.S.S. New Jersey reduced the Navy's Industrial Fund.

Our analysis of the House Appropriations Committee report (98-427), the Senate Appropriations Committee report (S. Rept. 98-292), and the Conference Committee report (H. Rept. 98-567) disclosed that reductions totaling \$119.4 million were made to DOD's fiscal year 1984 budget based on the information GAO provided.

(GAO letter to Chairman, Subcommittee on Defense, House Committee on Appropriations, Sept. 9, 1983)

Reductions in DOD's Ammunition Procurement and Production Base Programs

The Chairmen, Subcommittees on Defense, House and Senate Committees on Appropriations, asked GAO to assist them by reviewing the military services' budgeted requests for ammunition and modernizing ammunition production facilities.

In September 1983, we recommended budget reductions on numerous lines, on the basis of delivery schedule slippages, excess inventory, production efficiencies, and updated cost estimates. The reports of the House Committee on Appropriations (H. Rept. 98-427, Oct. 20, 1983) and Senate Committee on Appropriations (S. Rept. 98-292, Nov. 1, 1983) cited GAO's work and made reductions on the basis of our findings and recommendations. The Committee of Conference of the House and Senate (H. Rept. 98-567, Nov. 18, 1983) reduced the services' budget requests by \$440.4 million.
(NSIAD-83-11, Sept. 28, 1983)

Army Implementation of its Mobil Subscriber Equipment Program

As a result of a briefing provided by GAO on June 5, 1984, the Subcommittee on Defense, House Appropriations Committee, decided to limit funding for

the Army's Mobil Subscriber Equipment Program. This program concerns the operation of a battlefield radio telephone system.

At the committee's request, GAO had reviewed the program and found potential interoperability problems, questionable claimed personnel savings, questionable planning and cost information, and inadequate program documentation. Based on these observations, the Subcommittee decided the program should not be funded for full implementation until the Army has more time to fully evaluate the program while implementing it on a limited basis.

At the Subcommittee's request, GAO provided language for the Army's 1985 appropriations bill relating to this program. As a result of GAO's work, the Subcommittee reduced the \$110 million request by the Army for this program to \$55 million in its mark-up of the bill and required that the Army complete user evaluations before it makes further procurements under the program. Following the conference on the continuing resolution, approximately \$63 million was finally provided.

(P. L. 98-473, Oct. 12, 1984) A GAO letter also refers to problems in this program's implementation. (B-215307, Aug. 6, 1984)

Reforming the Federal Procurement System

The Office of Federal Procurement Policy (OFPP) was established in 1974 to provide overall direction and coordination of government procurement policy. Prior to OFPP's 1983 reauthorization, GAO made the following recommendations:

- Spell out management responsibilities for procurement system reforms.
- Provide the OFPP with decision authority to prescribe criteria for an acceptable procurement system.
- Set up a mechanism for conducting tests of innovative procurement concepts.

OFPP's reauthorization legislation, known as the Office of Federal Procurement Policy Act Amendments (P. L. 98-191, Dec. 1, 1983), included GAO's recommendations.

(PLRD-83-88, June 17, 1983)

Increasing Competition in Government Procurement

We have issued several reports demonstrating the need for less sole-source procurement and more com-

Chapter Two-Section One

Recommendations Acted Upon FY 1984

petition in federal contracting. We recommended limiting noncompetitive awards to specified circumstances, and strengthening requirements relating to advance procurement planning, market research, publicizing procurements using unsolicited proposals, and writing and approving justifications for noncompetitive procurement. We have also strongly supported provisions which (1) provide a statutory base for and strengthen GAO's bid protest procedures, (2) eliminate the negotiation exceptions and the preference for formally advertised procurement, (3) lower the threshold for submission of certified cost and pricing data from \$500,000 to \$100,000, and (4) require at least limited competition instead of sole-source for urgent procurements, whenever practicable.

The Competition in Contracting Act of 1984 (Title VII of P. L. 98-369, July 18, 1984) adopted many of our recommendations and made significant changes to defense and civil agency procurement statutes. (PLRD-82-40, Apr. 7, 1982; PLRD-81-45, July 29, 1981, PLRD 83-49; GAO statements on (1) S. 2127, June 29, 1982, Senate Committee on Governmental Affairs; (2) S. 338, June 7, 1983, Senate Committee on Armed Services; and (3) H. R. 5184, Mar. 27, 1984, House Committee on Government Operations; GAO comments on S. 338, Mar. 11, 1983, and Feb. 24, 1984)

Use of Computers To Manage DOD Procurements

The Senate Armed Services Committee was concerned because of reports and press accounts that the Defense Department was paying exorbitant prices for spare parts. As part of its overall review of DOD's spare parts practices, the Committee asked GAO to examine DOD's use of computers to manage the procurement process. We testified that DOD had made limited use of computer capabilities to identify and prevent unwarranted price increases. We offered "for the Committee's consideration" several proposals for automating (1) information on what products "should cost," (2) contractor and item profiles, (3) bidders' lists, (4) lay versions of technical data, and (5) contract document preparation. As a result of our testimony, the Committee established a task force in March 1984 to study spare parts procurement procedures. The task force has recommended implementation of GAO's proposal dealing with variable quantities and prices by in-

cluding necessary language in S. 2723, the Omnibus Defense Authorization Act. (GAO testimony Oct. 26, 1983, Senate Armed Services Committee)

Tuition Rates Charged Foreign Governments for Military Training Should Be Revised

The House Committee on Foreign Affairs asked that we review an administration proposal for price changes for foreign military training. The proposal would have allowed wealthy as well as poor nations to buy less expensive training and would have been inconsistent with the legislative provision which requires full cost recovery and resulted in an estimated loss of revenues totaling \$38 million during fiscal year 1984. Our February 1984 report recommended that the Congress amend the Arms Export Control Act to establish a single pricing structure for all training provided under the Foreign Military Sales (FMS) program, based on full cost determined in accordance with generally accepted accounting principles. Based on the information contained in the report, the Senate Committee on Foreign Relations Committee report on S. 2582 (S. Rept. 98-400, Apr. 18, 1984) disapproved an Administration proposal to revise legislation regarding training tuition rates. (NSIAD-84-61, Feb. 21, 1984)

Establishment of a National Space Council

In a November 1983 report on the implications of joint NASA/DOD participation in space shuttle operations, we pointed out that there was a rapidly developing interdependence between NASA and DOD which could circumvent the intent of the 1958 Space Act. Further, we indicated that this was a matter of serious concern to the Office of Technology Assessment (OTA), which recommended reestablishment of a mechanism similar to the disbanded National Aeronautics and Space Council. We agreed with the need to obtain such high-level attention to space matters for balanced agency interaction. In this regard, we recommended that the Congress require such a mechanism to be reestablished. On July 16, 1984, the Congress enacted Public Law 98-361, which required that a space council be established. (NSIAD-84-13, Nov. 7, 1983)

Disposition of Consumer Protection After the Civil Aeronautics Board Sunsets

The 1978 Airline Deregulation Act established a schedule to phase out the Civil Aeronautics Board's

(CAB) economic regulation of domestic transportation, culminating with the sunset (termination) of CAB on January 1, 1985. The act, however, left uncertain the future of CAB's consumer protection functions and regulations and the status of federal preemption after CAB sunsets. This uncertainty would likely lead to a decline in consumer protection and a potential increase in litigation.

On March 13, 1984, GAO testified before the Subcommittee on Aviation, House Committee on Public Works and Transportation, that without specific legislation clarifying the disposition of CAB's consumer protection functions and regulations, some functions would lapse, while other functions might continue, but without an agency with authority to enforce them. GAO also concluded that legislation was needed to clarify the status and scope of federal preemption to avoid proliferation of state laws.

H. R. 5297, which passed the House on June 5, 1984, and the Senate on August 8, 1984, would transfer all of CAB's consumer functions and regulations to the Department of Transportation. The bill also preserves the status of federal preemption as currently defined. In its report on H. R. 5297, the House Committee on Public Works and Transportation specifically cited GAO's testimony in concluding that legislation was needed to ensure adequate protection of consumers. (H. Rept. No. 98-793, May 21, 1984) The President signed this bill into law in October 1984. (P. L. 98-443, Oct. 4 1984 RCED-84-154, June 13, 1984)

Improving the Management of ICC's Enforcement Program

ICC's Enforcement Program ensures that carriers comply with appropriate statutes and regulations through the investigation of alleged violations and appropriate enforcement actions against violators. GAO found that (1) the program had no clear and consistent program goals in light of policy changes in regulatory reform legislation of 1980 and 1982 and (2) regional enforcement officials had limited ability to direct resources toward higher priority or more serious violation areas due to (A) the commission's directive to investigate and respond only to complaints and (B) a cutback in the number of regional staff.

Acting on our report and testimony, the Senate Appropriations Committee in its report on S. 2852, the

FY 85 Transportation Appropriations bill, recommended reductions in program staffing, stating that it "rescind(ed) its prior support of this program until the pervasive and serious deficiencies have been corrected." (S. Rept. 98-561, July 17, 1984) (RCED-84-131, May 24, 1984)

Veterans' Benefits

Cost Savings From Limiting Retroactive Awards of VA Disability Pension

Section 2501 of the Deficit Reduction Act of 1984 (P. L. 98-369, July 18, 1984) limited retroactive awards of Veteran's Administration (VA) non-service connected disability pension to veterans who, for a period of at least 30 days beginning on the date of their permanent and total disability, were prevented from applying for pension due to their disability. Previous law allowed retroactive awards to any eligible veteran for up to 1 year from the date the veteran applied for these benefits to the date the veteran became disabled.

In February 1984, we suggested that the Congress consider limiting retroactive pension awards to veterans whose disabilities prevented them from applying for benefits. We estimated that \$31 million in benefit payments might be saved. (HRD-84-15, Feb. 27, 1984)

Reducing Delays in Medical Facility Construction Projects

In December 1981, we reported that the time it takes to complete medical facility construction projects could be reduced by up to 15 months by allowing the VA to contract for final design work while the Congress reviews the projects. Although this would reduce project costs by minimizing the effects of inflation, there would be the added risk that if the Congress did not approve or fund a project so designated, the final design costs would be wasted. On March 2, 1984, Public Law 98-223 was enacted, authorizing VA to use up to \$25 million in fiscal years 1984 and 1985 to begin final design work on construction projects expected to be funded in fiscal years 1985 and 1986. Recognizing the risks we pointed out, the Congress limited the authorization to the 2 fiscal years and attached other limitations. (HRD-82-28, Dec. 30, 1981)

Chapter Two—Section Two

**Open Legislative Recommendations Made During the
Fiscal Year Ended September 30, 1984**

Chapter Two-Section Two

Open Recommendations Made During FY 1984

Energy

The Congress may wish to amend the Energy Reorganization Act of 1974 to enhance congressional and public awareness of the Nuclear Regulatory Commission's (NRC) progress on nuclear power plant generic issues by

- expanding current reporting requirements to include all safety-related generic issues assigned a high-priority ranking and
- requiring summary information in NRC's annual report on the total number of generic issues identified, resolved, implemented, and completed at all affected plants.

(RCED-84-149, Sept. 19, 1984)

Committee jurisdiction:

Senate: Environment and Public Works

House: Energy and Commerce

Interior and Insular Affairs

To meet the emergency needs of existing mining operations, we recommended that the Congress amend the Mineral Lands Leasing Act of 1920, as amended, to authorize the Secretary of the Interior to conduct emergency federal coal-leasing using negotiated lease sale procedures. The legislation should provide for (1) a statement of objectives to be achieved through emergency leasing; (2) opportunity for public comment and expressions of competitive leasing interest before conducting negotiated sales; (3) development of guidelines by the Secretary for negotiators to follow which, at a minimum, provide for access to economic and geologic data, disclosure and protection of proprietary information, factors to consider in negotiating lease terms and reasonable value for the federal coal, and public disclosure of lease sale results; and (4) promulgation of regulations by the Secretary for designing and implementing an emergency coal-leasing program consistent with its objectives and the above standards.

(RCED-84-17, Aug. 2, 1984)

Committee jurisdiction:

Senate: Energy and Natural Resources

House: Interior and Insular Affairs

The Congress may wish to consider whether legislation is needed to provide for stronger central control of the federal response to a nuclear power plant emergency. If such central control is to be established, any proposed legislation would need to designate a federal agency to exercise the control. The

proposed legislation should also provide the controlling agency the authority to require periodic exercises of the federal response plan in each region in conjunction with state and local exercises.

(RCED-84-43, Aug. 1, 1984)

Committee jurisdiction:

Senate: Environment and Public Works

House: Energy and Commerce

Interior and Insular Affairs

General Government

Offices of Inspector General have been established to be independent audit and investigative organizations in most federal departments and major agencies. Various provisions of the legislation are designed to protect the independent status of the Inspectors General in planning, conducting, and reporting on government fraud, waste, and abuse. However, audits and investigations are subject to agency controls through the budget process when the Office of Inspector General is funded as part of an overall agency management account, rather than a separate appropriation account. To preclude agency management from reprogramming funds out of the Inspector General budget during the fiscal year, the Congress should specify a funding floor for Office of Inspector General activities when those funds are commingled with funds for other management activities.

(AFMD-84-78, Sept. 26, 1984)

Committee jurisdiction:

Senate: Appropriations

House: Appropriations

The Edge Act enables commercial banks to engage in international banking and financial operations. Edge Act corporations are required by law to be examined annually. Federally licensed branches and agencies of foreign banks are subject to a similar requirement.

These requirements were established by the Congress when U.S. banks had little experience with international financial activities. Since then, banks have gained considerable experience, and most Edge Act corporations and federally licensed branches and agencies of foreign banks are in good condition.

Because of the rising number of poorly rated domestic commercial banks, it is increasingly impor-

Chapter Two-Section Two

Open Recommendations Made During FY 1984

tant to direct relatively scarce bank examination resources to those financial institutions in poor condition. Accordingly, GAO recommended that the requirements for annual examinations of Edge Act corporations and for federal licensed branches and agencies be removed.

(GGD-84-39, July 11, 1984)

Committee jurisdiction:

Senate: Banking, Housing, and Urban Affairs

House: Banking, Finance and Urban Affairs

IRS cannot now provide the Congress with data which will reasonably ensure that the potential adverse effects of taxpayer assistance program cutbacks will not exceed the cost reductions to be achieved. Therefore, given the potential risks associated with further program cutbacks—especially a possible decline in voluntary compliance levels—the Congress should continue to provide IRS with funds to operate telephone, walk-in, and correspondence assistance programs. In deciding on the level of funding for future appropriations, the Congress should consider the information presented in our report on (1) the accuracy, availability, and timeliness of service being provided at current funding levels, and (2) kinds of assistance needed as identified by users of IRS' various programs.

(GGD-84-13 Apr. 5, 1984)

Committee jurisdiction:

Senate: Appropriations

House: Appropriations

In view of progress to date in implementing the objectives of the Paperwork Reduction Act, the Congress should reauthorize funding for the act and the Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs. Further, in its deliberations, the Congress and the appropriate congressional committees should explore with the OMB Director whether the progress to date meets congressional expectations and whether additional resources should be approved to speed progress in implementing the act.

(IMTEC-84-24, Sept. 7, 1984)

Committee jurisdiction:

Senate: Governmental Affairs

House: Government Operations

The Congress should enact into permanent law the restrictions on indirect or "grass roots" lobbying with appropriated funds that are now included annually in appropriations bills. Permanent legisla-

tion would encourage agencies to issue interpretive guidance to their employees, and ensure that the restrictions remain in effect even when parts of the government are operating under a continuing resolution.

(GGD-84-46, Mar. 20, 1984)

Committee jurisdiction:

Senate: Governmental Affairs, Appropriations

House: Government Operations, Appropriations

There are a number of proposals being considered to reorganize the federal structure for regulating financial institutions. In making its judgments on these proposals, the Congress should consider that a coordinating mechanism such as the Federal Financial Institutions Examinations Council has not been effective in dealing with major policy differences in the examination process.

(GGD-84-4, Feb. 3, 1984)

Committee jurisdiction:

Senate: Banking, Housing,
and Urban Affairs

House: Banking, Finance
and Urban Affairs

Health

The Congress should consider amending the Federal Food, Drug and Cosmetic Act to provide FDA authority to detain food products suspected of being adulterated and to review manufacturers' production and distribution records of adulterated products. Also, the Congress should consider increasing the maximum fine associated with criminal prosecutions for persons or firms convicted of violating provisions of the act.

(HRD-84-61, Sept. 26, 1984)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

Income Security

To reduce the deficit of the Employee Retirement Income Security Act's single-employer private pension plan insurance program, the Congress should amend the act to (1) require sponsors which remain in business to assume full liability for their terminated plan's unfunded benefits and (2) provide program authority to recover unfunded benefits from other employers which sponsored a plan

within a reasonable time before its termination.
(HRD-84-5, Nov. 14, 1983)

Committee jurisdiction:

Senate: Finance
Labor and Human Resources
House: Education and Labor
Ways and Means
Joint: Taxation

International Affairs

Because some countries who are now requesting trade offsets are also receiving foreign military sales credit or grant assistance from the United States, the Congress may want to consider the need to direct the Administration to institute a policy to resist offset demands by foreign governments when FMS credits or grants are involved in the sales. Exceptions to this general rule might be made for foreign policy considerations.

(NSIAD-84-102, Apr. 13, 1984)

Committee jurisdiction:

Senate: Banking, Housing, and Urban Affairs
House: Banking, Finance and Urban Affairs

National Defense

Because of likely increases in U.S. stationing costs in Europe, the Congress may want to consider the need for more detailed information from DOD concerning (1) the costs of stationing U.S. forces in Europe and maintaining reinforcements in the United States, as well as alternative strategies for meeting the U.S. commitment to NATO; and (2) direct and indirect contributions by other NATO allies which would reduce U.S. stationing costs or the need for deploying U.S. forces in Europe.

(NSIAD-84-130, July 31, 1984)

Committee jurisdiction:

Senate: Appropriations, Armed Forces
House: Appropriations, Armed Forces

The Federal Acquisition Regulation (FAR) contains the criteria for determining what is and what is not an allowable contract cost. Several FAR cost categories, in a general way, relate to defense contractors' public relations activities. Criteria for determining which of these public relations costs are allowable, however, are ambiguous and are causing inconsistent interpretation. We recommended, in testimony to the Congress, that FAR criteria on the

allowability of public relations costs be clarified. (Testimony before the House Government Operations Subcommittee on Legislation and National Security, July 25, 1984)

Committee jurisdiction:

Senate: Governmental Affairs
House: Government Operations

In order to assure that the full cost of a weapons system is presented for its decision, the Congress should require that DOD certify that cost estimates it reports represent the total cost for the weapons systems program. Programs in danger of breaching these estimates should undergo a rigorous evaluation by DOD and the Congress.

(NSIAD-84-70, May 27, 1984)

Committee jurisdiction:

Senate: Governmental Affairs
House: Government Operations

In order to curtail the Arms Control and Disarmament Agency's (ACDA) practice of diverting research funding to meet other needs, the Congress should consider specifically designating a portion of ACDA's funds for research program use. This action would better ensure that ACDA complies with its responsibilities under the Arms Control and Disarmament Act and Executive Order 11044, which details its responsibilities for coordinating all federal arms control research.

(NSIAD-84-19, Apr. 11, 1984)

Committee jurisdiction:

Senate: Foreign Relations
House: Foreign Affairs

The Congress should consider amending the Arms Export Control Act to establish a single pricing structure for all training provided under the Foreign Military Sales (FMS) program, based on full cost determined in accordance with generally accepted accounting principles. If the Congress desires some countries or groups of countries to be able to purchase training under the FMS program at less than the full cost because of political or national security reasons, it should provide guidelines for discounting prices in those cases and require disclosure of the costs waived.

In the interest of congressional oversight and sound management, the Congress could take legislative action to completely fund the full cost of the International Military Education and Training (IMET) grant program under the Foreign Assistance Ap-

Chapter Two-Section Two

Open Recommendations Made During FY 1984

propriation Act rather than under both the Foreign Assistance Appropriation Act and the Defense Appropriation Act, as is the current practice. Alternatively, the Congress should consider amending the Foreign Assistance Act to provide for disclosure of all unreimbursed costs of the IMET program. (NSIAD-84-13, Nov. 7, 1983)

Committee jurisdiction:

Senate: Foreign Relations, Appropriations

House: Foreign Affairs, Appropriations

Natural Resources and Environment

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund) gave the Department of Health and Human Services (HHS) considerable latitude concerning how it could implement its health-related responsibilities. HHS' progress in implementing its planned Superfund activities has been adversely affected by funding delays and staffing limitations. Furthermore, the legislation and its history do not clearly define congressional expectations in two key areas—the development and maintenance of registries and the provision of medical care for persons exposed to toxic substances.

We recommended that the Congress consider HHS' progress concerning Superfund health-related activities and determine whether changes are needed in how these activities are funded and staffed and whether legislative expectations regarding registries and health care should be clarified. (HRD-84-62, Sept. 28, 1984)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

The Steel Industry Compliance Extension Act of 1981, was designed to encourage modernization of steel facilities for deferring funding of new pollution control equipment for 3 years. Qualified companies were required to invest the deferred funds in plant modernization. GAO found that the program may have been hindered by the requirements that companies had to meet to participate in the program. GAO recommended that, in considering future legislation which extends pollution compliance requirements, the Congress specifically define the criteria that EPA or other agencies should use to determine program eligibility.

(RCED-84-103, Sept. 5, 1984)

Committee jurisdiction:

Senate: Environment and Public Works

House: Energy and Commerce

Before the Congress enacts legislation to create additional eastern wilderness areas, it may wish to: (1) consider the extent and development potential of private mineral rights in these areas; and (2) specify whether the Forest Service should acquire mineral rights or allow mining in wilderness areas. (RCED-84-101, July 26, 1984)

Committee jurisdiction:

Senate: Energy and Natural Resources

House: Interior and Insular Affairs

The Congress should amend section 6(1) of the National Forest Management Act of 1976, 16 U.S.C. 1604(1), to require the Secretary of Agriculture to revise the annual reporting to the Congress on Forest Service activities to include an estimate of the number and volume of timber sales sold below cost, the amount lost on these sales, and the justification on a summary basis for making such sales.

(RCED-84-96, June 28, 1984)

Committee jurisdiction:

Senate: Agriculture, Nutrition, and Forestry

House: Agriculture

To better enable EPA to achieve the Toxic Substances Control Act's objectives regarding new chemicals, the Congress may wish to authorize the Environmental Protection Agency (EPA) to impose controls on new chemicals for which significant changes have occurred in their manufacture or use since they received premanufacture review, until sufficient data on the chemicals' effects are developed.

(RCED-84-84, June 15, 1984)

Committee jurisdiction:

Senate: Environment and Public Works

House: Energy and Commerce

To facilitate EPA's review of existing chemicals which may present unreasonable risks—as mandated by the Toxic Substances Control Act of 1976—the Congress should consider alternative actions to increase the number of chemicals considered for priority review.

(RCED-84-100, June 13, 1984)

Committee jurisdiction:

Senate: Environment and Public Works

House: Energy and Commerce

Some laws, such as the Clean Air and Clean Water Acts, prohibit or limit cost-benefit analysis results from being used in environmental rulemaking. The Congress may wish to examine the need for such restrictions in light of subsequent improvements in environmental protection and consider easing or eliminating such restrictions on a case-by-case basis.

(RCED-84-62, Apr. 6, 1984)

Committee jurisdiction:

Senate: Environment and Public Works

House: Public Works and Transportation

Chapter Two-Section Three

Open Recommendations from Prior Years

Administration of Justice

The Congress should amend the Probation Act (18 U.S.C. 3651) to specifically allow that reimbursements be made a condition of probation, when the court has determined that the defendant has the ability to repay court-appointed counsel. This will eliminate the inconsistent interpretation regarding the legality of making reimbursements a condition of probation and enhance the collection of reimbursements from defendants.

(GGD-83-18, Feb. 8, 1983)

Committee jurisdiction:

Senate: Judiciary

House: Judiciary

The Congress should amend 28 U.S.C. 1921 to give the Attorney General authority to periodically revise the fees that marshalls charge for serving civil process for private litigants in federal court, and require that the established fees provide full recovery of marshalls' actual operating costs to serve private civil process exclusive of the costs incurred to serve process of indigents.

(GGD-82-18, Apr. 22, 1982)

Committee jurisdiction:

Senate: Judiciary

House: Judiciary

Agriculture

The Congress should consider whether federal financial assistance should (1) continue to be provided to encourage wool production and/or (2) be provided to generally assist the sheep industry. If the federal wool program is retained, the Congress should eliminate payments to noncommercial producers and payments for unshorn lambs because these payments are not accomplishing their intended objectives.

(RCED-82-86, Aug. 2, 1982)

Committee jurisdiction:

Senate: Agriculture, Nutrition, and Forestry

Appropriations

Budget

House: Agriculture

Appropriations

Budget

Commerce and Housing Credit

If the Congress determines that competition in the

telecommunications market has developed to the extent that market forces eliminate the need for regulatory intervention, the Congress should amend section 309(d) of the Communications Act of 1934 as it pertains to applications for new station licenses to require that the Federal Communications Commission (FCC) not accept petitions to deny based on allegations of economic injury to existing licensees as well as other allegations unrelated to technical interference issues.

The Congress may also want to consider repealing those provisions of section 307(b) of the above act which require FCC to distribute licenses among states and communities to provide a fair, efficient, and equitable distribution of radio service, but which may no longer be necessary in a competitive market.

(RCED-83-90, Apr. 26, 1983)

Committee jurisdiction:

Senate: Commerce, Science, and Transportation

House: Energy and Commerce

To improve the FCC's program for regulating domestic telecommunications common carriers, the Congress should amend the Communications Act of 1934 to

- give FCC the authority to prescribe an interim tariff based on the cost data which a carrier submits in support of its tariff and
- give FCC regulatory authority over all interexchange telecommunications facilities and services.

(CED-81-136, Sept. 24, 1981)

Committee jurisdiction:

Senate: Commerce, Science, and Transportation

House: Energy and Commerce

Community and Economic Development

The Congress should reevaluate the Disaster Relief Act (P.L. 93-288) to clarify the extent to which supplemental federal assistance should be given in major disasters and emergencies.

The Congress should also consider amending the above act to require that, as a condition of receiving federal public disaster assistance, state and local governments obtain and maintain appropriate hazard and flood insurance as is reasonably available, adequate, and necessary to protect against the loss of public buildings, facilities, and equipment.

(CED-82-4, Dec. 7, 1981; CED-82-98, July 23, 1982)

Chapter Two-Section Three

Open Recommendations from Prior Years

Committee jurisdiction:

Senate: Environment and Public Works

House: Public Works and Transportation

The Congress should require the administering federal agency to establish program effectiveness criteria supported by a systematic data collection and evaluation effort to analyze the benefits and costs of the program if enterprise zone legislation is enacted.

(CED-82-78, July 15, 1982)

Committee jurisdiction:

Senate: Finance

House: Ways and Means

Education, Training, Employment, and Social Service

The Congress should consider repealing the Service Contract Act of 1965 and amending section 6(e) of the Fair Labor Standards Act to ensure continued federal minimum wage coverage for all employees of employers providing contract services to the United States or the District of Columbia.

(HRD-83-4, Jan. 31, 1983)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Education and Labor

The Congress should consider providing guidance to the Department of Health and Human Services to clarify the intent of section 1008 of the Public Health Service Act if it does not want title X funds to go to organizations providing abortions.

(HRD-82-106, Sept. 24, 1982)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

The Congress should consider amending black lung legislation to

- eliminate the use of affidavits to establish death or disability from pneumoconiosis,
- require that medical evidence be the basis for establishing the presence of pneumoconiosis and disability due to black lung,
- redefine black lung as coal workers' pneumoconiosis, a chronic dust disease arising out of coal mine employment that permanently damages the lungs.

(HRD-82-26, Jan. 19, 1982)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Education and Labor

The federal government has no policy covering the pensions of contractor employees who work at federal installations. If the Congress determines that the pension benefits of contractor employees who work for long periods of time at federal installations should be protected, it should direct the Administrator for Federal Procurement Policy to establish a government-wide policy and implement regulations to help ensure such protection. The Department of Energy's pension protection arrangements would provide a good model for such a policy.

(HRD-81-102, Sept. 3, 1981)

Committee jurisdiction:

Senate: Finance

Labor and Human Resources

House: Education and Labor

Ways and Means

Joint: Taxation

The Congress should reassess whether the Deputy Assistant Secretary for Population Affairs needs to administer all of the Department of Health and Human Services' family planning programs which provide for or authorize grants or contracts.

(HRD-81-68, June 19, 1981)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

The Congress should amend the Fair Labor Standards Act (29 U.S.C. 201, *et seq.* (1976)) to require that back wages resulting from violations of the act found to be due employees who cannot be located, be deposited in the U.S. Treasury as miscellaneous receipts.

(HRD-81-15, Jan. 30, 1981)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Education and Labor

The Congress should amend section 7 of the Service Contract Act of 1965 (41 U.S.C. 356 (1976)) to exclude act coverage for automatic data processing and other high-technology industries, commercial product-support services, i.e., services procured by the government from these industries on the basis of established market prices of commercial services sold in substantial quantities to the public.

(HRD-80-102, Sept. 16, 1980; HRD-80-102(A), Mar. 25, 1981)

Committee jurisdiction:

Senate: Governmental Affairs
Labor and Human Resources
House: Education and Labor
Government Operations

The Congress should repeal the Davis-Bacon Act and rescind the weekly payroll reporting requirement of the Copeland Anti-Kickback Act. The Congress should also repeal the provisions in the 77 related statutes which involve federally assisted construction projects and which require that wages paid to contractor employees should not be less than those determined by the Secretary of Labor to be prevailing in the locality in accordance with or pursuant to the Davis-Bacon Act.

(HRD-79-18, Apr. 27, 1979)

Committee jurisdiction:

Senate: Labor and Human Resources
House: Education and Labor

Energy

To increase the incentives for administrative law judges to expedite the hearing process, the Congress should amend the Administrative Procedures Act to

- require regulatory agencies, such as the Federal Energy Regulatory Commission, to develop administrative law judge performance standards and
- assign the responsibility for periodic performance evaluations to an organization other than the employing agency, such as the Office of Personnel Management or the Administrative Conference of the United States.

(RCED-83-51, June 10, 1983)

Committee jurisdiction:

Senate: Energy and Natural Resources
House: Energy and Commerce

The Congress should extend the mandate to experiment with alternative bidding systems in leasing offshore lands. The Outer Continental Shelf Lands Act Amendment of 1978 required the Department of the Interior to experiment with alternatives to the traditional bidding system in leasing offshore lands for oil and gas development. This experiment, extending over a 5-year period, ended in September 1983. The alternative systems are designed to reduce the amount of up-front money required by companies to obtain an offshore lease, in return for a greater share of the revenues from any follow-on production. We found that the initial effects of the

alternative systems on company participation and competition have generally paralleled or bettered the results of the traditional system, although up-front money required to obtain leases may not always be reduced. Accordingly, the Congress should amend the legislation to require the use of the alternative systems for an additional 5 years so that more information will be available to judge the overall merits.

(RCED-83-139, May 27, 1983)

Committee jurisdiction:

Senate: Energy and Natural Resources
House: Interior and Insular Affairs
Merchant Marine and Fisheries

The Congress should amend the Mineral Lands Leasing Act of 1920, as amended, to (1) authorize the Department of the Interior to negotiate captive or maintenance-type leases, and (2) require Interior to publish for public comment information derived at sequential phases in the lease negotiation process. To ensure public and industry awareness of the lease negotiation process and to provide ample opportunity for affected parties to influence the process, the Interior should be required to publish its (1) intent to negotiate a proposed maintenance lease, (2) decision to negotiate the lease as proposed and its evaluation of public comments, (3) intent to sell the lease and the proposed sale terms, and (4) decision to sell the lease as proposed, or under modified terms, and its evaluation of public comments.

To facilitate future evaluations of the negotiation process, we recommend that the Congress amend the Mineral Lands Leasing Act of 1920 to require that detailed records be kept of the negotiations, including evidence presented by government and industry representatives, and of its disposition.

(RCED-83-119, May 11, 1983)

Committee jurisdiction:

Senate: Energy and Natural Resources
House: Interior and Insular Affairs

The Congress should take legislative action to eliminate unneeded production rate-setting functions for offshore leases. The Department of the Interior requires offshore lease operators to submit information regarding the rate at which oil and gas can be produced from the leases they operate to Interior's Minerals Management Service (MMS). Data for three different production rates is currently

Chapter Two-Section Three

Open Recommendations from Prior Years

being requested and compiled by MMS. We found that most of the data being submitted was of little value and that one of the rates being calculated was not needed. Accordingly, the Congress should repeal section 606 of the Outer Continental Shelf Lands Act Amendments of 1978, which provides for the unneeded rate, to eliminate some of MMS' data gathering and reporting requirements.

(EMD-82-97, Sept. 10, 1982)

Committee jurisdiction:

Senate: Energy and Natural Resources

House: Interior and Insular Affairs
Merchant Marine and Fisheries

The Congress should designate the Nuclear Regulatory Commission (NRC) as the lead federal agency for developing and monitoring the implementation of a national policy for decommissioning of nuclear facilities and sites. The Congress should also ensure that the Department of Energy and the Department of Defense provide assistance and input to NRC in developing this policy. Pending such a designation by the Congress, GAO believes that each federal agency responsible for handling or licensing radioactive materials and facilities should act to strengthen its decommissioning program.

(EMD-82-40, May 25, 1982)

Committee jurisdiction:

Senate: Energy and Natural Resources
Environment and Public Works

House: Interior and Insular Affairs
Science and Technology

The Congress should (1) amend the Price-Anderson Act to provide as much protection for the Department of Energy's contractor activities as for licensed commercial operations and (2) amend the definition of a nuclear incident contained in the Atomic Energy Act of 1954 to include coverage for precautionary evacuations that result because a radioactive release appears imminent but then does not occur. The Congress should determine whether a new limit on liability needs to be set and whether the limit should be tied to an index to allow for periodic readjustment.

(EMD-81-111, Sept. 14, 1981)

Committee jurisdiction:

Senate: Energy and Natural Resources

House: Banking, Finance and Urban Affairs
Energy and Commerce
Interior and Insular Affairs
Science and Technology

The Congress should consider legislation requiring the Nuclear Regulatory Commission (NRC) to review and evaluate various Department of Energy nuclear facilities and processes, including plant operations, the contractor's safety analysis methodology and reports, and actions taken to mitigate hazards. These evaluations should also examine the adequacy of Energy's safety analysis document review. NRC should be required to report the results of its review and evaluation to the Congress within 1 year.

(EMD-81-108, Aug. 4, 1981)

Committee jurisdiction:

Senate: Energy and Natural Resources

House: Science and Technology

The Congress should consider establishing a statutory office of Inspector General at the Nuclear Regulatory Commission (NRC). Such an office could help ensure that the Congress and the Commissioners receive objective information on problems within NRC and might enhance public trust in the regulation of commercial nuclear power.

(EMD-81-72, July 9, 1981)

Committee jurisdiction:

Senate: Governmental Affairs

House: Government Operations

The Congress should determine whether it wishes to be excluded from reviewing decisions to close lands to mineral leasing. If not, the Congress should (1) amend section 202(e) of the Federal Land Policy and Management Act (FLPMA) to provide that management decisions closing lands to mineral leasing affecting smaller tracts be reported to the Congress and (2) amend section 3 of the Engle Act so that the withdrawal information for military applications conforms with FLPMA section 204(c)(2).

(EMD-81-40, Feb. 12, 1981)

Committee jurisdiction:

Senate: Energy and Natural Resources
Governmental Affairs

House: Government Operations
Public Works and Transportation

The Congress should enact new legislation on the issue of energy use and management in the federal sector to consolidate various existing laws. The legislation would

- require the President to develop and implement, through the Department of Energy (DOE), an aggressive and comprehensive Federal Energy Management Program and clearly define the roles,

authority, and responsibilities that DOE and other executive branch agencies are to fulfill in the program;

- require, under FEMP's purview, the development and implementation of specific plans and programs;
- require the President to complete action on the above items within 18 months after legislation is enacted and report to the Congress; and
- provide to DOE central funding and control over energy conservation funds, and earmark and restrict such funds to energy conservation use.

(EMD-81-11, Dec. 12, 1979)

Committee jurisdiction:

Senate: Energy and Natural Resources
Governmental Affairs

House: Government Operations
Public Works and Transportation

General Government

The Congress should consider alternatives to the present tax treatment of electric cooperatives and adopt treatment which would better recognize the changes in their operations and the present-day environment in which they operate. Several alternative tax treatments include (1) modification of electric cooperatives' nonmember income allowance, (2) elimination of that allowance, or (3) application of tax rules applicable to other cooperative businesses.

(GGD-83-7, Jan. 5, 1983)

Committee jurisdiction:

Senate: Finance

House: Ways and Means

Joint: Taxation

Using the statutory language proposed by the Department of Treasury as a guide, the Congress should amend the Bankruptcy Code to allow the Internal Revenue Service to assess the taxes reported by bankrupt taxpayers on their returns. This would protect bankrupt taxpayers at less cost than is presently being incurred. (GGD-83-47, June 20, 1983)

Committee jurisdiction:

Senate: Finance

House: Ways and Means

Joint: Taxation

The Congress should consider implementing one of the following three options to get the Office of Management and Budget (OMB) to effectively carry

out its Paperwork Reduction Act responsibilities: (1) require OMB to specifically identify the resources needed to fully implement the act, and report annually on the resources expended for that purpose; (2) provide separate funding for implementing the act; and (3) provide a separate appropriation for implementing the act and amending it to prohibit the Office of Information and Regulatory Affairs from performing any duties other than those required by the act. The first option could be taken either in connection with the next OMB budget request or required as part of the next OMB annual report under the Paperwork Reduction Act. The second option would allow the Congress to decide the level of resources it wishes to apply toward the act's objectives and would provide reasonable assurance that the funds appropriated were actually applied. (GGD-83-35, Apr. 20, 1983)

Committee jurisdiction:

Senate: Appropriations
Governmental Affairs

House: Appropriations
Government Operations

We suggested that the Congress consider reviewing legislation deleting or clarifying language that prevents agencies from considering costs or seeking more cost-effective regulations. We also suggested that the Congress consider clarifying presidential oversight authority in proposed regulatory reform legislation, especially as it relates to rulemaking by independent regulatory agencies. In addition, we suggested that the Congress might require OMB and/or the agencies to provide information on the resources needed for preparing regulatory analyses.

During fiscal year 1983, H.R. 2327 was introduced to reform the regulatory process. This bill incorporated some of the findings and recommendations of our report, specifically those concerning the role of OMB in overseeing regulatory analysis. Hearings were held on this legislation, but no further congressional action was taken.

Although OMB did not formally respond to our report, it has modified some procedures consistent with our findings and recommendations.

No additional congressional action has been taken pursuant to our report.

(PAD-83-6, Nov. 2, 1982)

Committee jurisdiction:

Senate: Governmental Affairs

Chapter Two-Section Three

Open Recommendations from Prior Years

Judiciary

House: Government Operations
Judiciary

We recommended that the Congress should amend authorizing legislation to provide for the assessment of additional late payment charges on delinquent student loans. GAO believes that this recommendation is viable and should be acted upon. The enactment of the legislation would provide an incentive to delinquent borrowers to repay their loans when due.

(AFMD-83-7, Dec. 1, 1982)

Committee jurisdiction:

Senate: Governmental Affairs
Labor and Human Resources

House: Education and Labor
Government Operations

In order to streamline the bank merger process, the Congress should amend the Bank Merger Act and the Bank Holding Company Act. These amendments would change the way bank regulators handle what is termed "the phantom merger" process, the periods of comment on certain kinds of mergers, and alter the agencies' assessments of competitive effects of mergers.

(GGD-82-53, Aug. 16, 1982)

Committee jurisdiction:

Senate: Banking, Housing, and Urban Affairs

House: Banking, Finance and Urban Affairs

The Congress could safely reduce the amount of federal reviews of intrastate branching applications by amending the Federal Reserve Act and the Federal Deposit Insurance Act to replace the broad review requirement. Reviews of intrastate branches should be on an exception basis. The Congress should also differentiate between staffed branches and automated remote service facilities by amending the McFadden Act and another section of the Federal Deposit Insurance Act. These two types of facilities have a much different impact on banking services and competition.

(GGD-82-31, Feb. 24, 1982)

Committee jurisdiction:

Senate: Banking, Housing, and Urban Affairs

House: Banking, Finance and Urban Affairs

The Congress should amend the Federal Employees' Life Insurance Act to

- increase the minimum post-age-65 coverage to 50 percent of the coverage at retirement and

- correlate postretirement benefits with length of participation in the Group Life Program.

(FPCD-81-47, Aug. 21, 1981)

Committee jurisdiction:

Senate: Governmental Affairs

House: Post Office and Civil Service

The Congress should enact legislation requiring federal agencies to fully disclose when consulting service contractors assist in preparing congressionally mandated reports. The Congress should also legislate a national policy of reliance on the private sector for goods and services.

(FPCD-81-43, June 19, 1981)

Committee jurisdiction:

Senate: Governmental Affairs

House: Government Operations
Post Office and Civil Service

Because enforcing the tax laws involves separate governmental entities with their own budgets, the Congress should ensure that the Treasury and Justice Departments develop a streamlined legal review process for criminal tax cases and that any revised system realizes potential cost savings while safeguarding taxpayers' legal rights.

(GGD-81-25, Apr. 29, 1981)

Committee jurisdiction:

Senate: Finance

House: Ways and Means

Joint: Taxation

The Civil Service Reform Act of 1978 protects most government employees from specified prohibited personnel practices, such as discrimination, political coercion, and reprisals. This protection does not apply to employees in government corporations and certain other federal agencies. We could find no justification for excluding certain government corporations from the law.

The Congress should amend 5 U.S.C. 2302(a)(2)(c)(i) by deleting the term "government corporation" and inserting instead the following: "government corporations exempted from the Civil Service law and regulations governing the appointment and removal of officers and employees of the United States."

(FPCD-81-28, Apr. 7, 1981)

Committee jurisdiction:

Senate: Governmental Affairs

House: Post Office and Civil Service

The Ethics in Government Act of 1978 was enacted to require public financial disclosure by members of

the Congress and other high-level officials in all three branches of government. Because of the absence of both a well-defined disclosure system and strict enforcement, the Congress should

- conform the ethics law definition of a candidate to that of the Federal Election Campaign Act,
- determine whether the law should be amended to impose a civil penalty to discourage late filing, and
- consider legislation to delete the requirement that member and candidate disclosure reports be forwarded to the appropriate states.

(FPCD-81-20, Mar. 4, 1981)

Committee jurisdiction:

Senate: Select Committee on Ethics

House: Standards of Official Conduct

The Congress should improve the paysetting process for federal executives by

- allowing the annual adjustments for executives under Public Law 94-82 to take effect,
- discontinuing the practice of linking congressional and Executive Level II salaries, and
- allowing Senior Executive Service performance and rank awards to take effect without further restrictions on payments.

(FPCD-80-72, July 31, 1980)

Committee jurisdiction:

Senate: Appropriations

Governmental Affairs

House: Appropriations

Post Office and Civil Service

For federal blue-collar employee paysetting procedures to achieve comparability in both pay and benefits with the private sector, legislation is needed to revise

- the five-step system for each nonsupervisory grade,
- wage rates which are based on the private-sector rates paid in other wage areas, and
- night-shift differentials that are not determined in accordance with prevailing industry practices, but are based on a percentage of the scheduled wage rate.

(FPCD-80-12, Oct. 29, 1979)

Committee jurisdiction:

Senate: Governmental Affairs

House: Post Office and Civil Service

The Congress should include Tennessee Valley Authority employees in the coverage under labor-management relations legislation of either those

statutes applicable to the private sector or those applying to other federal employees.

(FPCD-78-12, Mar. 15, 1978)

Committee jurisdiction:

Senate: Governmental Affairs

Labor and Human Resources

House: Education and Labor

Post Office and Civil Service

Health

To provide the Food and Drug Administration (FDA) with the flexibility to develop standards for class II medical devices on a case-by-case basis, the Congress should amend the Federal Food, Drug, and Cosmetic (FD&C) Act to grant the agency discretionary authority to determine which class II medical devices require mandatory performance standards.

If the Congress decides that a review of all class III preenactment devices is not feasible or necessary, it should amend the FD&C Act to provide FDA the flexibility to decide which ones need to be reviewed.

If the Congress believes that all new class III devices should be examined for safety and effectiveness before they are allowed on the market, it could eliminate the provision of the act that permits FDA to approve new class III devices on the basis of substantial equivalence to already marketed devices and require instead that all new class III devices be subject to a premarket approval review.

(HRD-83-53, Sept. 30, 1983)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

So that the Food and Drug Administration (FDA) can keep a larger number of violative drug products out of the marketplace, the Congress should amend the Federal Food, Drug, and Cosmetic Act by adding "products" to the language which gives FDA the same authority to administratively detain medical devices.

(HRD-83-24, Apr. 5, 1983)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

The Congress should consider whether the present food safety policy for cancer-causing food additives—the Delaney Clause—is still appropriate due

Chapter Two-Section Three

Open Recommendations from Prior Years

to (1) the advances in the ability of analytical detection methods to identify substances at very low levels, (2) the uncertainties about the risk to humans of low levels of carcinogens, and (3) the inflexibility that exists under FDA's present regulatory policy. (HRD-82-3, Dec. 11, 1981)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

The Congress should direct the Secretary of Health and Human Services to work with state licensing authorities and representatives of the medical profession to develop and implement appropriate mechanisms that would ensure that all students who attend foreign medical schools demonstrate that their medical knowledge and skills are comparable to those of their U.S.-trained counterparts before they are allowed to enter the U.S. health care delivery system for either graduate medical education or medical practice.

(HRD-81-32, Nov. 21, 1980)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

The Congress should amend the Federal Food, Drug, and Cosmetic (FD&C) Act to eliminate exemptions currently allowed for food additives generally recognized as safe (GRAS) and prior-sanction substances. Changes to the law should provide for sufficient flexibility to encourage the use of information already available and to recognize that different types of scientific evidence may be appropriate to support the safety of food additives. The amendment should also provide a date on which the safety of all GRAS and prior-sanction substances directly added to food must be subject to federal review and approval.

(HRD-80-90, Aug. 14, 1980)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

Many states have difficulty complying with the federal law regarding the claiming of federal Medicaid sharing for the costs incurred in serving persons eligible for both Medicaid and Medicare. As a result, the states have improperly claimed such federal sharing. The Congress should therefore change the law to simplify program administration. The Congress should consider the options presented in

our report when amending the law. (HRD-79-96, Oct. 2, 1979)

Committee jurisdiction:

Senate: Finance

House: Energy and Commerce
Ways and Means

The Congress should enact legislation disallowing the Railroad Retirement Board to select a nationwide carrier to process Part B Medicare claims and should transfer responsibility for claims processing and payment to the area carriers handling those claims for other Medicare beneficiaries.

The Congress should also amend Title XIX of the Social Security Act to require Medicare contractors to process Medicaid liability for crossover claims using integrated data processing systems, unless a state can present the Secretary of Health and Human Services with evidence that another system is equally efficient and effective.

(HRD-79-76, June 29, 1979)

Committee jurisdiction:

Senate: Finance

House: Energy and Commerce
Ways and Means

To enable the Food and Drug Administration to more effectively prevent the marketing of raw meat and poultry containing illegal residues, the Congress should amend the Food, Drug, and Cosmetic Act to

- make the misuse of an animal drug a violation of the act and
- provide FDA authority to levy civil penalties for violations of the act's provisions.

(HRD-79-10, Apr. 17, 1979)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

The Congress should amend the Federal Food, Drug, and Cosmetic (FD&C) Act to give the Food and Drug Administration (FDA) authority to require

- registration of all cosmetic manufacturers,
- registration of cosmetic products and filing of ingredient statements,
- manufacturers to submit to FDA data to support the safety of their products and the ingredients in them,
- premarket approval by FDA of certain classes of cosmetics or ingredients when the agency deems

such approval necessary to protect the public health,

- manufacturers to submit to FDA consumer complaints about adverse reactions to cosmetics,
- manufacturers to perform specific testing FDA deems necessary to support the safety of a cosmetic or an ingredient, and
- manufacturers to submit data to FDA supporting the effectiveness of cosmetic preservatives used.

The Congress should also repeal provisions of the FD&C Act which exempt coal tar hair dyes from regulation and authorize the FDA to:

- obtain access to manufacturers' production and control records and
- assess civil penalties for violations of the act.

(HRD-78-139, Aug. 8, 1978, and HRD-78-22, Dec. 6, 1977)

Committee jurisdiction:

Senate: Labor and Human Resources

House: Energy and Commerce

Income Security

The Congress should reduce the administrative complexity of eligibility determinations in the Food Stamp Program by

- consolidating and standardizing deductions such as those for excess shelter and
- redefining and simplifying the definition of a food stamp household to include all persons living under the same roof.

(RCED-83-40, Feb. 4, 1983; GAO testimony, Mar. 24, 1982, and Apr. 20, 1980, House Committee on Agriculture, and Mar. 29, 1982, Senate Committee on Agriculture, Nutrition, and Forestry)

Committee jurisdiction:

Senate: Agriculture, Nutrition, and Forestry

House: Agriculture

To eliminate the principal benefit gaps and duplications in federal food assistance programs and to improve their overall coordination, the Congress should

- adopt a uniform definition of the term "needy" and establish consistent criteria and procedures for determining who is eligible for federal food assistance;
- approve an explicit national policy on how much food assistance should be provided to needy Americans by the federal government;
- consolidate federal food programs;

- authorize the Secretary of Agriculture to implement individualized food stamp allotments nationwide, if demonstration projects show the feasibility of such allotments;
- eliminate duplicate benefits by allowing consideration of benefits from one federal food program when determining eligibility and benefit levels under others; and
- require a single state/local agency to be responsible for certain administrative aspects of designated federal food programs to help ensure more efficient delivery of food assistance to needy Americans.

Legislative revisions in the 1981 and 1982 Omnibus Budget Reconciliation Acts, Public Laws 97-35 and 97-253, allowed states to reduce duplicate benefits by counting food stamp benefits as income for the Aid to Families with Dependent Children (AFDC) program. In addition, resource limitation tests for food stamp benefits were brought closer in line with AFDC eligibility. However, further changes are needed to fully address our recommendations.

(CED-78-113, June 13, 1978; GAO testimony, Mar. 19 and 30, 1981, House Committee on Agriculture, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, and Apr. 2, 1981, Senate Committee on Agriculture, Nutrition, and Forestry)

Committee jurisdiction:

Senate: Agriculture, Nutrition, and Forestry
Labor and Human Resources

House: Agriculture
Education and Labor

The Employee Retirement Income Security Act of 1974 (ERISA) requires private employer benefit plans to provide plan participants, beneficiaries, and the Department of Labor with summary plan descriptions and summaries of plan amendments. We found that filing the plan summaries with Labor is costly and not needed. We recommended that the Congress amend ERISA to (1) eliminate the requirement that plans file summaries with Labor, and (2) require Labor to obtain summaries from the plans only when plan participants and others request them.

(GAO/HRD-82-12, Oct. 19, 1981)

Committee jurisdiction:

Senate: Finance
Labor and Human Resources

House: Education and Labor
Ways and Means

Joint: Taxation

Chapter Two-Section Three

Open Recommendations from Prior Years

The Employee Retirement Income Security Act and Internal Revenue Code policies protect the rights of pension plan participants to promised benefits. In support of these, the Congress should enact legislation that would make it mandatory that the Internal Revenue Service determine favorable tax treatment qualification for terminating private pension plans.

(HRD-81-117, Sept. 30, 1981)

Committee jurisdiction:

Senate: Finance

Labor and Human Resources

House: Education and Labor

Ways and Means

Joint: Taxation

The Congress should amend the Federal Employees Compensation Act to

- reconsider at what level federal workers' compensation benefits should be set to lessen inequities among beneficiaries and to reestablish the original congressional intent of providing economic incentives to return to work and
- integrate the federal workers' compensation and federal retirement programs to provide for the transfer of compensation beneficiaries to the retirement program.

(HRD-81-19, Mar. 9, 1981)

Committee jurisdiction:

Senate: Governmental Affairs

Labor and Human Resources

House: Education and Labor

Government Operations

Post Office and Civil Service

International Affairs

We recommended that the Congress either (1) repeal section 209 of the Foreign Service Act of 1980 and create an independent Inspector General in the State Department by placing that position under the Inspector General Act of 1978, or (2) conform section 209 of the Foreign Service Act of 1980 to the Inspector General Act of 1978.

(AFMD-83-56, June 6, 1983)

Committee jurisdiction:

Senate: Foreign Relations

Governmental Affairs

House: Foreign Relations

Government Operations

When considering military aid to foreign countries,

the Congress should (1) approve a flexible security assistance financing program that recognizes the potential financial burden placed on the economies of developing countries by military imports, and (2) amend the Arms Export Control Act to allow for low-interest direct loans to have maturities up to 30 years for those countries facing short- and medium-term economic problems. The Congress should also (1) place the entire foreign military sales program on-budget in the International Affairs account to reflect true budgetary costs, and (2) provide funds to the Guaranty Reserve Fund that establishes a level based on the nature and size of its current contingent liability covered by the fund.

(ID-83-5, Jan. 19, 1983)

Committee jurisdiction:

Senate: Budget

Foreign Relations

House: Budget

Foreign Affairs

The Congress should amend the Trade Act of 1974 to require those seeking relief from foreign trade imports to submit specific adjustment strategies in the form of operating, investment, and financial plans laying out how they propose to return to competitiveness. In addition, the Congress should prohibit labor or management from individually submitting a petition unless it is evident that the petitioner is the only one from which specific adjustment commitments will be sought.

(ID-81-42, Aug. 5, 1981)

Committee jurisdiction:

Senate: Finance

House: Ways and Means

National Defense

To improve the administrative control over appropriations, the Department of Defense should change the point in time when obligations would be recorded for purchases from stock funds. Under this change, obligations would be recorded at the time orders are placed with the stock fund rather than at the time items are delivered. If the Congress does not approve the additional funds requested by Defense, the services should seek other ways to fund completion of the change.

(AFMD-83-54, Aug. 19, 1983)

Committee jurisdiction:

Senate: Appropriations

Armed Services

House: Appropriations

Armed Services

The Congress should not approve a permanent educational assistance program (GI Bill) until the Department of Defense has performed a comprehensive test to determine the most cost-effective mix of recruiting incentives needed to attract the necessary quantity and quality of enlistees. The Congress should enact legislation which would

- authorize selected educational assistance benefits for the period of the test;
- task the Secretary of Defense with expanding the scope of the bonus test program to measure the relative cost-effectiveness of bonuses and other incentives and management prerogatives; and
- task the Secretary of Defense with (1) conducting the test in a controlled environment, (2) developing an implementation evaluation plan, and (3) to the extent possible, preventing the recurrence of the problems encountered in the Educational Assistance Test Program.

(FPCD-82-12, Jan. 26, 1982)

Committee jurisdiction:

Senate: Appropriations

Armed Services

Veterans' Affairs

House: Appropriations

Armed Services

Veterans' Affairs

Natural Resources and Environment

To reduce uncertainties regarding the source, extent, and effect of the various pollutants in the Great Lakes as well as other pertinent issues, the Congress should enact legislation which would establish a Great Lakes research office within the National Oceanic and Atmospheric Administration. (CED-82-63, May 21, 1982)

Committee jurisdiction:

Senate: Environment and Public Works

House: Public Works and Transportation

The Congress should consider whether the federal government will further participate in wastewater treatment plant replacement. If it should decide that state and/or local governments are to be held responsible, these governments must be made aware of this requirement so that they can begin planning for such future expenditures.

(CED-82-1, Dec. 2, 1981)

Committee jurisdiction:

Senate: Environment and Public Works

House: Public Works and Transportation

To improve water-related research and development efforts scattered among 28 federal organizations, we recommended that the Congress amend section 406 of the Water Research and Development Act of 1978 to establish a water resources research committee to coordinate water-related research. This committee should be composed of representatives from the major federal organizations involved in water resources research and report directly to the Office of Science and Technology Policy. We also recommended that the Congress amend section 406 to require the committee to coordinate research to

- establish priorities for water conservation and augmentation technologies based upon the results of overall comparative assessments of these technologies;
- provide leadership and guidance to other agencies in developing formal multiagency and single-agency plans for the technologies with specific objectives, milestones, technology transfer goals, and provisions for independent periodic evaluations;
- make recommendations annually to the Congress concerning the adequacy of the funding levels of water research, development, and technology transfer activities; and
- consider the data developed pursuant to section 103 of the act in coordinating research and establishing research priorities.

(CED-81-87, June 5, 1981)

Committee jurisdiction:

Senate: Energy and Natural Resources

Environment and Public Works

House: Interior and Insular Affairs

Public Works and Transportation

The Magnuson Fishery Conservation and Management Act (MFCMA) does not indicate whether, or to what extent, the interests of fisheries must give way to marine mammals and whether marine mammals must be considered in fishery management plans. Consequently, the Congress should amend both the MFCMA and the Marine Mammal Protection Act to clarify the extent to which the interests of each law must be considered in fulfilling the objectives of the other.

(CED-81-52, May 11, 1981)

Committee jurisdiction:

Chapter Two-Section Three

Open Recommendations from Prior Years

Senate: Commerce, Science, and Transportation
House: Merchant Marine and Fisheries

The Congress should not increase the statutory land acquisition appropriation ceiling for the North Cascades National Park and the Ross Lake and Lake Chelan National Recreation Area above the \$4.5 million already approved until the National Park Service has defined compatible and incompatible development, prepared a land acquisition plan justifying the need to acquire land from private owners, and spent the funds obtained from selling all compatible land back to private individuals.

The Congress should also exempt land acquired pursuant to Public Law 90-544 from the 2-year limitation in 16 U.S.C. 4601-22(a). This would give the last owner(s) the right to match the highest bid price and reacquire property sold to the National Park Service.

(CED-81-10, Jan. 22, 1981)

Committee jurisdiction:

Senate: Appropriations
Energy and Natural Resources

House: Appropriations
Interior and Insular Affairs

The Congress should require the Environmental Protection Agency to report annually on (1) how many wastewater treatment plants constructed with federal funds are experiencing serious operations problems, (2) what is being done to repair these facilities, and (3) whether the government or the private sector will pay for the repairs.

(CED-81-9, Nov. 14, 1980)

Committee jurisdiction:

Senate: Environment and Public Works

House: Public Works and Transportation

To reduce potential problems from large possessory interests allowed to concessioners who manage facilities in national parks, the Congress should finance construction of needed facilities to accommodate park visitors whenever possible. However, because the Congress may not always be able to provide the needed funds to lessen the effect that possessory interests can have on National Park Service management, the Congress should amend the Concessions Policy Act of 1965 to allow possessory interests only in those instances where no other alternative is available.

The Congress should also amend the act to

eliminate the right of preference for contract renewal and preferential rights for new and additional services.

(CED-80-102, July 31, 1980)

Committee jurisdiction:

Senate: Appropriations
Energy and Natural Resources

House: Appropriations
Interior and Insular Affairs

The Congress should revise the 1872 Mining Law to authorize the Secretaries of the Interior and Agriculture to permit or prevent development of mineral deposits on public lands.

(CED-80-82, July 16, 1980)

Committee jurisdiction:

Senate: Energy and Natural Resources

House: Interior and Insular Affairs

The Congress should amend the Declaration of Taking Act (40 U.S.C. 258a) to allow interest on amounts finally awarded in excess of the amount deposited into the court that will compensate landowners at a more equitable rate, consistent with prevailing conditions, than the rate now authorized by the statute.

(CED-80-54, May 14, 1980)

Committee jurisdiction:

Senate: Energy and Natural Resources

House: Interior and Insular Affairs

Transportation

The Congress should consider guaranteeing air service to certain small communities through October 1988 by changing program eligibility requirements to allow the Civil Aeronautics Board (or the Department of Transportation on January 1, 1985) to (1) temporarily increase some subsidies where this can help a community's air service market to where it would no longer require subsidies and (2) discontinue subsidies to communities that are unlikely to be able to support air service after 1988.

The Congress should also consider permitting communities with greater air service needs to replace lower priority essential air service communities if states propose such replacement.

(RCED-83-97, May 18, 1983)

Committee jurisdiction:

Senate: Commerce, Science, and Transportation

House: Public Works and Transportation

Veterans' Benefits and Services

We recommended that the Congress consider whether 38 U.S.C. 3010(g) should be amended to extend the retroactive compensation period for veterans' Agent Orange-related disability claims to the date the initial claim was filed.

(HRD-83-6, Oct. 25, 1982)

Committee jurisdiction:

Senate: Veterans' Affairs

House: Veterans' Affairs

The Congress should amend 38 U.S.C. 3202 to prevent relatives other than spouses, children, and dependent parents from inheriting estates of mentally incompetent veterans.

(HRD-82-1, Feb. 10, 1982)

Committee jurisdiction:

Senate: Veterans' Affairs

House: Veterans' Affairs

We recommended that the Congress consider amending 38 U.S.C. 3203 to extend the pension reduction criteria to cover care being furnished in state homes and to authorize the Veterans' Administration (VA) to transfer the money withheld to the state to help pay for the veterans' care.

(HRD-82-7, Oct. 22, 1981)

Committee jurisdiction:

Senate: Veterans' Affairs

House: Veterans' Affairs

We recommended that the Congress not approve any funding requests for new or replacement surgical suites in VA medical centers based solely on room-to-bed ratios, unless the planning was so far along that adjusting the planned surgical suite would not be economically feasible.

(HRD-81-54, Mar. 3, 1981)

Committee jurisdiction:

Senate: Appropriations

Veterans' Affairs

House: Appropriations

Veterans' Affairs

Chapter Three

Financial Benefits and Other Accomplishments

Chapter Three

Financial Benefits and Other Accomplishments

GAO's Measurable Dollar Accomplishments

GAO's work often influences the Congress and federal agencies to take actions which permit the government to function more efficiently and economically. GAO, however, cannot compel the Congress or agencies to act on the information, conclusions, and recommendations it develops. Whether action is taken on our work rests on the persuasiveness of our reports, testimony, and briefings.

Accordingly, agency management and the Congress must be convinced that the analyses behind our work are sound and that it is in their interests to take action. Agencies' awareness of congressional attention to GAO's work no doubt stimulates their interest in, and attention to, any improvements suggested. During fiscal year 1984, GAO identified many accomplishments resulting from its work. This chapter summarizes these achievements.

GAO's work results in many different kinds of improvements throughout the federal government. Often, GAO influences the Congress and agencies to take actions which produce measurable financial benefits. Overall, however, GAO's impact on spending matters and improvements in government programs cannot be fully quantified. The total increase in governmental effectiveness from actions taken in response to GAO simply cannot be measured in dollars and cents. Some of the nonmeasurable financial benefits and other nonfinancial improvements which result from GAO's work are more significant than the financial achievements which can be quantified.

When the Congress or an agency takes actions attributable to our work which can be measured in dollars, we record them. In fiscal year 1984, GAO identified over \$5.2 billion in measurable financial accomplishments. Some of these accomplishments are based on discrete one-time savings, while others have both a first-year effect as well as a continuing effect in future years. About \$3.8 billion of this total represents the first-year effect of these accomplishments. The remaining \$1.4 billion represents the average annual future effect of the accomplishments which have recurring effects.

GAO is often not alone in identifying a particular action that can lead to dollar accomplishments. For example, many of the individual achievements discussed in this chapter involve work performed at

the request of committees and Members of the Congress. And, in some cases, the actions suggested by GAO were also advocated by others.

Measurable dollar accomplishments consist of actual or anticipated financial accomplishments resulting from congressional or federal agencies' actions. In many instances, the anticipated benefits are estimated.

The table on page 00 summarizes the measurable financial accomplishments GAO identified in fiscal year 1984. This chapter also describes many of the specific measurable financial benefits, nonmeasurable financial achievements, and other nonfinancial accomplishments resulting from our work.

Our dollar accomplishments fall into two general categories—budgetary savings and better use of funds. Budgetary savings are produced when actions taken in response to GAO's work result in actual decreases in federal spending or increases in federal revenue for a particular budget function and appropriation or receipt account. For example, the Congress reduced the armed services fiscal year 1984 ammunition budget by \$440 million after GAO reported on several problems, including overstated costs and excessive ammunition inventory levels. In fiscal year 1984, GAO identified over \$1.9 billion in budgetary savings resulting from our work.

Many of our accomplishments fall into the second category—better use of funds. These are usually estimates of costs that will be avoided because the Congress or agencies implemented needed changes identified during our audit activities. It should be noted, however, that better fund use does not necessarily reduce budgetary outlays or represent budgetary savings since the dollar amounts of the accomplishments may relate to future years or may be made available for other, more effective and efficient use by agency management. For example, GAO reported that the Department of Agriculture had improperly exceeded the maximum payment limit to farmers participating in the Payment-In-Kind Program. In response to GAO's work, the Department limited such payments in fiscal year 1984 to the maximum of \$50,000 per farmer, resulting in an estimated federal cost avoidance of over \$280 million. In fiscal year 1984, we identified about \$3.3 billion in benefits as a result of GAO's work which will avoid costs and make funds available for better uses.

Chapter Three

Financial Benefits and Other Accomplishments

Measurable Dollar Accomplishments Attributable to the Work of GAO Fiscal Year 1984 (000 omitted)

Department/Agency	Action Involved		Total
	Congressional	Agency	
Agriculture	\$ •	\$ 288,000	\$ 288,000
Commerce	•	28,700	28,700
Defense	2,814,616	1,039,799	3,854,415
Education	•	656	656
Federal Emergency Management Agency	71,200	•	71,200
General Services Administration	•	10,900	10,900
Health and Human Services	•	610	610
Interior	7,900	94	7,994
Justice	•	21,200	21,200
Labor	•	9,022	9,022
National Aeronautics and Space Administration	•	5,500	5,500
Office of Personnel Management	•	395	395
Postal Service	•	9,200	9,200
Transportation	•	63	63
Treasury	600,000	•	600,000
Veterans Administration	62,000	42,000	104,000
Boards, committees, and commissions	237,315	•	237,315
Total	\$3,793,031	\$1,456,139	\$5,249,170

Budget Reductions

GAO's work often raises questions concerning the need for the amount of funds requested by agencies in their budgets. These questions often focus on such problems as poor cost estimates, premature budget requests, questionable program effectiveness, and insufficient consideration of more economical ways to perform certain activities. Acting on GAO-developed information, the Congress (and to a lesser extent, agencies) often reduces the amount of funds available for a particular program of activity in a specific fiscal year. These spending decreases can serve to reduce the size of the federal budget and help to reduce the overall budget deficit. While some of these budgetary reductions represent permanent savings, others defer spending in a given year with a possibility that the program or activity may be considered for funding in future years. During fiscal year 1984, GAO identified the following budgetary reductions which resulted, in whole or in part, due to our efforts.

Description of Accomplishments

GAO recommended that the amounts requested by the Department of Defense for certain ammunition

items and related projects not be provided. GAO concluded that reductions could be made for reasons such as (1) inventory levels would exceed requirements; (2) planned procurements or facilities were premature because of technical, production, and performance problems; (3) cost estimates were overstated; and (4) facility requirements decreased. Acting on these recommendations, the Congress reduced the Department's fiscal year 1984 budget for conventional ammunition and production facilities.

Estimated benefits

\$440.4 million

GAO reported that the Department of Defense Groundwave Emergency Network System could interfere with electrical utility lines and aircraft navigation systems and that the Federal Emergency Management Agency was concurrently developing a similar system. Because of these problems, the Congress reduced the fiscal year 1984 funding for this program, and the Department is studying ways to minimize the electrical interference problems of the system it is developing.

Estimated benefits

\$24.5 million

GAO reported that a high degree of concurrency exists between development and production in the Over-The-Horizon Backscatter Radar System Program which could lead to cost increases and schedule slippages. GAO also identified other short- and long-term alternatives which the Department of Defense was pursuing to strengthen U.S. tactical warning capabilities. The Congress subsequently reduced the Department's fiscal year 1984 funding request for the program for reasons which paralleled the issues raised by GAO.

Estimated benefits
\$89.3 million

GAO reported that the Department of Defense's Remotely Piloted Vehicle's development schedule was extremely tight and likely to slip. GAO recommended that the production contract be delayed, and that the Secretary of Defense reduce production funds for the weapon system in its budget request. This action, GAO concluded, would cause minimal program delay, give the Congress another full year to evaluate the system's performance, and allow more slack in the testing cycle to deal with likely problems. Acting on GAO's recommendation, the Department submitted a revised budget request to the Congress for substantially less funding.

Estimated benefits
\$116.8 million

Over a period of years, GAO and Department of Defense auditors have identified shortcomings in the procurement of military spare parts and made several recommendations for improvements. For example, GAO recommended that the Department of Defense combine the purchase of spare parts with production components to reduce costs on the B-1 Bomber Program. Acting on the information developed by GAO and the Department of Defense auditors, the Congress reduced Defense's budget for spare and repair parts in fiscal year 1984 to encourage more aggressive and efficient procurement policies for these items.

Estimated benefits
\$648.6 million

GAO analyzed alternatives to the Navy's request for three fleet oiler ships. Relying on GAO's briefings, fact sheets, and questions, the Congress reduced the Navy's funding request for this ship program.

Estimated benefits
\$15.5 million

During a review of the management of the Federal Emergency Management Agency (FEMA), GAO found that FEMA did not have effective means for planning or controlling its programs, including civil defense programs. Consequently, it did not have an effective means of either planning the use of civil defense funds or monitoring whether the funds were actually used effectively or efficiently. Based on this information, the Congress withheld some funds from the civil defense program to encourage FEMA to improve its management and controls.

Estimated benefits
\$71.2 million

GAO reported that Navy ships were sold to foreign countries at less than fair market value. This resulted because the Navy was selling ships based on scrap value rather than the higher fair market value called for in Navy guidelines. Based on GAO's report, the Congress reduced the Navy's fiscal year 1984 budget. In addition, the Navy has taken action which will result in more funds being received when ships are sold in the future.

Estimated benefits
\$10 million

GAO reported that the Department of Defense's Manufacturing Technology Program had management weaknesses, particularly the inability to demonstrate results. To encourage emphasis on only those projects which have the potential to produce usable results, the Congress reduced the fiscal year 1984 budget for the program.

Estimated benefits
\$32 million

In a series of briefings and fact summaries, GAO suggested a number of individual line item reductions in the Navy's fiscal year 1984 budget based on reduced aircraft depot maintenance needs, possible operating efficiencies, and asset capitalization. Acting on these suggestions, the Congress reduced the Navy's budget for operations and maintenance items.

Estimated benefits
\$104.4 million

GAO reported that the Department of Defense had not adequately justified the benefits and costs of subsidizing domestic production of strategic materials. Acting on this information, the Congress did not authorize funding for the program in fiscal year 1984, resulting in a \$150 million budgetary reduc-

Chapter Three

Financial Benefits and Other Accomplishments

tion. In addition, the Congress authorized future program funding for fiscal years 1985 and 1986 at an average annual level which is \$350 million less than the Department had been planning to request.

Estimated benefits
\$500 million

GAO determined that the Navy and the Air Force had canceled or decreased funding requirements for several aircraft modifications, thus leaving the potential for a substantial amount of excess funds to be reprogrammed. GAO subsequently reported that specific funding requests for Navy and Air Force aircraft modifications had become questionable for obligation in fiscal year 1984. Acting on this information, the Congress reduced the Navy and Air Force budget requests for aircraft modification procurement and related spare parts and installation.

Estimated benefits
\$84.8 million

GAO reviewed Navy ship programs involving hospital ships, auxiliary crane ships, combat stores ships, fast logistics ships, and multiple service craft. During this assignment, GAO provided briefings, extensive fact sheets, and information papers to the relevant congressional committees regarding these ship programs. GAO's data was used during hearings on the Defense Appropriation Bill and ultimately resulted in budgetary reductions totaling \$99.1 million, as well as reprogramming of \$5 million for better uses.

Estimated benefits
\$104.1 million

During a review of commercial airlift contracted by the Military Airlift Command (MAC), GAO found that a significant number of empty seats created by "no-show" passengers existed on international flights, costing about \$13.5 million annually. GAO recommended that MAC assess a penalty charge against the military services for "no-shows" thereby creating an incentive for the services to reduce the number of passengers who do not show up for flights. GAO's position was supported by a report issued by the President's Grace Commission. As a result of GAO's work and that of the Grace Commission on this issue, the Congress reduced the Air Force budget in fiscal year 1984.

Estimated benefits
\$15 million

GAO reported that there were serious problems with a laser warning receiver which the Army was preparing to purchase. Specifically, GAO reported that the system's military utility was highly questionable, system testing was incomplete, and serious operational deficiencies degraded its performance. Based on this information, the Congress deleted the entire procurement from the fiscal year 1984 budget.

Estimated benefits
\$12.6 million

GAO reported and testified before the Congress that there were methodological weaknesses in the Army's Full-Time Manning Program. Acting on this information, the Congress reduced fiscal year 1984 funding for the program.

Estimated benefits
\$11 million

GAO recommended that the Navy extend the use of existing trainer aircraft in lieu of procuring new noncarrier capable trainers. Based on this recommendation, the Congress deleted funding for non-carrier capable trainers from the Navy's fiscal year 1984 budget request.

Estimated benefits
\$8.9 million

GAO reported that there were numerous uncertainties surrounding completion of the Alaska North Slope Natural Gas Pipeline. Based on GAO's findings, the Congress reduced fiscal year 1984 funding for the project below the budget request.

Estimated benefits
\$2.6 million

Collections and Increased Revenues

Some of GAO's activities result in the return or recovery of previously expended federal funds. This often involves identifying erroneous payments or allowances made by the federal government. These funds are returned to the U.S. Treasury or the appropriate agency. GAO's work also can lead to increases in the income of federal programs. These funds can be used to fund general government operations or to offset specific program expenses. In fiscal year 1984, GAO identified over \$629 million in recoveries and increased revenues which either have been or will be realized by the federal government.

Description of Accomplishments

In September 1981, GAO reported that the Life Insurance Company Income Tax Act of 1959, under which the nation's life insurance companies were taxed, should be revised. GAO recommended that the Congress change the methods by which a life insurance company calculates its reserve deductions, its taxable income, and the revaluation of certain types of reserves. In 1982, the Congress adopted, in part, the recommendation for revaluing reserves, resulting in an increased annual revenue collection of approximately \$220 million. The Deficit Reduction Act of 1984 went further by eliminating the approximate method of reserve revaluation. Compared to the 1982 amendment, the action taken in 1984 will result in increased tax revenues of approximately \$300 million in its first year of implementation as well as a similar amount in future years.

Estimated benefits
\$600 million

Based on a GAO recommendation, the Drug Enforcement Administration increased the annual registration fees for persons or firms who prescribe or handle prescription drugs. Increased revenues to recover program costs resulting from this action will amount to about \$10.6 million in the first year of implementation as well as a similar amount in subsequent years.

Estimated benefits
\$21.2 million

Using computer matching, GAO determined that duplicate payments were being made to beneficiaries under the black lung program. The Department of Labor and the Social Security Administration jointly administer the program, and GAO notified their Inspectors General of the duplicate payments. The Inspectors General confirmed that illegal duplicate payments had occurred, and the agencies (1) recovered \$910,000 from recipients of duplicate payments, (2) made a commitment to recover an additional \$174,000 through monthly deductions from benefit checks, and (3) terminated improper benefit payments of about \$530,000 in the first year of implementation as well as a similar amount in future years.

Estimated benefits
\$2.1 million

As part of a congressionally mandated review of two large Navy shipbuilding contracts, GAO iden-

tified a contract overpayment of \$4 million, which was subsequently recovered from the contractor.

Estimated benefits
\$4 million

Cost Reductions and Better Use of Funds

GAO's work often results in actions taken by the Congress or agencies which reduce program costs and/or make funds available for more efficient and effective uses. Below are descriptions of GAO-influenced actions which resulted in cost reductions and better uses of funds.

Description of Accomplishments

GAO recommended that the Secretary of Defense withhold authorization of the conventionally armed land attack missile until the system's accuracy and survivability are convincingly demonstrated. In response, the Navy revised the program and asked the Congress to authorize a lower level of production until the missile's accuracy can be further demonstrated.

Estimated benefits
\$192.7 million

GAO reported that a plan to upgrade older nuclear weapons would contribute little to further minimize risk of nuclear accident and that new bombs currently scheduled for production could be used to meet operational alert requirements before the improved older bombs would be available. Accordingly, GAO recommended that the plan to improve the older weapons be reconsidered. Based on GAO's observations, the number of older bombs scheduled for improvement was reduced.

Estimated benefits
\$256 million

GAO reported that the Department of Agriculture had improperly exceeded the maximum payment limit to farmers participating in the Payment-In-Kind Program. In response to GAO's work, the Department limited such payments in fiscal year 1984 to the maximum of \$50,000 per farmer. This resulted in a lower level of participation in the program by farmers and a corresponding reduction in program payments.

Estimated benefits
\$288 million

Chapter Three

Financial Benefits and Other Accomplishments

GAO reviewed the leasing practices of the Department of Defense for automatic data processing (ADP) equipment and testified before a congressional committee that the Department was incurring excessive leasing costs. In response, the Congress directed the Department to take several actions to reduce its costs, such as requiring that all ADP equipment be purchased rather than leased unless justified on a cost basis. The Department has estimated the actions it is taking in response to the congressional directive will result in substantial life-cycle cost avoidances for ADP equipment.

Estimated benefits

\$711 million

GAO reported that railroad employers were required to deposit retirement taxes to the U.S. Treasury less frequently than other employers are required under the Social Security system. GAO recommended that railroad employers be required to deposit railroad retirement taxes as frequently as nonrailroad employers are required to deposit social security taxes. Acting on this recommendation, the Congress enacted such a requirement, which is expected to increase revenues for the Railroad Retirement Trust Fund.

Estimated benefits

\$137.4 million

GAO reported that railroad retirement contributions collected from railroad employees were less than the amount that would be collected from workers under the Social Security system. The basic reason was that railroad retirement contributions were based on maximum monthly earnings rather than annual earnings. Acting on this, the Congress amended the Internal Revenue Code to require that railroad employee retirement contributions be based on annual rather than maximum monthly earnings, resulting in increased railroad retirement program revenues.

Estimated benefits

\$97.3 million

During a review of randomly selected Veterans Administration (VA) disability cases, GAO found that many scheduled reexaminations were not occurring because regional office staff did not always enter the reexamination date into the VA master record file. Consequently, many veterans continued receiving higher payments than their disabilities warranted. Acting on this information, the VA is con-

ducting case reviews and physical examinations of veterans, resulting in reduced disability payments.

Estimated benefits

\$42 million

Veterans Administration (VA) pension benefits for nonservice-connected disabilities were effective when the disabilities began if the veterans applied within 1 year of the disability dates. GAO reported that although other VA programs provided benefits for periods prior to the date of application, other major federal programs for needy individuals did not, and proposed that the Congress consider either not providing disability pension benefits for periods prior to application or limiting them to veterans whose disabilities prevented prompt application. Acting on this, the Congress enacted legislation limiting disability pension payments for periods prior to application to veterans who were prevented by disability from applying.

Estimated benefits

\$62 million

The Army's Missile Command calculated its inventory levels based, in part, on an assumed 30-day lead time to cover delivery of the item from the manufacturer to the Army storage location. GAO found, however, that during a 2-year period, the average delivery lead time was about 11 days, and recommended that the Army use more realistic delivery lead times in calculating requirements. The Army subsequently revised its delivery lead time to 11 days, resulting in a one-time reduction in the Army's stock fund obligation authority.

Estimated benefits

\$71.4 million

GAO reported that the continuous buildup of large inventory excesses aboard aircraft carriers was primarily due to a lack of supply discipline and management controls to prevent overordering appropriation-funded repairable items. In response to GAO's recommendation, the Navy established more effective funding controls over issues of appropriation-funded items. A subsequent evaluation by the Navy showed that the conversion to stock fund financing of nonaviation depot level repairable items had resulted in a one-time inventory investment reduction as well as annual cost avoidances.

Estimated benefits

\$266.9 million

During a review of a Navy aircraft program, GAO found that the Navy's plans called for unnecessary redundancy in aircraft testing and sole source procurement of test program sets. GAO noted, however, that a Navy study had suggested that significant savings could be realized by competitively procuring the test program without adversely affecting performance capability or schedule. GAO recommended that the Navy competitively procure its test programs, and eliminate unnecessary redundancy in its testing program. Acting on these recommendations, the Navy substantially reduced program costs.

Estimated benefits
\$85.5 million

GAO recommended that the Department of Defense use components recovered from retired aircraft in lieu of procuring new components for aircraft still in service. The Department subsequently reduced its fiscal year 1984 budget to reflect the availability of components recoverable from retired aircraft.

Estimated benefits
\$12 million

GAO identified an underutilization of on-base housing for enlisted personnel at three Air Force bases in Europe. As a result of this underutilization, personnel were living off-base and receiving allowances for their off-base housing costs. GAO recommended that the Air Force improve their utilization of on-base housing facilities. The Air Force agreed and took steps to improve the utilization of on-base housing.

Estimated benefits
\$6.2 million

Based on GAO report recommendations, the Department of Commerce canceled its planned independent acquisition of scientific computers for the National Bureau of Standards and the National Oceanic and Atmospheric Administration Environment Research Laboratory. The Department replaced these separate plans with a department-wide acquisition plan which will meet the needs of both agencies as well as other Commerce agencies at a lower cost.

Estimated benefits
\$28.7 million

GAO found that depot supply levels for maintenance at three Air Logistics Centers were being incorrectly determined for some items. Based on GAO briefings, the Logistics Centers corrected the errors in

system logic. As a result, spare parts requirements were reduced.

Estimated benefits
\$13.9 million

In its 1982 *Annual Report*, GAO reported that, based on its work, the Postal Service had diverted 95 million pounds of mail from air to surface transportation, saving \$14 million. In fiscal year 1984, GAO identified additional diversions of mail from air to surface transportation by the Postal Service, resulting in additional benefits.

Estimated benefits
\$9.2 million

GAO reported that the General Services Administration (GSA) was spending more than necessary to clean office buildings with in-house staff and recommended that GSA perform cost studies to determine whether it would be more cost effective to contract for cleaning services. In response, GSA reviewed several activities which could be contracted and converted a number of cleaning services to contractors at lower prices.

Estimated benefits
\$8 million

GAO reported that GSA was operating stores in the same building as other federal stores and stockrooms and recommended that GSA reevaluate the need for duplicate stores. Acting on GAO's findings, GSA closed 17 self-service stores.

Estimated benefits
\$2.9 million

GAO's analysis of a National Aeronautics and Space Administration (NASA) request for proposals to acquire computer equipment showed that it would not have achieved maximum competition. Based on GAO's analysis, NASA revised its request for proposals and ultimately awarded a contract at a lower cost than it had anticipated.

Estimated benefits
\$5.5 million

During a review of civilian agency aircraft management, GAO questioned the year-round need for owned and leased aircraft at a Bureau of Land Management (BLM) fire center because the fire season is generally only about 7 months. Acting on GAO-developed information, the Congress directed BLM to change to full-service, 7-month leasing of aircraft for the fire center. In response, BLM terminated the

Chapter Three

Financial Benefits and Other Accomplishments

fire center's aircraft operations, and released or re-assigned pilots and support personnel.

Estimated benefits
\$7.9 million

Over a period of years, GAO conducted a number of reviews of the Department of Labor's procurement practices, identifying such problems as sole-source procurements, lack of training for procurement personnel, and inadequate internal controls. In response, the Department has taken a number of actions to strengthen its procurement process to overcome the identified problems.

Estimated benefits
\$6.9 million

GAO's review of two large Navy shipbuilding contracts resulted in (1) the avoidance of a \$13 million payment to the contractor and (2) the contractor's withdrawal of certain disputed claimed costs. While these disputed costs totaled about \$100 million, the precise financial effects on the government are not readily measurable.

Estimated benefits
\$13 million

Miscellaneous Financial Accomplishments

In addition to the relatively large dollar accomplishments already discussed, GAO's efforts led to many other financial achievements, which are summarized in this section. This section includes measurable dollar benefits of less than \$2 million and represents a wide variety of accomplishments. Because of their diversity and relatively small dollar values, all of these accomplishments are not described. Instead, several examples are provided.

Description of Accomplishments

GAO reported that the Air Force was budgeting more money for military construction projects in the United Kingdom than it needed. Based on this information, the Congress reduced funding for such projects in fiscal year 1984.

Estimated benefits
\$1.4 million

GAO identified a number of overpayments in the Medicare and Medicaid programs and recommended that the erroneous payments be recovered. The

Department of Health and Human Services as well as states and collections agents took action to recover the improper payments.

Estimated benefits
\$.6 million

During work on a Navy contract, GAO identified a number of problems with the contract, including inconsistent treatment of direct and indirect costs, and unreliable management information systems. Acting on GAO's findings, the Navy reduced the amount of costs and fees paid to the contractor.

Estimated benefits
\$.2 million

GAO found that a state scholarship commission had erroneously billed the Department of Education for defaulted student loans for a number of years. GAO brought this error to the attention of the commission, and the commission subsequently returned the amount erroneously billed to the Department. In a similar vein, GAO found that a nonprofit corporation which is involved in administering the student loan program had erroneously claimed certain costs for reimbursement from the Department. The corporation subsequently reimbursed the Department for the improperly claimed expenses.

Estimated benefits
\$.7 million

GAO found that the Department of the Interior's Minerals Management Service had improperly paid a contractor for geological data. After GAO brought this to the attention of the appropriate officials, the Minerals Management Service recovered the improper payment.

Estimated benefits
\$.1 million

During a review of the Department of Defense's policies and practices for handling small lots of hazardous and sensitive cargo, GAO found that a number of problems had resulted in excess costs. Acting on this, the Congress reduced the Department's fiscal year 1984 budget.

Estimated benefits
\$1 million

The Office of Personnel Management (OPM) proposed to move its Western Executive Seminar Center from Denver to Grand Junction, Colorado, on the grounds that it would be cost effective. GAO conducted a cost analysis of the proposal, and esti-

mated that such a move would result in additional costs rather than cost savings. In 1984, OPM decided to defer the move and discontinued the procurement process.

Estimated benefits
\$.4 million

Additional Financial Accomplishments Not Fully or Readily Measurable

Much of GAO's work results in changes which improve the efficiency of program operations or help achieve the results for which a program or activity was designed. Although this work produces financial benefits, these accomplishments cannot always be measured. The following section presents examples of financial accomplishments which are not readily measurable.

More Efficient Inspections of Agricultural Commodities

Responsibility within the Department of Agriculture (USDA) for food inspection and grading services is divided between two separate organizational units. GAO reported that this division of responsibility was causing inefficiencies. For example, products under one unit's jurisdiction could have been inspected more efficiently by the other, which had inspectors with extra time available close to the contractors' plants. Also, both units were inspecting similar products at the same plants. In response to GAO's findings, Agriculture agreed to cross-utilize their inspection service personnel, resulting in more efficient and economical inspection of agricultural commodities.

Better Controls for Monitoring Postal Service Employee Attendance

GAO reported that although Postal Service management was emphasizing control over employee absenteeism, additional controls were needed because supervisors were not keeping accurate leave records, identifying employees with attendance problems, or ensuring that disciplinary actions were timely and progressively severe. Acting on a GAO recommendation, the Service required facilities to centralize responsibility for monitoring employee attendance and issued guidelines to help identify and monitor attendance problems. These actions, in addition to improving the efficiency of postal opera-

tions, should decrease costs because past experience at the Service had shown that increased emphasis on absence control had reduced absenteeism, thereby reducing overtime paid to replace absent employees.

Elimination of Improper Unemployment Compensation Payments

GAO reported that District of Columbia and Virginia unemployment officials had tentatively confirmed that a number of persons GAO identified through computer matches had improperly received unemployment benefits. As a result of the GAO report, the Congress legislated a requirement that the Secretary of Labor, the Director of the Office of Personnel Management, and the Attorney General enter into arrangements to make available to states computer data which states can use to review the eligibility of the individuals for unemployment compensation. This should reduce future unemployment costs for both federal and nonfederal entities.

Improved Performance of New Postal Service Equipment

In a January 1983 report, GAO recommended that the Postal Service conduct an 8-week test on the first units of the optical character reader/channel sorter equipment manufactured by each of two contractors. The Service agreed that the 8-week test offered a better assessment of the equipment than the 1-week test it had planned. When the 8-week test was conducted, operational and equipment start-up problems were detected. After corrective action was taken, the equipment was retested and, according to the Service, the tests indicated that the equipment would operate up to expectation. By correcting the identified problems before installation, the equipment performance was improved, thereby providing the savings in work hours expected from the equipment and reducing downtime and modification costs after installation.

More Efficient Processing of Exporters' Requests for Information

A 1982 GAO report identified problems that were hindering operations of the Department of Commerce's Foreign Commercial Service. By acting on recommendations in the report, the Service reduced the time it spent processing requests from U.S. exporters for lists of potential agents and distributors who had expressed interest in marketing their pro-

Chapter Three

Financial Benefits and Other Accomplishments

ducts. This saved the time of U.S. overseas staff preparing credit reports on foreign firms in countries where there were private sources of such information.

Enhanced Use of Public Lands Under DOD's Control

GAO identified a number of ways the Department of Defense (DOD) could improve its management of the public lands it controls, and collect additional revenues in the process. Specific improvements recommended by GAO included increasing forest productivity, leasing land for agriculture, and assessing more equitable fees for hunting and fishing on military lands. DOD has begun actions to improve management of its natural resources, but actual financial benefits have not yet been quantified.

Improved Process for Selling Public Lands

GAO found that the Department of the Interior's Bureau of Land Management's (BLM) use of discounted auction prices to stimulate land sales did not comply with federal requirements. BLM had planned to continue discount sales, but, as a result of the GAO review, agreed to discontinue the practice. Thus, sales revenues for the parcels it sells will increase.

Elimination of Dual Compensation to Military Reservists

Military reservists who are entitled to Veteran Administration (VA) compensation may elect to receive either the VA compensation benefits or reserve duty pay. Reservists should generally waive about 63 days of VA benefits to cover drill periods and/or active duty days. GAO reviewed Department of Defense (DOD) and VA controls to determine whether improper dual compensation was occurring. GAO concluded that improved DOD and VA coordination could eliminate dual compensation, and recommended that DOD and VA develop a standard waiver form and exchange data on persons who must submit waivers. DOD and VA subsequently agreed to exchange data to identify active reservists who have not waived disability benefits. VA and DOD will attempt to identify prior year overpayments that affect veterans, and VA will then recoup disability compensation for days/drills in prior years in which the member received both military pay and VA compensation.

Tightened Controls Over Contractors' Fees

The Department of Energy (DOE) hires contractors to run its government-owned research and production facilities. DOE furnishes the plants and equipment, pays employee salaries, provides the contractors with working capital through letters of credit, and awards most contractors a fee for their services. DOE favors using award-fee contracts where the fee amount partially depends on the quality of the contractor's performance. In 1982, six DOE field offices administered 25 award-fee contracts totaling almost \$2.8 billion and paid these contractors about \$58 million in fees. GAO found that DOE's field offices were inconsistent in making award fee determinations. DOE subsequently tightened its controls over fee calculations, which contributed to lower fees being paid to the contractors.

Actions Resulting from GAO's Fraud Hotline Operations

During the first 5 years of the GAO Fraud Hotline Operation, over 53,000 calls were received and over 10,600 allegations were referred to Inspectors General and GAO for investigation or audit. Of the 10,600 referrals, approximately 7,400 cases were closed. Of the closed cases, 1,110 were substantiated, and in another 398 cases, the reported allegation could not be substantiated, but action was taken by the agency to prevent or minimize the possibility of a violation or other improper activity. These substantiated cases have resulted in administrative actions against federal employees, recipients of federal assistance being removed from the rolls, contractors and grantees being disbarred or suspended, and over 175 referrals to the Department of Justice for prosecution. Based on hotline referrals, about \$20 million in misspent funds were uncovered and another \$24 million in potential savings were identified.

Earlier Receipt of Federal Tax Deposits

During a review of the Internal Revenue Service's (IRS) penalty abatement process, GAO identified an abusive practice by certain corporations making federal tax deposits. Federal tax deposits are those portions of employees' earnings that are deposited by employers for tax withholding purposes. The Internal Revenue Code required that certain employers mail such deposits to a financial institution no later than 2 days before the deposit due date. GAO

found that a growing number of corporations were abusing this privilege by mailing their deposits to financial institutions cross-country by certified or registered mail. Using certified or registered mail involves more controls by the Postal Service; thus, it takes more time—10 to 14 days—for a deposit to reach its destination. Such practices are clearly costly to the government. In March 1983, GAO suggested that IRS assess the extent of the problem. IRS confirmed that a substantial amount of interest was being lost to the federal government. The Congress subsequently enacted a legislative change requiring that deposits in excess of \$20,000 be made by the due date regardless of method of delivery.

Other Benefits

Some actions taken in response to GAO's work result in accomplishments other than financial benefits. For example, GAO's work can result in streamlined or improved program operations, elimination of duplicate efforts, better cooperation among government entities, and improved government services to program beneficiaries and citizens in general. While these types of benefits cannot be measured in financial terms, they result in increased effectiveness in government operations benefiting not only the government, but the people who rely on or are affected by government programs. The following GAO-prompted actions are examples of this type of accomplishment.

Consumers Benefit from TVA Cost Reductions

GAO made several recommendations designed to bring about improvements in Tennessee Valley Authority (TVA) coal acquisition and management practices. For example, GAO recommended that TVA minimize the award of contracts when coal demand is high, make greater use of short-term contracts, use a different coal quality price adjustment factor, and install effective coal-sampling facilities. Acting on these and other GAO recommendations, TVA reduced its costs by over \$770 million, ultimately benefiting consumers of TVA-produced electricity.

Improved Procedures for Monitoring Alcohol Fuel Projects

GAO reported that problems encountered with Department of Energy (DOE) alcohol fuel projects might have been minimized if DOE had begun ef-

fective program monitoring as soon as the projects were awarded. Effective monitoring did not begin until 7 months after some projects started. GAO made recommendations to preclude projects from beginning without effective monitoring. As a result of these recommendations, DOE revised its project reporting procedures. The revised procedures require that a checklist be prepared which would ensure that a project monitoring system is established before awarding a contract or grant. This procedure will improve DOE oversight and control over future projects.

Better Monitoring of Residues in Meat and Poultry

The Food Safety and Inspection Service analyzes meat and poultry samples for the presence of excessive residues of pesticides, animal drugs, and other potentially hazardous chemicals. GAO reviewed the adequacy of the Service's data on sampling results and identified testing and reporting problems. As a result of the GAO disclosures, the Service restructured its annual random residue sample for 1984 and the method of reporting sampling results. These changes should improve the government's ability to monitor excessive residues in the nation's meat and poultry supplies.

Federal Lands Opened for Mineral Exploration and Development

GAO reported that federal lands can be closed for an indefinite period of time by filing an application for a hydroelectric power project with the Federal Energy Regulatory Commission. Even if the application is rejected and a license for a hydroelectric power project is not granted, the land remains closed to other uses such as mineral exploration and development. Such indefinite withdrawal of these lands is contrary to the policy that public lands not be restricted from multiple use. GAO recommended that the Commission establish a policy to remove the restrictive effect on federal lands of a hydroelectric power project application when consideration of the application is terminated without the issuance of a license. The Commission subsequently ordered that the land restrictions be withdrawn for certain projects in California and will take similar actions for projects in other states, thus opening more federal land to mineral exploration and development.

Chapter Three

Financial Benefits and Other Accomplishments

Improved Auto Safety Defect Investigations

GAO reported that the National Highway Traffic Safety Administration did not follow its established procedures when investigating an alleged safety-related defect some automobile owners were experiencing. GAO made several recommendations to improve the management and performance of safety defect investigations. The Administration issued step-by-step control plans for conducting the various investigative phases of alleged automobile safety defects and took a number of additional actions to improve top management's oversight of ongoing defect investigations.

Improved Safety at National Park Service Dams

After GAO reported on safety deficiencies at National Park Service dams in the Blue Ridge Parkway area, the Service took interim measures to improve safety conditions at the dams, such as clearing vegetation and draining two lakes. These actions will reduce the potential dangers posed by the dams until they are repaired.

More Complete Disclosure of Information by Tax-Exempt Private Foundations

Tax-exempt private foundations are required by law to make extensive disclosures on their tax returns for public information, oversight, and tax administration purposes. In 1983, GAO reported that most foundations were not making full information disclosures on their returns because the Internal Revenue Service (IRS) had devoted little attention to administering certain important disclosure requirements. As a result of IRS' actions taken in response to GAO's recommendations, important, useful information will now be available to the public and the Congress for monitoring foundation activities and to persons seeking to identify foundations most likely to fund their programs.

Increased Benefits for Low-Income Families

GAO evaluated how the 1981 Omnibus Reconciliation Act affected recipients of Aid to Families with Dependent Children (AFDC), a federal welfare program. GAO found that stricter eligibility standards reduced the caseload by 493,000 cases and lowered spending by \$93 million per month. Most people dropped from the AFDC rolls who had been working and receiving aid kept their jobs and did not receive welfare. Also, those dropped from the AFDC

rolls generally lost Medicaid benefits. GAO found many remained without any medical insurance coverage over a year after losing AFDC eligibility. GAO's study led to legislative changes in the Deficit Reduction Act of 1984 affecting the AFDC program. One change established a transition period so that people working their way off welfare could retain Medicaid coverage; and another change raised the limits on allowable income which a person can earn and still receive some assistance.

Better Management of Federal Civilian Aircraft Operations

GAO reported that (1) federal civilian agencies continued to acquire, operate, and manage aircraft independently and without adequate justification; (2) aircraft were used routinely for transportation which could have been provided much more economically by commercial airlines; (3) aircraft were underused; and (4) agencies were not coordinating aircraft operations. To correct the problems, GAO recommended that the Office of Management and Budget (OMB) develop uniform policies and procedures for aircraft management. OMB took several actions in response. For instance, OMB issued Circular A-126 "Improving the Management and Use of Government Aircraft," which contains the policy guidance GAO recommended to strengthen control over civilian agency aircraft operations. OMB also revised Circular A-76 to clarify the need for cost comparisons in selecting the most economical alternative for acquiring aircraft and related services.

Assistance to Small Businesses in Converting to the Nine-Digit Zip Code

In response to a GAO recommendation, the Postal Service broadened its eligibility criteria for helping mailers convert their address files to the new nine-digit Zip Code. The change will enable more businesses and organizations of smaller size to receive assistance.

Improved Taxpayer Compliance in Claiming Historic Preservation Tax Credit

To be eligible to use the historic preservation tax incentives, taxpayers must first apply to have their structures designated as certified rehabilitations. Further, not all of the expenses associated with the process of rehabilitating a historic structure are eligible. GAO found that some taxpayers had claimed tax benefits for rehabilitating historic structures

even though the National Park Service had disallowed the required certification of historical significance, and included unallowable costs in claiming the tax benefits. GAO suggested that if use of the investment tax credit increases as predicted for future years, the Internal Revenue Service (IRS) may need to revise its examination strategy to better ensure compliance with the tax laws governing the credit. In response, IRS is revising the instructions and tax form that taxpayers use to claim the credit, and plans to take additional steps in its tax return review process to identify taxpayers who improperly claim this tax credit.

Number of Audit Reports Issued During Fiscal Year 1984

Appendix One

Reports Issued During Fiscal Year 1984

Fiscal Year 1984 Audit Reports ¹

	Addressee				Total
	Congress ²	Committee ³	Member	Agency ⁴ Officials	
Administration of Justice	1	17	10	5	33
Agriculture	0	10	7	7	24
Automatic Data Processing	0	6	0	5	11
Commerce and Housing Credit	1	5	3	1	10
Community and Regional Development	2	3	2	9	16
Congressional Information Services	0	2	0	0	2
Education, Training, Employment & Social Services	2	10	6	4	22
Energy	6	43	15	10	74
Financial Management and Information Systems	14	9	4	20	47
General Government	10	40	5	17	72
General Purpose Fiscal Assistance	5	0	0	0	5
General Science, Space & Technology	0	6	4	3	13
Health	1	9	8	10	28
Impoundment Control Act of 1974	18	0	0	0	18
Income Security	3	9	1	8	21
International Affairs	4	22	7	14	47
Multiple Functions	0	2	0	1	3
National Defense	4	30	18	54	106
Natural Resources and Environment	6	23	6	9	44
Non-Discrimination and Equal Opportunity	0	2	1	0	3
Transportation	1	15	3	5	24
Veterans Benefits and Services	0	3	0	8	11
Total	78	266	100	190	634

¹ A detailed list of these reports is contained in Appendix 2, which excludes certain reports classified for national security reasons for which unclassified digests have not been prepared. The numbers shown in Appendix 1 include all reports issued in fiscal year 1984 including those classified reports for which unclassified digests have not been prepared.

² Reports submitted to the Congress are addressed to the President of the Senate and the Speaker of the House of Representatives. Copies are sent to the Director, Office of Management and Budget; the Senate and House Committees on Appropriations and Government Operations; the appropriate legislative committees in the Senate and the House; Members of the Congress from the districts in which the activities reported on are located; others in the Congress, as requested; the President of the United States, as appropriate; the agencies reported on; and others directly affected.

³ Includes reports addressed to officers of the Congress.

⁴ Comprises reports addressed to heads of departments or agencies, to other officials at department or agency headquarters, to department or agency officials at regional or other local offices, or to commanding officers at military installations.

Appendix Two

Catalog of Audit Reports Issued During Fiscal Year 1984

Appendix Two

Reports Issued During Fiscal Year 1984

Administration of Justice

Members

Requirements for Duty-Free Status of Articles Imported From U.S. Insular Possessions. Department of the Treasury. (Request of Senator George J. Mitchell)
GGD-84-94, 8-27-84

Justice Can Improve Its Contract Review Committee's Contribution To Better Contracting. (Request of Senator Max Baucus)
GGD-84-97, 9-28-84

Agency Officials

First Year Implementation of the Federal Managers' Financial Integrity Act by the Department of Justice.
GGD-84-63, 5-8-84

Criminal Justice Assistance

Committees

The Proposed Missing Children and Serial Murder Tracking Program Is Not Eligible for Juvenile Justice and Delinquency Prevention Act Special Emphasis Funds. Department of Justice, Office of Juvenile Justice and Delinquency Prevention. (Request of Representative Ike F. Andrews, Chairman, Human Resources Subcommittee, House Committee on Education and Labor)
GGD-84-7, 11-16-83

Appointments to and Operations of the National Advisory Committee for Juvenile Justice and Delinquency Prevention. Department of Justice. (Request of Representative Ike F. Andrews, Chairman, Human Resources Subcommittee, House Committee on Education and Labor)
GGD-84-8, 11-30-83

Travel by the Office of Juvenile Justice and Delinquency Prevention's Administrator and His Staff Was Reasonable and Appropriate. Department of Justice. (Request of Representative Ike F. Andrews, Chairman, Human Resources Subcommittee, House Committee on Education and Labor)
GGD-84-18, 12-9-83

Propriety of Non-Federal Cash Matching Requirements for Juvenile Justice Grants. Department of Justice, Office of Juvenile Justice and Delinquency Prevention. (Request of Representative Ike F.

Andrews, Chairman, Human Resources Subcommittee, House Committee on Education and Labor)
GGD-84-28, 12-9-83

Drug Suppression/Habitual Offender Program Awards Were Proper. Department of Justice, Office of Juvenile Justice and Delinquency Prevention. (Request of Representative Ike F. Andrews, Chairman, Human Resources Subcommittee, House Committee on Education and Labor)
GGD-84-44, 4-3-84

Propriety of Personnel Actions and Use of Consultants by the Office of Juvenile Justice and Delinquency Prevention. Department of Justice. (Request of Representative Ike F. Andrews, Chairman, Human Resources Subcommittee, House Committee on Education and Labor)
GGD-84-45, 4-3-84

Youth Advocacy Grant Audits. Department of Justice, Office of Juvenile Justice and Delinquency Prevention. (Request of Representative Ike F. Andrews, Chairman, Human Resources Subcommittee, House Committee on Education and Labor)
GGD-84-43, 4-12-84

Better Monitoring and Recordkeeping Systems Needed To Accurately Account for Juvenile Justice Practices. Department of Justice, Office of Juvenile Justice and Delinquency Prevention. (Request of Representative Ike F. Andrews, Chairman, Human Resources Subcommittee, House Committee on Education and Labor)
GGD-84-85, 7-9-84

Federal Correctional Activities

Members

Security and Supervision of Inmates in the Bureau of Prisons Community Treatment Centers. Department of Justice. (Request of Representative Vic Fazio)
GGD-84-30, 12-2-83

Federal, District of Columbia, and States' Future Prison and Correctional Institution Populations and Capacities. Department of Justice, Bureau of Prisons. (Request of Senator Arlen Specter)
GGD-84-56, 2-27-84

Appendix Two

Reports Issued During Fiscal Year 1984

Federal Law Enforcement Activities

Congress

Forgery of U.S. Treasury Checks--Federal Misdemeanor Law Needed. Department of the Treasury, United States Secret Service. GGD-84-6, 11-17-83

Committees

Coordination of Requests for Military Assistance to Civilian Law Enforcement Agencies. Department of Defense; Department of Justice, Drug Enforcement Administration; Department of the Treasury; and Department of Transportation, United States Coast Guard. (Request of Representative William J. Hughes, Chairman, Crime Subcommittee, House Committee on the Judiciary) GGD-84-27, 11-2-83

Foreign Trade Zone Growth Primarily Benefits Users Who Import for Domestic Commerce. Departments of Commerce, the Army, and the Treasury. (Request of Representative Daniel Rostenkowski, Chairman, House Committee on Ways and Means) GGD-84-52, 3-2-84

U.S. Customs Service's Import Classification Operations: Staffing and Workload Changes. Department of the Treasury. (Request of Senator John C. Danforth, Chairman, International Trade Subcommittee, Senate Committee on Finance) GGD-84-59, 3-8-84

Justice Department Enforcement of the Neutrality Statutes in the South Florida Area. Department of the Treasury. (Request of Representatives Robert W. Kastenmeier, Chairman, Courts, Civil Liberties, and the Administration of Justice Subcommittee, House Committee on the Judiciary; and Michael D. Barnes, Chairman, Western Hemisphere Affairs Subcommittee, House Committee on Foreign Affairs) GGD-84-58, 4-16-84

Law Enforcement Efforts To Control Domestically Grown Marijuana. Departments of Defense and the Army; and Department of Justice, Drug Enforcement Administration. (Request of Representative Glenn English, Chairman, Government Information, Justice, and Agriculture Subcommittee, House Committee on Government Operations) GGD-84-77, 5-25-84

Customs Service's Participation in Followup Investigations of Drug Smuggling Interdictions in South Florida. Department of the Treasury and Department of Justice, Drug Enforcement Administration. (Request of Representative Glenn L. English, Chairman, Government Information, Justice, and Agriculture Subcommittee, House Committee on Government Operations) GGD-84-37, 7-18-84

Accomplishments of FBI Undercover Operations. Department of Justice. (Request of Representatives F. James Sensenbrenner, Ranking Minority Member, Civil and Constitutional Rights Subcommittee, House Committee on the Judiciary; and Don Edwards, Chairman, Civil and Constitutional Rights Subcommittee, House Committee on the Judiciary) GGD-84-79, 8-21-84

Witness Security Program: Prosecutive Results and Participant Arrest Data. Department of Justice. (Request of Representative Robert W. Kastenmeier, Chairman, Courts, Civil Liberties, and the Administration of Justice Subcommittee, House Committee on the Judiciary) GGD-84-87, 8-23-84

Members

Justice Expenditures for Private Counsel and Judicial Fee Awards in Antitrust and Securities Cases. (Request of Senator Edward M. Kennedy) GGD-84-2, 10-7-83

U.S. Customs Service's Collection of Duties on Imports to the Virgin Islands. Departments of Commerce and the Treasury. (Request of Delegate Ron De Lugo) GGD-84-26, 10-25-83

Organized Crime Drug Enforcement Task Forces: Status and Observations. Departments of Justice and the Treasury. (Request of Senator Joseph R. Biden) GGD-84-35, 12-9-83

Investigations of Major Drug Trafficking Organizations. Department of Justice, Drug Enforcement Administration. (Request of Senator Joseph R. Biden) GGD-84-36, 3-5-84

Changes in the Responsibilities of the U.S. Customs Service's National Import Specialists. Department of the Treasury. (Request of Senator Bill Bradley) GGD-84-101, 9-25-84

Agency Officials

FBI Management of Its Automated Information Systems. Department of Justice. GGD-84-24, 10-18-83

Justice Needs Better Controls Over Payment of Witness Fees. GGD-84-61, 7-12-84

Opportunities for Immigration and Naturalization Service To Improve Cost Recovery and Debt Collection Practices. Department of Justice. GGD-84-86, 7-13-84

Federal Litigative and Judicial Activities

Committees

Justice Can Further Improve Its Monitoring of Changes in State/Local Voting Laws. (Request of Representative Don Edwards, Chairman, Civil and Constitutional Rights Subcommittee, House Committee on the Judiciary) GGD-84-9, 12-19-83

Members

Justice's Processing of Mississippi's Proposed Voting Changes. (Request of Representative G.V. Montgomery) GGD-84-76, 7-23-84

Agency Officials

Greater Oversight and Guidance of Bankruptcy Process Needed. Department of Justice and Administrative Office of the United States Courts. GGD-84-55, 8-21-84

Agriculture

Agency Officials

Agriculture's First-Year Implementation of the Federal Managers' Financial Integrity Act. RCED-84-138, 6-21-84

Agricultural Research and Services

Committees

Federal Agricultural Research Funding: Issues and Concerns. Department of Agriculture. (Request of Senator Richard G. Lugar, Chairman, Agricultural Research and General Legislation Subcommittee,

Senate Committee on Agriculture, Nutrition, and Forestry) RCED-84-20, 10-20-83

WIC Evaluations Provide Some Favorable but No Conclusive Evidence on the Effects Expected for the Special Supplemental Program for Women, Infants, and Children. Department of Agriculture. (Request of Senator Jesse A. Helms, Chairman, Senate Committee on Agriculture, Nutrition, and Forestry) PEMD-84-4, 1-30-84

Electronic Marketing of Agricultural Commodities: An Evolutionary Trend. Department of Agriculture. (Request of Representative Parren J. Mitchell, Chairman, House Committee on Small Business) RCED-84-97, 3-8-84

Members

USDA's Oversight of State Meat and Poultry Inspection Programs Could Be Strengthened. (Request of Senators Thomas F. Eagleton and Lawton Chiles) RCED-84-23, 10-21-83

Agency Officials

Food Bibliography. Department of Agriculture. RCED-84-130, 4-84

Regulation of the Poultry Industry Under the Packers and Stockyards Act. Department of Agriculture, Packers and Stockyards Administration. RCED-84-110, 4-13-84

Establishing New Federal Food-Buying Procedures Would Help Eliminate Unnecessary Special Examinations. Departments of Agriculture and Defense; and Veterans Administration. RCED-84-150, 9-24-84

Farm Income Stabilization

Committees

New or Renovated Warehouse Space Provided Under Extended Storage Agreements. Department of Agriculture. (Request of Representative Glenn L. English, Chairman, Government Information, Justice, and Agriculture Subcommittee, House Committee on Government Operations) RCED-84-49, 10-14-83

Analysis of Certain Aspects of a Corn Shipment to South Texas To Meet Obligations to Producers Under the Payment-In-Kind Program. Department of Agriculture. (Request of Representative E. (Kika)

Appendix Two

Reports Issued During Fiscal Year 1984

De La Garza, Chairman, House Committee on Agriculture)

RCED-84-71, 12-2-83

Improved Administration of Special Surplus Dairy Product Distribution Program Needed. Department of Agriculture, Food and Nutrition Service. (Request of Senator Jesse A. Helms, Chairman, Senate Committee on Agriculture, Nutrition, and Forestry; and Representatives Cooper Evans and Leon E. Panetta, Chairman, Domestic Marketing, Consumer Relations, and Nutrition Subcommittee, House Committee on Agriculture)

RCED-84-58, 3-14-84

Federal Crop Insurance Program in North Carolina and Iowa. Department of Agriculture, Federal Crop Insurance Corporation. (Request of Senators Roger W. Jepsen, Senate Committee on Agriculture, Nutrition, and Forestry; and Jesse A. Helms, Chairman, Senate Committee on Agriculture, Nutrition, and Forestry)

RCED-84-120, 3-16-84

Multiplier Effect of the Agricultural Sector on the General Economy. (Request of Representative E. (Kika) De La Garza, Chairman, House Committee on Agriculture)

RCED-84-56, 4-17-84

Evaluation of the Quality of Corn Stored by USDA at a Plainview, TX, Grain Warehouse. (Request of Representative E. (Kika) De La Garza, Chairman, House Committee on Agriculture)

RCED-84-175, 8-17-84

Department of Agriculture's Acquisition and Distribution of Commodities for Its 1983 Payment-in-Kind Program. (Request of Representative Glenn L. English, Chairman, Unemployment Compensation, Revenue Sharing, and Economic Problems Subcommittee, Senate Committee on Finance)

RCED-84-137, 9-25-84

Members

Cost Information on the USDA Tobacco Program. (Request of Representative Thomas E. Petri)

RCED-84-33, 12-12-83

Government-Owned Surplus Dairy Products Held in Inventory. Department of Agriculture. (Request of Representatives Dennis E. Eckart, James L. Oberstar, Mary Rose Oakar, and Marcy Kaptur)

RCED-84-72, 12-20-83

Feasibility of Providing the Armed Services With Additional Surplus Dairy Commodities Owned by USDA. Department of Defense. (Request of Representative Joseph G. Minish)

RCED-84-88, 1-17-84

The Federal Crop Insurance Corporation's Efforts To Provide Monthly Reports to the Senate Committee on Appropriations. Department of Agriculture. (Request of Senator Thomas F. Eagleton, Ranking Minority Member, Agricultural, Rural Development, and Related Agencies Subcommittee, Senate Committee on Appropriations)

RCED-84-169, 7-13-84

Department of Agriculture Is Using Improved Payment Procedures for Its 1984 Farm Programs. (Request of Representative Berkley W. Bedell)

RCED-84-159, 8-6-84

Agency Officials

Government Could Save Millions by Revising Its Purchase Specification for Ground Beef.

Departments of Agriculture and Defense; and Veterans Administration.

RCED-84-29, 2-21-84

More Attention Needed in Key Areas of the Expanded Crop Insurance Program. Department of Agriculture, Federal Crop Insurance Corporation.

RCED-84-65, 3-14-84

Import-Export Issues

Members

Peruvian Rice Purchases Guaranteed by the Commodity Credit Corporation. Department of Agriculture. (Request of Representative John B. Breaux)

NSIAD-84-116, 6-7-84

Agency Officials

Opportunities for Greater Cost Effectiveness in Public Law 480, Title I Food Purchases. Department of Agriculture.

NSIAD-84-69, 4-19-84

Automatic Data Processing

Committees

An Improved Automated System Would Better Identify Small Businesses Seeking Federal Contracting Opportunities. Small Business Administration. (Request of Representative Berkley W. Bedell, Chairman, General Oversight and the

Economy Subcommittee, House Committee on Small Business)

IMTEC-84-3, 1-12-84

Air Force Progress in Implementing the Phase IV Base Level Computer Replacement Program. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)

IMTEC-84-7, 1-18-84

SSA Data Communications Contracts With Paradyne Corporation Demonstrate the Need for Improved Management Controls. Department of Health and Human Services. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)

IMTEC-84-15, 7-9-84

Navy Did Not Adhere to Procurement Regulations in Acquiring a Computer for Its Ships Parts Control Center. Department of the Army and General Services Administration. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)

IMTEC-84-16, 7-16-84

Additional Information on SSA Management of Data Communications Contracts with Paradyne Corporation. Department of Health and Human Services. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)

IMTEC-84-23, 8-27-84

OMB Needs To More Fully Consider Government-Wide Implications in Its Telecommunications Initiatives. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)

IMTEC-84-21, 9-7-84

Agency Officials

Air Force Global Weather Central Initiates Positive Action To Assess Adequacy of Software Inventory.

IMTEC-84-4, 10-21-83

GSA Should Strengthen Its Management and Cost Control Over ADP Revolving Fund Activities.

IMTEC-84-5, 10-25-83

Greater Emphasis on Testing Needed To Make Computer Software More Reliable and Less Costly. General Services Administration.

IMTEC-84-2, 10-27-83

ASCS Needs Better Information To Adequately Assess Proposed County and State Office Automation. Department of Agriculture.

IMTEC-84-11, 5-25-84

Army Has the Opportunity to Recompete DAS3 Purchases and Improve Automated Battlefield Support.

IMTEC-84-20, 9-28-84

Commerce and Housing Credit

Mortgage Credit and Thrift Insurance

Congress

The FSLIC Insurance Fund--Recent Management and Outlook for the Future. Federal Home Loan Bank Board.

GGD-84-3, 10-14-83

Committees

Mortgages Assigned to HUD Under Section 221(g)(4) of the National Housing Act. (Request of Senator Edwin (Jake) Garn, Chairman, HUD-Independent Agencies Subcommittee, Senate Committee on Appropriations)

RCED-84-40, 10-24-83

Members

Borrowers Pay Lower Effective Interest Rates for Large Conventional Mortgage Loans. Department of Housing and Urban Development, Federal National Mortgage Association; and Federal Home Loan Mortgage Corporation. (Request of Representative Steve Bartlett)

RCED-84-151, 4-5-84

Other Advancement of Commerce

Committees

Department of Energy's Activities To Limit Distribution of Certain Unclassified Scientific and Technical Information. Department of Defense; Department of Commerce, National Technical Information Service; and National Aeronautics and Space Administration. (Request of Representative John D. Dingell, Chairman, House Committee on Energy and Commerce)

RCED-84-129, 3-30-84

Privacy Policy Activities of the National Telecommunications and Information Administration. Department of Commerce. (Request of Representative Glenn L. English, Chairman, Government Informa-

Appendix Two

Reports Issued During Fiscal Year 1984

tion, Justice, and Agriculture Subcommittee, House Committee on Government Operations)
GGD-84-93, 8-31-84

Members

The Los Angeles County Sheriff's Request for Radio Frequencies. Federal Communications Commission. (Request of Senator Pete Wilson)
RCED-84-158, 8-23-84

Agency Officials

SEC's Efforts To Find Lost and Stolen Securities. Department of Justice.
GGD-84-42, 5-18-84

Postal Service

Committees

Opportunities To Improve the Postal Ratemaking Process. United States Postal Service and Postal Rate Commission. (Request of Senator Ted Stevens, Chairman, Civil Service, Post Office and General Services Subcommittee, Senate Committee on Governmental Affairs)
GGD-84-10, 4-23-84

Information on the Status of Postal Service Costs and Mail Delivery Service Under the Postal Reorganization Act. (Request of Senator Ted Stevens, Chairman, Civil Service, Post Office and General Services Subcommittee, Senate Committee on Governmental Affairs)
GGD-84-73, 8-8-84

Members

Information on Shortages in Stamp Stock at the Main Post Office and the Carl Range Station in Irving, Texas. United States Postal Service. (Request of Senator John G. Tower)
GGD-84-67, 5-1-84

Community and Regional Development

Area and Regional Development

Committees

The National Consumer Cooperative Bank: An Institution in Transition. (Request of Representative Fernand J. St. Germain, Chairman, House Committee on Banking, Finance and Urban Affairs)
RCED-84-75, 12-15-83

Estimated Employment Effects of Federal Economic Development Programs. Departments of Agriculture, Commerce, and Housing and Urban Development; and Small Business Administration. (Request of Representative James L. Oberstar, Chairman, Economic Development Subcommittee, House Committee on Public Works and Transportation)
OCE-84-4, 8-15-84

Agency Officials

Federal Economic Development Assistance Programs: An Econometric Analysis of Their Employment Effects, 1974-78. Departments of Agriculture, Commerce, and Housing and Urban Development; and Small Business Administration. (Request of Economic Development Subcommittee, House Committee on Public Works and Transportation)
OCE-84-5, 8-15-84

Community Development

Congress

Increasing HUD Effectiveness Through Improved Management.
RCED-84-9, 1-10-84

Insights Into Major Urban Development Action Grant Issues. Department of Housing and Urban Development.
RCED-84-55, 3-5-84

Committees

Income Analysis of Farmers Home Administration Subsidized Rural Homebuyers in 1983. Department of Agriculture. (Request of Senator Edwin (Jake) Garn, Chairman, Senate Committee on Banking, Housing and Urban Affairs)
RCED-84-145, 3-26-84

Members

Excessive Assumption Fees Charged on Federal Home Loan Mortgage Corporation Mortgages. (Request of Representative Mary Rose Oakar)
RCED-84-119, 3-5-84

Improving Controls Over Rent and Management Fees at Multifamily Housing Projects. Department

of Housing and Urban Development. (Request of Senator William Proxmire)
RCED-84-118, 4-11-84

Agency Officials

Delaware's Early Implementation of the Small Cities Community Development Block Grant Program. Department of Housing and Urban Development.
PHILRO, 10-19-83

Alabama's Early Implementation of the Small Cities Community Development Block Grant Program. Department of Housing and Urban Development.
ATLRO, 10-24-83

Kentucky's Early Implementation of the Small Cities Community Development Block Grant Program. Department of Housing and Urban Development.
CINRO, 10-26-83

Iowa's Early Implementation of the Small Cities Community Development Block Grant Program. Department of Housing and Urban Development.
CHIRO, 10-28-83

Utah's Early Implementation of the Small Cities Community Development Block Grant Program. Department of Housing and Urban Development.
DENRO, 10-31-83

Massachusetts' Early Implementation of the Small Cities Community Development Block Grant Program. Department of Housing and Urban Development.
BOSRO, 11-3-83

Michigan's Early Implementation of the Small Cities Community Development Block Grant Program. Department of Housing and Urban Development.
DETRO, 11-4-83

Opportunities for Public Housing Authorities To Develop and Acquire Computer-Based Management Information Systems. Department of Housing and Urban Development.
IMTEC-84-13, 9-28-84

Congressional Information Services

Committees

Study of Progress Made in Implementing the Single Audit Concept. Office of Management and Budget.
AFMD-84-21, 3-14-84

Lapsed Budget Authority--Fiscal Year 1981. (Request of Representative James R. Jones, Chairman, House Committee on the Budget)
AFMD-84-54, 5-29-84

Education, Training, Employment and Social Services

Elementary, Secondary, and Vocational Education

Members

Status of the Bureau of Indian Affairs' Muskogee and Anadarko Area Office Consolidation. (Request of Senators Donald L. Nickles and David L. Boren and Representatives Michael L. Synar and James R. Jones)
RCED-84-89, 1-17-84

Agency Officials

New Directions for Federal Programs To Aid Mathematics and Science Teaching. Department of Education, National Science Foundation, Office of Management and Budget, and Office of Science and Technology Policy.
PEMD-84-5, 3-6-84

Higher Education

Committees

Funding Information on the State Student Incentive Grant Program and Other Need-Based

Appendix Two

Reports Issued During Fiscal Year 1984

Student Aid Programs. Department of Education. (Request of Representative Paul Simon, Chairman, Postsecondary Education Committee, House Committee on Education and Labor)
HRD-84-19, 12-29-83

Selected Aspects of Howard University's Operations and Use of Federally Appropriated Funds. (Request of Senator Lowell P. Weicker, Chairman, Labor, Health and Human Services, and Education Subcommittee, Senate Committee on Appropriations)
HRD-84-43, 3-9-84

Secondary Market Activities of the Student Loan Marketing Association. Department of Education. (Request of Senators Jennings Randolph, Senate Committee on Labor and Human Resources; Claiborne Pell, Senate Committee on Labor and Human Resources; Robert T. Stafford, Chairman, Education, Arts, and the Humanities Subcommittee, Senate Committee on Labor and Human Resources; and Orrin G. Hatch, Chairman, Senate Committee on Labor and Human Resources)
HRD-84-51, 5-18-84

Many Proprietary Schools Do Not Comply With Department of Education's Pell Grant Program Requirements. (Request of Representatives Richard A. Gephardt and Paul Simon, Chairman, Postsecondary Education Subcommittee, House Committee on Education and Labor)
HRD-84-17, 8-20-84

Members

Use of Department of Education Title III Grant Funds by the International Institute of the Americas of World University. Veterans Administration. (Request of Resident Commissioner Baltasar Corrada)
HRD-84-20, 4-4-84

Review of the National Center for Research in Vocational Education. Department of Education. (Request of Senators Howard H. Baker, Jr., Robert T. Stafford, and Orrin G. Hatch)
HRD-84-78, 8-16-84

Other Labor Services

Committees

Coordination Between the Departments of Labor and Justice in Investigating Criminal Activities of Labor Unions and Employee Pension and Welfare Benefit Funds. (Request of Senator Orrin G. Hatch, Chairman, Senate Committee on Labor and Human Resources)
HRD-84-9, 1-24-84

The Department of Labor's Handling of the Investigation and Litigation of Alleged Abuses of the Southern Nevada Culinary Workers and Bartenders Pension Trust Fund. Department of Justice. (Request of Senator Orrin G. Hatch, Senate Committee on Labor and Human Resources)
HRD-84-60, 9-28-84

Members

Closing the Department of Labor's Brooklyn Wage and Hour Area Office. (Request of Representative Stephen J. Solarz)
HRD-84-85, 8-21-84

Agency Officials

First-Year Implementation of the Federal Managers' Financial Integrity Act in the Department of Labor. Office of Management and Budget.
HRD-84-45, 5-3-84

Social Services

Congress

States Use Several Strategies To Cope With Funding Reductions Under Social Services Block Grant. Department of Health and Human Services and Office of Management and Budget.
HRD-84-68, 8-9-84

Community Services Block Grant: New State Role Brings Program and Administrative Changes. Department of Health and Human Services.
HRD-84-76, 9-28-84

Committees

GAO FY 1983 Audit Work and Internal Activities Affecting the Elderly. Department of Health and Human Services. (Request of Senator John Heinz, Chairman, Senate Special Committee on Aging)
HRD-84-28, 12-19-83

Better Federal Program Administration Can Contribute to Improving State Foster Care Programs. Department of Health and Human Services. (Request of Representative Harold E. Ford, Chairman, Public Assistance and Unemployment Compensation Subcommittee, House Committee on Ways and Means)
HRD-84-2, 8-10-84

ACTION's Hiring and Use of Certain Noncareer Employees and Other Personnel Matters. Office of Personnel Management. (Request of Representatives George Miller; Cardiss R. Collins; Ted S. Weiss; Paul Simon; Barney Frank, Chairman, Manpower and Housing Subcommittee, House Committee on Government Operations; Ike F. Andrews, Chairman, Human Resources Subcommittee, House Committee on Education and Labor; and Austin J. Murphy, Chairman, Select Education Subcommittee, House Committee on Education and Labor)
HRD-84-57, 9-7-84

Agency Officials

The Office of Human Development Services' Coordinated Discretionary Program. Department of Health and Human Services.
HRD-84-89, 9-27-84

Training and Employment

Committees

Information on the Senior Community Service Employment Program and the Proposed Transfer to HHS. Department of Labor. (Request of Senator Charles E. Grassley, Chairman, Aging Subcommittee, Senate Committee on Labor and Human Resources)
HRD-84-42, 3-12-84

Members

Department of Labor's Methodology for Dispersing FY 1983 Summer Youth Employment Program Discretionary Funds. Representatives James R. Jones and William H. Gray, III
HRD-84-59, 4-26-84

Strong Internal Controls at Service Delivery Level Will Help Prevent CETA-Type Fraud and Abuse in Job Training Partnership Act Programs. Department of Labor. (Request of Sam Nunn, Ranking Minority Member, Permanent Subcommittee on

Investigations, Senate Committee on Governmental Affairs)
AFMD-84-62, 9-28-84

Agency Officials

An Assessment of Random Audit--A New Department of Labor Program To Improve the Accuracy of Unemployment Insurance Benefit Payments.
HRD-84-26, 3-30-84

Energy

Emergency Energy Preparedness

Committees

Comparison of Strategic Petroleum Reserve Oil Prices and Commercial Oil Prices. Departments of Defense and Energy. (Request of Commerce, Consumer and Monetary Affairs Subcommittee, House Committee on Government Operations)
RCED-83-156, 10-4-83

Status of Strategic Petroleum Reserve Activities as of September 30, 1983. Department of Energy. (Request of Senator James A. McClure, Chairman, Senate Committee on Energy and Natural Resources)
RCED-84-11, 10-14-83

Status of Strategic Petroleum Reserve Activities as of December 31, 1983. Department of Energy and Department of Defense, Defense Logistics Agency. (Request of Senate Committee on Energy and Natural Resources)
RCED-84-92, 1-13-84

Additional Improvements Needed in Logistics Support for the Strategic Petroleum Reserve. Department of Energy. (Request of Senators J. Bennett Johnston, Ranking Minority Member, Senate Committee on Energy and Natural Resources; and James A. McClure, Chairman, Senate Committee on Energy and Natural Resources)
RCED-84-12, 4-13-84

Status of Strategic Petroleum Reserve Activities as of March 31, 1984. Department of Energy. (Request of Senators J. Bennett Johnston, Ranking Minority Member, Senate Committee on Energy and Natural Resources; and James A. McClure, Chairman, Senate Committee on Energy and Natural Resources)
RCED-84-148, 4-13-84

Appendix Two

Reports Issued During Fiscal Year 1984

Status of Strategic Petroleum Reserve Activities as of June 30, 1984. Department of Energy. (Request of Senate Committee on Energy and Natural Resources)

RCED-84-182, 7-13-84

Defense Fuel Supply Center Procedures for Purchasing Strategic Petroleum Reserve Oil. Department of Energy and Department of Defense, Defense Logistics Agency. (Request of Senators J. Bennett Johnston, Ranking Minority Member, Senate Committee on Energy and Natural Resources; and James A. McClure, Chairman, Senate Committee on Energy and Natural Resources)

RCED-84-61, 9-21-84

Members

Assessment of U.S. Participation in the IEA Fourth Test of Its Emergency Sharing Allocation System. Departments of Energy and State. (Request of Senator Howard M. Metzenbaum)

NSIAD-84-4, 10-13-83

Energy Conservation

Committees

Status of the Federal Energy Management Program. Department of Energy and Office of Management and Budget. (Request of Representative Richard L. Ottinger, Chairman, Energy Conservation and Power Subcommittee, House Committee on Energy and Commerce)

RCED-84-86, 3-7-84

Economic Uses of the National Wildlife Refuge System Unlikely To Increase Significantly. Department of the Interior, United States Fish and Wildlife Service. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce)

RCED-84-108, 6-15-84

Overview of Selected Civilian Agencies' Progress in Achieving Energy Conservation. Departments of Agriculture, Energy, Health and Human Services, Justice, Transportation, and the Interior; General Services Administration; National Aeronautics and Space Administration; United States Postal Service; and Veterans Administration. (Request of Representative Richard L. Ottinger, Chairman, Energy Conservation and Power Subcommittee, House

Committee on Energy and Commerce)

RCED-84-200, 9-21-84

Energy Information, Policy, and Regulation

Congress

Performance Evaluation of the Energy Information Administration. Department of Energy and Executive Office of the President.

PART-84-1, 6-15-84

Committees

Information on the Proposed Transfer of the Department of Energy's Functions. Department of Commerce and Office of Management and Budget. (Request of Representative Philip R. Sharp, Chairman, Fossil and Synthetic Fuels Subcommittee, House Committee on Energy and Commerce)

RCED-84-28, 10-25-83

Disconnection of Natural Gas Service to Residential Customers. Department of Energy, Federal Energy Regulatory Commission. (Request of Senator Charles H. Percy, Chairman, Energy, Nuclear Proliferation and Government Processes Subcommittee, Senate Committee on Governmental Affairs)

RCED-84-70, 11-15-83

Improvements Needed in the DOE Petroleum Pricing and Allocation Compliance Program. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce)

RCED-84-51, 4-18-84

Information on Budget Reductions in Energy Information Administration Programs. Department of Energy. (Request of Representative Phillip R. Sharp, Chairman, Fossil and Synthetic Fuels Subcommittee, House Committee on Energy and Commerce)

RCED-84-128, 5-4-84

Information on Relicensing Cases at the Federal Energy Regulatory Commission. Department of Energy. (Request of Representative Richard L. Ottinger, Chairman, Energy Conservation and Power Subcommittee, House Committee on Energy and Commerce)

RCED-84-116, 5-15-84

Analysis of the Financial Health of the Electric Utility Industry. Department of Energy. (Request of Representative Richard L. Ottinger, Chairman, Energy Conservation and Power Subcommittee, House Committee on Energy and Commerce)
RCED-84-22, 6-11-84

Data Available From DOE and Private-Sector Sources To Address Selected Issues Regarding Heating Oil. (Request of Energy Conservation and Power Subcommittee, House Committee on Energy and Commerce; Fossil and Synthetic Fuels Subcommittee, House Committee on Energy and Commerce; and Representative James J. Florio, Chairman, Commerce, Transportation, and Tourism Subcommittee, House Committee on Energy and Commerce)
RCED, 8-14-84

Evaluation of the Department of Energy's Economic Regulatory Administration Office in Tulsa, OK. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce)
RCED-84-192, 9-25-84

Members

Interior Department Activities Concerning Proposed Natural Gas Tight Formations in Montana. Department of Energy. (Request of Senator Max S. Baucus)
RCED-84-10, 1-27-84

Natural Gas Price Increases in Kansas City. Department of Energy, Federal Energy Regulatory Commission. (Request of Senators Nancy L. Kassebaum and Thomas F. Eagleton)
RCED-84-77, 2-10-84

Natural Gas Profit Data. (Request of Senators Alan J. Dixon, John C. Danforth, Dale L. Bumpers, Bill Bradley, Joseph R. Biden, William Proxmire, Donald W. Riegle, Paul S. Sarbanes, Jim Sasser, Edward Zorinsky, Claiborne Pell, Howard M. Metzenbaum, Carl M. Levin, Edward M. Kennedy, Charles E. Grassley, J. James Exon, Thomas F. Eagleton, and Christopher J. Dodd)
RCED-84-3, 3-1-84

Information on the Department of Energy's Budgets for Enforcing Its Petroleum Allocation and Pricing Regulations and Its Process for Distributing Oil Company Overcharge (Request of Senator Jim Sasser)
RCED-84-52, 4-11-84

Natural Gas in Philadelphia: Sources, Uses, and Prices. Department of Energy, Federal Energy Regulatory Commission. (Request of Senator Arlen Specter)
RCED-84-135, 5-23-84

Information on Coal Conversion Activities at Selected Powerplants. Department of Energy, Economic Regulatory Administration; and Environmental Protection Agency. (Request of Senator Arlen Specter)
RCED-84-168, 6-12-84

Natural Gas Price Increases in Los Angeles. Department of Energy. (Request of Senator Alan Cranston and Representatives Anthony C. Beilenson, George E. Miller, Jr., Augustus F. Hawkins, Ronald V. Dellums, Fortney H. Stark, Norman Y. Mineta, Matthew G. Martinez, Sala Burton, Don Edwards, Mervyn Dymally, and Robert T. Matsui)
RCED-84-178, 7-31-84

Agency Officials

NRC Needs Alternative to Mandatory Relocation for Maintaining Objectivity of Resident Inspectors.
RCED-84-37, 11-2-83

The Energy Information Administration Needs To Strengthen Its Computer Systems Development Procedures. Department of Energy.
RCED-84-42, 1-3-84

A Long-Term Plan Is Needed To Guide DOE and Multiprogram Laboratory Research and Development Activities.
RCED-84-30, 1-16-84

FERC Can Improve Its Operational Performance by Broadening and Deepening Current Management Efforts. Department of Energy.
AFMD-84-8, 1-30-84

Appendix Two

Reports Issued During Fiscal Year 1984

Feasibility of Transferring Certain FERC Regional Office Activities to the Corps of Engineers. Departments of Energy and the Army. RCED, 6-8-84

International Boundary and Water Commission Employees Residing in Federal Housing Should Not Receive Electricity at Reduced Rates. (Request of Senator Dennis DeConcini, Ranking Minority Member, Treasury, Postal Service, and General Government Subcommittee, Senate Committee on Appropriations) RCED-84-172, 8-16-84

Energy Supply

Congress

Congress Should Consider Eliminating Requirement for Interior's Report on Shut-in or Flaring Wells. RCED-84-19, 10-24-83

Status of the Great Plains Coal Gasification Project. Department of Energy and United States Synthetic Fuels Corporation. RCED-84-113, 3-22-84

Further Actions Needed To Improve Emergency Preparedness Around Nuclear Powerplants. Environmental Protection Agency, Federal Emergency Management Agency, and Nuclear Regulatory Commission. RCED-84-43, 8-1-84

Status of the Great Plains Coal Gasification Project--May 31, 1984. Department of Energy and United States Synthetic Fuels Corporation. RCED-84-85, 9-18-84

Management Weaknesses Affect Nuclear Regulatory Commission Efforts To Address Safety Issues Common to Nuclear Power Plants. RCED-84-149, 9-19-84

Committees

Estimated Effect of Eliminating TVA Electricity Demand Charges on the Price of Enriched Uranium. Department of Energy. (Request of Senator Gordon J. Humphrey, Chairman, Regional and Community Development Subcommittee, Senate Committee on Environment and Public Works) RCED-84-18, 10-11-83

Uranium Enrichment Deferral Charges and the Customer Payment Period. Department of Energy. (Request of Representative Marilyn Lloyd, Chairman, Energy Research and Production Subcommittee, House Committee on Science and Technology) RCED-84-13, 10-21-83

Removing Barriers to the Market Penetration of Methanol Fuels. Departments of Energy and Transportation; and Environmental Protection Agency. (Request of Representative Philip R. Sharp, Chairman, Fossil and Synthetic Fuels Subcommittee, House Committee on Energy and Commerce) RCED-84-36, 10-27-83

Circumstances Surrounding the First Colony Peat-to-Methanol Project. United States Synthetic Fuels Corporation. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce) RCED-84-32, 11-10-83

Nuclear Safety Research Responsiveness to Regulatory Needs and Coordination. Nuclear Regulatory Commission. (Request of Representative Marilyn Lloyd, Chairman, Energy Research and Production Subcommittee, House Committee on Science and Technology) RCED-84-15, 11-15-83

DOE Allocation of Costs for Uranium Enrichment Services. (Request of Representative Richard L. Ottinger, Chairman, Energy Conservation and Power Subcommittee, House Committee on Energy and Commerce) RCED-84-64, 11-15-83

DOE Defederalization of the Laramie and Grand Forks Energy Technology Centers. (Request of Representatives Don Fuqua, Chairman, House Committee on Science and Technology; John D. Dingell, Chairman, House Committee on Energy and Commerce; and Jack Brooks, Chairman, House Committee on Government Operations) RCED-84-34, 11-16-83

Interior's FY 1982 Report on Alternative Bidding Systems. (Request of Representative Michael L.

Synar, Chairman, Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations)
RCED-84-5, 1-16-84

Lost DOE Sales to the Secondary Enriched Uranium Market Have Resulted in Reduced Revenues. (Request of Representative Richard L. Ottinger, Chairman, Energy Conservation and Power Subcommittee, House Committee on Energy and Commerce)
RCED-84-76, 1-26-84

DOE Needs To Evaluate Fully the Waste Management Effects of Extending the Useful Life of Nuclear Fuel. Nuclear Regulatory Commission. (Request of Representative Richard L. Ottinger, Chairman, Energy Conservation and Power Subcommittee, House Committee on Energy and Commerce)
RCED-84-111, 1-27-84

Evaluation of Department of the Interior Comments on GAO's Report on the Powder River Basin Coal Sale.
OCG, 1-27-84

The U.S. Synthetic Fuels Corporation's Contracting With Individual Consultants. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce)
RCED-84-106, 2-7-84

Federal Efforts To Control the Environmental and Health Effects of Synthetic Fuels Development. Department of Energy, Environmental Protection Agency, and United States Synthetic Fuels Corporation. (Request of Representative Philip R. Sharp, Chairman, Fossil and Synthetic Fuels Subcommittee, House Committee on Energy and Commerce)
RCED-84-44, 3-9-84

Status and Commercial Potential of the Barnwell Nuclear Fuel Plant. Department of Energy and Nuclear Regulatory Commission. (Request of Representative Richard L. Ottinger, Chairman, Energy Conservation and Power Subcommittee, House Committee on Energy and Commerce)
RCED-84-21, 3-28-84

Evaluation of Interior's Comments on GAO Report on Alternative Bidding Systems for Leasing Offshore Lands.
RCED, 4-11-84

Information on DOE's Costing and Pricing of Uranium Enrichment Services. (Request of Representative Richard L. Ottinger, Chairman, Energy Conservation and Power Subcommittee, House Committee on Energy and Commerce)
RCED-84-156, 4-25-84

Improvements Needed in the Department of the Interior's Measurement of Offshore Oil for Royalty Purposes. (Request of Representative Michael L. Synar, Chairman, Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations)
RCED-84-78, 4-30-84

The Synthetic Fuels Corporation's Progress in Aiding Synthetic Fuels Development. Department of Energy. (Request of Representative Philip R. Sharp, Chairman, Fossil and Synthetic Fuels Subcommittee, House Committee on Energy and Commerce)
RCED-84-46, 7-11-84

Plans To Award Additional Financial Assistance to the Union Oil Company Oil Shale Program. United States Synthetic Fuels Corporation. (Request of Representative Michael L. Synar, Chairman, Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations)
RCED-84-187, 7-23-84

Naval Petroleum Reserve No. 1--An Assessment of Production Alternatives. Departments of Defense and Energy. (Request of Representative William Nichols, Chairman, Investigations Subcommittee, House Committee on Armed Services)
RCED-84-180, 7-30-84

Legislative Changes Are Needed To Authorize Emergency Federal Coal Leasing. Department of the Interior. (Request of Representative James H. Weaver, Chairman, Mining, Forest Management,

Appendix Two

Reports Issued During Fiscal Year 1984

and Bonneville Power Administration
Subcommittee, House Committee on Interior and
Insular Affairs)
RCED-84-17, 8-2-84

Information on Repayment of the Government's U-
ranium Enrichment Program Costs and Audits of
That Program's Financial Statements. Department
of Energy. (Request of Representatives Richard L.
Ottinger, Chairman, Energy Conservation and
Power Subcommittee, House Committee on Energy
and Commerce; and John D. Dingell, Chairman,
House Committee on Energy and Commerce)
RCED-84-190, 8-10-84

Implementation of the Pacific Northwest Electric
Power Planning and Conservation Act's Fish and
Wildlife Provisions. Department of Commerce, Na-
tional Atmospheric and Oceanic Administration;
and Department of Energy, Bonneville Power Ad-
ministration. (Request of Representative John D.
Dingell, Chairman, Oversight and Investigations
Subcommittee, House Committee on Energy and
Commerce)
RCED-84-166, 8-17-84

The Funding of Generic Activities Within DOE's Of-
fice of Assistant Secretary for Nuclear Energy. (Re-
quest of Representative Richard L. Ottinger,
Chairman, Energy Conservation and Power
Subcommittee, House Committee on Energy and
Commerce)
RCED-84-186, 8-31-84

Procedures Need Strengthening in the U.S.
Synthetic Fuels Corporation's Conflict of Interest
Program. (Request of Representative John D.
Dingell, Chairman, Oversight and Investigations
Subcommittee, House Committee on Energy and
Commerce)
RCED-84-98, 9-20-84

Members

Financial Situation of the Great Plains Coal Gasifi-
cation Project. Department of Energy and United
States Synthetic Fuels Corporation. (Request of
Representative Byron L. Dorgan)
RCED-84-59, 10-17-83

DOE's Safety and Health Oversight Program at Nu-
clear Facilities Could Be Strengthened. (Request of

Representative Patricia Schroeder)
RCED-84-50, 11-30-83

The Impact of International Cooperation in DOE's
Magnetic Confinement Fusion Program. Depart-
ment of State and Office of Science and Technology
Policy. (Request of Representative Fortney H.
Stark)
RCED-84-74, 2-17-84

Importance and Impact of Federal Alcohol Fuel Tax
Incentives. Departments of Agriculture, Energy,
and the Treasury.
RCED-84-1, 6-6-84

The Tennessee Valley Authority's Benefits and Cost
for Rehabilitating the Ocoee No. 2 Hydroelectric
Project. (Request of Representative Don Sundquist)
RCED-84-143, 7-23-84

Status of Bonneville Power Administration's Efforts
To Improve Its Oversight of Three Nuclear Power
Projects. Department of Energy. (Request of Repre-
sentative James H. Weaver)
RCED-84-27, 8-3-84

Agency Officials

Policies Governing BPA's Repayment of Federal In-
vestment Still Need Revision. Department of
Energy.
RCED-84-25, 10-26-83

Expanding the Pacific Northwest/Southwest
Intertie--Benefits and Impediments. Department of
Energy.
RCED-84-38, 11-4-83

DOE Should Strengthen Its Controls Over Award
Fees to Contractors.
RCED-84-39, 11-22-83

Safeguarding of Proprietary Data at Minerals Man-
agement Service OCS Regional Offices. Department
of the Interior.
RCED, 5-24-84

Financial Management and Information Systems

Congress

Progress in Improving Program and Budget Information for Congressional Use. Departments of Defense and the Treasury; and Office of Management and Budget.

OACG-84-2, 11-8-83

Examination of the Pennsylvania Avenue Development Corporation's Financial Statements for the Year Ended September 30, 1983.

AFMD-84-53, 6-22-84

Members

Corporation for Public Broadcasting's Oversight of National Public Radio. (Request of Representative James T. Broyhill, Ranking Minority Member, House Committee on Energy and Commerce)

AFMD-84-44, 3-28-84

Agency Officials

The Department of Health and Human Services' First-Year Implementation of the Federal Managers' Financial Integrity Act.

HRD-84-47, 5-9-84

Department of Commerce's First-Year Implementation of the Federal Managers' Financial Integrity Act.

RCED-84-133, 6-22-84

Accounting Systems in Operation

Congress

Review of FY 1982 Presidential and Vice-Presidential Certified Expenditures. Executive Office of the President.

AFMD-84-33, 1-12-84

Implementation of the Federal Managers' Financial Integrity Act: First Year.

OCG-84-3, 8-24-84

Committees

Depository Librarians' Views on GPO's Administration of the Depository Library Program. (Request of Representative Augustus F. Hawkins, Chairman, Joint Committee on Printing)

AFMD-84-50, 4-9-84

Members

The Vietnam Veterans Memorial Fund's Financial Operations Were Properly Accounted for and Reported. (Request of Senators John W. Warner and Charles McC. Mathias; Alan Cranston, Ranking Minority Member, Senate Committee on Veterans' Affairs; and Representatives G.V. Montgomery, John McCain, Thomas R. Carper, David O'B.

Martin, Thomas J. Ridge, and Duncan L. Hunter) AFMD-84-59, 5-23-84

The Federal Government Can Reduce Costs in the Development, Maintenance, and Operation of Civilian Payroll Systems. Office of Management and Budget. (Request of Senator Frank R. Lautenberg)

AFMD-84-49, 8-2-84

Agency Officials

The Bureau of Public Debt Should Better Control Savings Bond Sales and Redemptions. Department of the Treasury.

AFMD-84-16, 10-31-83

Withdrawal of Approval of the Federal Election Commission Accounting System.

AFMD-84-30, 1-9-84

Internal Controls Can Be Improved To Help Ensure Proper and Correct Military Retirement Payments. Department of Defense and Veterans Administration.

AFMD-84-7, 2-28-84

Financial Management Profile: Department of Health and Human Services.

AFMD-84-15, 4-9-84

First-Year Implementation of the Federal Managers' Financial Integrity Act in VA.

HRD-84-46, 4-27-84

Control Improvements Needed in Accounting for Treasury Securities at the Federal Reserve Bank of New York. Department of the Treasury and Federal Reserve System.

AFMD-84-10, 5-2-84

First-Year Implementation of the Federal Managers' Financial Integrity Act in the Department of Education.

HRD-84-49, 5-9-84

Appendix Two

Reports Issued During Fiscal Year 1984

Internal Control Weaknesses at the U.S. Customs Service. Department of the Treasury.
AFMD-84-23, 5-23-84

Internal Control Weaknesses at GSA.
AFMD-84-27, 6-1-84

The Department of Energy's First-Year Implementation of the Federal Managers' Financial Integrity Act.
RCED-84-134, 6-7-84

Small Business Administration's First-Year Implementation of the Federal Managers' Financial Integrity Act.
RCED-84-125, 6-12-84

Department of the Interior's First-Year Implementation of the Federal Managers' Financial Integrity Act.
RCED-84-136, 6-19-84

Transportation's First-Year Implementation of the Federal Managers' Financial Integrity Act.
RCED-84-141, 7-13-84

HUD's First-Year Implementation of the Federal Managers' Financial Integrity Act.
RCED-84-140, 7-20-84

Internal Audit

Committees

Improvements Needed in EPA's Inspector General Operations. (Request of Representatives James H. Scheuer, Chairman, Natural Resources, Agriculture Research and Environment Subcommittee, House Committee on Science and Technology; and Patricia Schroeder, Chairman, Civil Service Subcommittee, House Committee on Post Office and Civil Service)
AFMD-84-13, 10-21-83

Department of Defense Progress in Resolving Contract Audits. (Request of Representative Jack Brooks, Chairman, Legislation and National Security Subcommittee, House Committee on Government Operations)
AFMD-84-4, 10-27-83

Status of Internal Audit Capabilities of Federal Agencies Without Statutory Inspectors General. (Request of Representative Jack Brooks, Chairman,

Legislation and National Security Subcommittee, House Committee on Government Operations)
AFMD-84-45, 5-4-84

Inquiry Into Allegations Against the Chairman, Merit Systems Protection Board. (Request of Representative Patricia Schroeder, Chairman, Civil Service Subcommittee, House Committee on Post Office and Civil Service)
AFMD-84-65, 6-6-84

Audits of Federal Programs: Reasons for Disparities Between Costs Questioned by Auditors and Amounts Agencies Disallow. Departments of Agriculture, Education, Health and Human Services, Labor, and Transportation; Environmental Protection Agency; and Office of Management and Budget. (Request of Representative Jack Brooks, Chairman, Legislation and National Security Subcommittee, House Committee on Government Operations)
AFMD-84-57, 8-8-84

Impact of Administrative Budget Procedures on Independence of Offices of Inspector General. (Request of Representative Jack Brooks, Chairman, Legislation and National Security Subcommittee, House Committee on Government Operations)
AFMD-84-78, 9-26-84

Members

5-Year Summary of Results of GAO Fraud Hotline. (Request of Senator Jim Sasser)
AFMD-84-70, 9-25-84

Agency Officials

Use of Investigative Information by Inspectors General To Identify and Report Internal Control Weaknesses. Departments of Education, Commerce, Health and Human Services, Housing and Urban Development, and the Interior.
AFMD-84-38, 2-24-84

Regulatory Accounting Rules and Financial Reporting

Congress

Review of the Pension Benefit Guaranty Corporation's Progress Towards Improving Accounting and Internal Control Weaknesses. Department of Labor.
AFMD-84-2, 11-22-83

Examination of the U.S. Government Printing Office's Financial Statements for FY's Ended September 30, 1983 and 1982.
AFMD-84-29, 1-26-84

Examination of the Financial Statements of the Export-Import Bank of the United States for the Fiscal Year Ended September 30, 1983.
AFMD-84-48, 4-26-84

Examination of the Veterans Canteen Service's Financial Statements for the Year Ended September 30, 1983. Veterans Administration.
AFMD-84-46, 5-30-84

Examination of the FHLBB and FSLIC Financial Statements for the Years Ended December 31, 1983 and 1982.
AFMD-84-47, 5-30-84

Examination of the FDIC Financial Statements for the Years Ended December 31, 1983 and 1982.
AFMD-84-41, 6-14-84

Examination of Saint Lawrence Seaway Development Corporation's Financial Statements for the Year Ended December 31, 1983. Department of Transportation.
AFMD-84-67, 6-14-84

Examination of the Federal Election Commission's Financial Statements for the Year Ended September 30, 1982.
AFMD-84-40, 6-26-84

Examination of the U.S. Bureau of Engraving and Printing's Financial Statements for the Year Ended September 30, 1983. Department of the Treasury.
AFMD-84-56, 7-20-84

Examination of the Rural Telephone Bank's Financial Statements for the Year Ended September 30, 1983. Department of Agriculture, Rural Electrification Administration.
AFMD-84-72, 9-28-84

Committees

The Government Printing Office Can More Effectively Manage Its General Sales Program. (Request of Joint Committee on Printing)
AFMD-84-20, 11-16-83

Improper Use of Industrial Funds by Defense Extended the Life of Appropriations Which

Otherwise Would Have Expired. Departments of the Army, the Navy, and the Air Force. (Request of Representative Jamie L. Whitten, Chairman, House Committee on Appropriations)
AFMD-84-34, 6-5-84

Agency Officials

Improved Internal Controls Are Needed To Better Assure That Obligations Will Not Be Backdated. Department of Defense.
AFMD-84-14, 11-9-83

Improvements Needed in Pricing Overhaul and Repair Services Performed for Foreign Countries. Departments of Defense, the Army, the Navy, and the Air Force. (Request of Senator Carl Levin, Ranking Minority Member, Oversight of Government Management Subcommittee, Senate Committee on Governmental Affairs)
AFMD-84-12, 12-12-83

Review and Approval of Accounting Systems

Agency Officials

CARE-Based Audit Methodology To Review and Evaluate Agency Accounting and Financial Management Systems.
AFMD-84-75, 9-28-84

General Government

Committees

Summaries of Conclusions and Recommendations on Department of Defense Operations.
OADPS-84-2, 3-20-84

Summaries of Conclusions and Recommendations on the Operations of Civil Departments and Agencies.
OADPS-84-1, 3-20-84

Central Fiscal Operations

Agency Officials

Managing the Cost of Government: Building an Effective Financial Management Structure.
AFMD-84-43, 84-43A, 3-84

Central Personnel Management

Congress

Civil Service Reform Act: Annual Report for Fiscal Year 1983. Executive Office of the President, Federal Labor Relations Authority, Merit Systems

Appendix Two

Reports Issued During Fiscal Year 1984

Protection Board, and Office of Personnel Management.

GGD-84-29, 4-25-84

An Assessment of SES Performance Appraisal Systems. Departments of Agriculture, Commerce, Housing and Urban Development, Health and Human Services, the Air Force, the Interior, and the Navy; National Aeronautics and Space Administration; National Labor Relations Board; Office of Personnel Management; and Securities and Exchange Commission.

GGD-84-16, 5-16-84

Committees

OPM's Revolving Fund Policy Should Be Clarified and Management Controls Strengthened.

GGD-84-23, 10-13-83

Reassignment of Senior Executive Service Members at the Department of the Interior. (Request of Representative Patricia Schroeder, Chairman, Civil Service Subcommittee, House Committee on Post Office and Civil Service)

GGD-84-19, 11-4-83

Testimony of the Comptroller General on the Impact of the Senior Executive Service. Department of the Interior and Office of Personnel Management. (Request of Representative Patricia Schroeder, Chairman, Civil Service Subcommittee, House Committee on Post Office and Civil Service)

GGD-84-32, 12-30-83

Federal Executive Boards Contribute to Improved Field Management but Future Is Uncertain. (Request of Senator William V. Roth, Jr., Chairman, Senate Committee on Governmental Affairs)

GGD-84-31, 3-6-84

A 2-Year Appraisal of Merit Pay in Three Agencies. Departments of Agriculture, Housing and Urban Development, and the Navy; and Office of Personnel Management. (Request of Representative Mary Rose Oakar, Chairman, Compensation and Employee Benefits Subcommittee, House Committee on Post Office and Civil Service)

GGD-84-1, 3-26-84

Labor Contract Negotiations Under the Civil Service Reform Act of 1978. Federal Labor Relations Authority, Federal Mediation and Conciliation Service, and Office of Personnel Management. (Re-

quest of Representative William D. Ford, Chairman, Investigations Subcommittee, House Committee on Post Office and Civil Service)

GGD-84-68, 5-3-84

Executive Agencies' Employee Cash Awards Program for Disclosure of Fraud, Waste, or Mismanagement. Office of Personnel Management. (Request of Representative Patricia Schroeder, Chairman, Civil Service Subcommittee, House Committee on Post Office and Civil Service)

GGD-84-74, 5-8-84

Description of Selected Systems for Classifying Federal Civilian Positions and Personnel. Department of State, Office of Personnel Management, and Veterans Administration. (Request of Representatives Donald J. Albosta, Chairman, Human Resources Subcommittee, House Committee on Post Office and Civil Service; Patricia Schroeder, Chairman, Civil Service Subcommittee, House Committee on Post Office and Civil Service; and Mary Rose Oakar, Chairman, Compensation and Employee Benefits Subcommittee, House Committee on Post Office and Civil Service)

GGD-84-90, 7-13-84

Progress Report on Federal Executive Development Programs. Office of Personnel Management. (Request of Senator Ted Stevens, Chairman, Civil Service, Post Office and General Services Subcommittee, Senate Committee on Governmental Affairs)

GGD-84-92, 8-15-84

Operations of the Federal Labor Relations Authority. (Request of Senator Ted Stevens, Chairman, Civil Service, Post Office and General Services Subcommittee, Senate Committee on Governmental Affairs, and Representative Patricia Schroeder, Chairman, Civil Service Subcommittee, House Committee on Post Office and Civil Service)

GGD-84-96, 9-11-84

Members

Analysis of OPM's Report on Pay for Performance in the Federal Government: 1980-1982. (Request of Senator Jeff Bingaman, Ranking Minority Member, Civil Service, Post Office and General Services Subcommittee, Senate Committee on Governmental Affairs)

GGD-84-22, 10-21-83

Agency Officials

Office of Personnel Management Should Defer Relocation of the Western Executive Seminar Center. (Request of Manpower and Housing Subcommittee, House Committee on Government Operations)
GGD-84-80, 6-6-84

Executive Direction and Management**Committees**

Effect of National Security Decision Directive 84, Safeguarding National Security Information. (Request of Representative Jack Brooks, Chairman, Legislation and National Security Subcommittee, House Committee on Government Operations)
NSIAD-84-26, 10-18-83

Designation of Senior Employees Subject to Post-Employment Restrictions Under the Ethics in Government Act. Office of Personnel Management. (Request of Senator William S. Cohen, Chairman, Oversight of Government Management Subcommittee, Senate Committee on Governmental Affairs)
GGD-84-62, 4-26-84

Polygraph and Prepublication Review Policies of Federal Agencies. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)
NSIAD-84-134, 6-11-84

Polygraph and Prepublication Review Policies of Federal Agencies. (Request of Representative William D. Ford, Chairman, House Committee on Post Office and Civil Service)
NSIAD-84-135, 6-11-84

OMB Actions Show Progress in Implementing the Paperwork Reduction Act of 1980. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)
IMTEC-84-24, 9-7-84

Agency Officials

Department of Health and Human Services Should Improve Policies and Practices on Grant-Related Income.
GGD-84-20, 2-10-84

The Department of Transportation Should Improve Its Policies and Practices on Grant-Related Income.
GGD-84-5, 3-30-84

First-Year Implementation of the Federal Managers' Financial Integrity Act by the Department of the Treasury. Office of Management and Budget.
GGD-84-66, 5-25-84

General Property and Records Management**Committees**

Investigation of the Gramax Building Lease Firesafety Provisions. General Services Administration.
GGD-84-60, 4-20-84

Members

Observations on a General Services Administration Report on the National Archives and Records Service. (Request of Representative Thomas N. Kindness, Ranking Minority Member, Government Information, Justice, and Agriculture Subcommittee, House Committee on Government Operations)
GGD-84-95, 7-31-84

Agency Officials

The District Is Working To Increase Competition and Ensure Reasonable Prices for Supply and Service Contracts.
GGD-84-33, 4-26-84

Reductions in Coast Guard Leased Housing Can Achieve Savings. Departments of Defense and Transportation.
GGD-84-91, 8-8-84

Legislative Functions**Congress**

Examination of the Senate Building Beauty Shop Financial Statements for the Fiscal Years Ended February 28, 1983 and 1982.
AFMD-84-9, 12-19-83

Examination of Financial Statements of the Majority Printing Clerk, House of Representatives, for the Fiscal Years Ended August 31, 1982 and 1981.
AFMD-84-6, 3-22-84

Appendix Two

Reports Issued During Fiscal Year 1984

Examination of Financial Statements of the Minority Printing Clerk, House of Representatives, for the Fiscal Years Ended September 30, 1982 and 1981.

AFMD-84-32, 3-22-84

Examination of the Office of the Attending Physician Revolving Fund's Financial Statements for FY's Ended September 30, 1983 and 1982.

AFMD-84-39, 4-12-84

Review of the United States Capitol Historical Society's Financial Statements for the Years Ended January 31, 1983 and 1982.

AFMD-84-66, 9-5-84

Committees

Survey of Appeal and Grievance Systems Available to Federal Employees. Equal Opportunity Employment Commission, Federal Labor Relations Authority, Merit Systems Protection Board, and Office of Personnel Management. (Request of Representative Patricia Schroeder, Chairman, Civil Service Subcommittee, House Committee on Post Office and Civil Service)

GGD-84-17, 10-20-83

Review of the Activities of the House Office Equipment Service for the Year Ended June 30, 1983.

(Request of Benjamin J. Guthrie, Clerk of the House, House of Representatives)

AFMD-84-22, 2-22-84

Examination of the House of Representatives Stationery Revolving Fund's Financial Statements for the Fiscal Years Ended June 30, 1983 and 1982.

(Request of Benjamin J. Guthrie, Clerk of the House, House of Representatives)

AFMD-84-25, 2-27-84

No Strong Indication That Restrictions on Executive Branch Lobbying Should Be Expanded. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)

GGD-84-46, 3-20-84

Examination of the Financial Statements of the Office of Sergeant at Arms, House of Representatives,

for the 6-Month Period Ended December 31, 1982, and June 30, 1983.

AFMD-84-36, 5-4-84

Examination of Statement of Accountability for Appropriations and Other Funds, Finance Office, House of Representatives, for the Year Ended September 30, 1983. (Request of Benjamin J. Guthrie, Clerk of the House, House of Representatives)

AFMD-84-51, 8-31-84

Examination of the House of Representatives Restaurant Revolving Fund's Financial Statements for the Fiscal Years Ended October 1, 1983, and October 2, 1982. (Request of Representative Ed Jones, Chairman, Services Subcommittee, House Committee on House Administration)

AFMD-84-60, 9-7-84

Examination of the House of Representatives Recording Studio Revolving Fund's Financial Statements for the Years Ended December 31, 1983 and 1982. (Request of Benjamin J. Guthrie, Clerk of the House, House of Representatives)

AFMD-84-52, 9-7-84

Examination of House Beauty Shop Revolving Fund's Financial Statements for the Years Ended December 31, 1983 and 1982. (Request of Services Subcommittee, House Committee on House Administration)

AFMD-84-61, 9-19-84

Examination of the Financial Statements of the Environmental and Energy Study Conference for the Year Ended December 31, 1983. (Request of Representative Howard Wolpe, Co-Chairman, Environmental and Energy Study Conference)

AFMD-84-71, 9-28-84

Members

Biennial Budgeting: Summary of the Major Issues. (Request of Representatives Ed Bethune, Leon E. Panetta, Norman Y. Mineta, and Ralph S. Regula)

OACG-84-4, 4-17-84

Other General Government

Congress

Federal Financial Institutions Examination Council Has Made Limited Progress Toward Accomplishing Its Mission. Department of the Treasury, Office of the Comptroller of the Currency; Federal Reserve System; Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; and National Credit Union Administration.

GGD-84-4, 2-3-84

Statutory Requirements for Examining International Banking Institutions Need Attention. Department of the Treasury, Office of the Comptroller of the Currency; and Federal Reserve System.

GGD-84-39, 7-11-84

Committees

Increased Use of Productivity Management Can Help Control Government Costs. (Request of Senator Charles H. Percy, Chairman, Energy, Nuclear Proliferation and Government Processes Subcommittee, Senate Committee on Governmental Affairs)

AFMD-84-11, 11-10-83

Use of Government Vehicles for Home-to-Work Transportation. (Request of Representative Joseph P. Addabbo, Chairman, Defense Subcommittee, House Committee on Appropriations)

NSIAD-84-27, 12-13-83

Unauthorized Disclosure of the Federal Reserve's Monetary Policy Decision. (Request of Representative Fernand J. St. Germain, Chairman, House Committee on Banking, Finance and Urban Affairs)

GGD-84-40, 2-3-84

Federal White-Collar Special Rate Program. Department of Defense, National Aeronautics and Space Administration, Office of Management and Budget, and Veterans Administration. (Request of Representative Mary Rose Oaker, Chairman, Compensation and Employee Benefits Subcommittee, House Committee on Post Office and Civil Service)

GGD-84-54, 3-30-84

Financial Problems of the JFK Center for the Performing Arts Need To Be Addressed. Department of the Treasury; Department of the Interior,

National Park Service; and Office of Management and Budget. (Request of Representatives E. Clay Shaw, Jr., Ranking Minority Member, Public Buildings and Grounds Subcommittee, House Committee on Public Works and Transportation; and Robert A. Young, Chairman, Public Buildings and Grounds Subcommittee, House Committee on Public Works and Transportation)

GGD-84-50, 4-11-84

Federal Personnel Should Be Better Informed of How Undesignated Contributions to the Combined Federal Campaign Will Be Distributed. Office of Personnel Management. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)

GGD-84-84, 6-27-84

Statutory Audit Provisions Applicable to Federal Financial Assistance Programs.

GGD-84-72, 7-2-84

Comparative Review of Single-Line and Multiline Optical Character Readers Used in Mail Processing. United States Postal Service. (Request of Representatives Mickey Leland, Chairman, Postal Personnel and Modernization Subcommittee, House Committee on Post Office and Civil Service; Robert Garcia, Chairman, Postal Operations and Services Subcommittee, House Committee on Post Office and Civil Service; and William D. Ford, Chairman, House Committee on Post Office and Civil Service)

GGD-84-78, 8-7-84

Members

GSA's Operation of a Firing Range in the Cincinnati Post Office and Courthouse Building. Departments of Health and Human Services and Labor; and Department of Justice, Federal Bureau of Investigation. (Request of Representative Ed Bethune)

GGD-84-48, 4-4-84

Agency Officials

Federal and State Initiatives Needed To Improve Productivity and Reduce Administrative Costs of the Aid to Families With Dependent Children and Food Stamp Programs. Departments of Agriculture and Health and Human Services.

AFMD-84-18, 2-2-84

Appendix Two

Reports Issued During Fiscal Year 1984

First Year Implementation of the Federal Managers' Financial Integrity Act by the GSA. GGD-84-57, 5-22-84

Status of the Statistical Community After Sustaining Budget Reductions. Departments of Commerce, Health and Human Services, and Justice; Department of Agriculture, Statistical Reporting Service; Department of Education, National Center for Education Statistics; Department of Labor, Bureau of Labor Statistics; and Department of the Treasury, Internal Revenue Service. IMTEC-84-17, 7-18-84

Supervisory Examinations of International Banking Facilities Need To Be Improved. Department of the Treasury, Office of the Comptroller of the Currency; Federal Deposit Insurance Corporation; and Federal Reserve System. GGD-84-65, 9-20-84

Tax Administration

Congress

Need To Better Assess Consequences Before Reducing Taxpayer Assistance. Department of the Treasury, Internal Revenue Service. (Request of Oversight of Government Management Subcommittee, Senate Committee on Governmental Affairs) GGD-84-13, 4-5-84

Committees

Information on Historic Preservation Tax Incentives. Department of the Interior, National Park Service; and Department of the Treasury, Internal Revenue Service. (Request of Senator Robert J. Dole, Chairman, Joint Committee on Taxation; and Representative Daniel Rostenkowski, Vice Chairman, Joint Committee on Taxation) GGD-84-47, 3-29-84

IRS Generally Does a Good Job When Abating Civil Penalties--And Has Made Recent Improvements. Department of the Treasury. (Request of Senator Robert J. Dole, Chairman, Joint Committee on Taxation; and Representative Daniel Rostenkowski, Vice Chairman, Joint Committee on Taxation) GGD-84-21, 5-22-84

IRS' Administration of the Crude Oil Windfall Profit Tax Act of 1980. Department of the Treasury. (Request of Representative D. Douglas Barnard, Chairman, Commerce, Consumer and Monetary Affairs Subcommittee, House Committee on Government Operations) GGD-84-15, 6-18-84

Compilation of GAO's Work on Tax-Related Activities During 1983. Department of the Treasury, Internal Revenue Service. GGD-84-81, 6-27-84

Members

Information Reporting Requirements for State and Local Income Tax Refunds. Department of the Treasury, Internal Revenue Service. (Request of Representative Thomas N. Kindness) GGD-84-51, 2-2-84

Agency Officials

Followup of Guam's Administration of Its Income Tax Program. Departments of the Interior and the Treasury. GGD-84-11, 10-26-83

Expediting Tax Deposits Can Increase the Government's Interest Earnings. Department of the Treasury. GGD-84-14, 11-21-83

Further Improvements Needed in Processing Tax Regulations. Department of the Treasury, Internal Revenue Service. (Request of Select Revenue Measures Subcommittee, House Committee on Ways and Means) GGD-84-12, 12-1-83

Statistical Analysis of the Operations and Activities of Private Foundations. Department of the Treasury, Internal Revenue Service. (Request of Oversight Subcommittee, House Committee on Ways and Means) GGD-84-38, 1-5-84

Tax Court Can Reduce Growing Case Backlog and Expenses Through Administrative Improvements. Department of the Treasury, Internal Revenue Service; and Administrative Office of the United States Courts. (Request of Treasury, Postal Service, and General Government Subcommittee,

Senate Committee on Appropriations)
GGD-84-25, 5-14-84

Tax Information Safeguard Activity Annual Report.
Department of the Treasury, Internal Revenue
Service.
GGD-84-83, 6-11-84

General Purpose Fiscal Assistance

Other General Purpose Fiscal Assistance

Congress

Guidelines for Rescuing Large Failing Firms and
Municipalities. Departments of Commerce, Trans-
portation, and the Treasury; and Federal Reserve
System.
GGD-84-34, 3-29-84

Maternal and Child Health Block Grant: Program
Changes Emerging Under State Administration.
HRD-84-35, 5-7-84

States Use Added Flexibility Offered by the
Preventive Health and Health Services Block
Grant. Department of Health and Human Services
and Office of Management and Budget.
HRD-84-41, 5-8-84

States Have Made Few Changes in Implementing
the Alcohol, Drug Abuse, and Mental Health Ser-
vices Block Grant. Department of Health and
Human Services and Office of Management and
Budget.
HRD-84-52, 6-6-84

States Fund an Expanded Range of Activities Un-
der Low-Income Home Energy Assistance Block
Grant. Department of Health and Human Services;
and Office of Management and Budget.
HRD-84-64, 6-27-84

General Science, Space and Technology

Members

Attrition of Scientists and Engineers at Seven A-
gencies. Department of Health and Human Serv-

ices; Department of Commerce, National Bureau of
Standards; Department of Labor, Occupational
Safety and Health Administration; Consumer Prod-
uct Safety Commission; Environmental Protection
Agency; National Aeronautics and Space Adminis-
tration; Office of Personnel Management; and Of-
fice of Science and Technology Policy; (Request of
Representative Albert Gore, Jr.)
RCED-84-142, 5-29-84

The NASA Fiscal Year 1985 Budget Requests That
Support DOD Programs. (Request of Senator Wil-
liam Proxmire)
NSIAD-84-120, 5-30-84

General Science and Basic Research

Committees

Major Federal Research and Development Agencies
Are Implementing the Patent and Trademark
Amendments of 1980. Departments of Commerce,
Defense, Energy, Health and Human Services, the
Army, the Navy, and the Air Force; National
Aeronautics and Space Administration; National
Science Foundation; and Office of Management and
Budget.
RCED-84-26, 2-28-84

Studies of U.S. Universities' Research Equipment
Needs Inconclusive. National Science Foundation
and Office of Science and Technology Policy. (Re-
quest of Science, Technology, and Space
Subcommittee, Senate Committee on Commerce,
Science and Transportation)
RCED-84-105, 4-3-84

Members

Followup Review of the National Science
Foundation's Conflict of Interest Resolution System
for Short-Term Employees. (Request of Representa-
tive Carl D. Purcell)
RCED-84-35, 1-4-84

Space Flight

Members

Costs of Government Funded Trips for Invitees To
Attend Space Shuttle Launches at Kennedy Space

Appendix Two

Reports Issued During Fiscal Year 1984

Center, Florida. Department of Defense and National Aeronautics and Space Administration. (Request of Senator William Proxmire)
NSIAD-84-77, 4-3-84

Agency Officials

NASA's Requirement for a Single Solid Rocket Refurbishment and Assembly Facility at Kennedy Space Center. Departments of Defense and the Air Force.

NSIAD-84-124, 6-5-84

Space Science, Applications, and Technology

Committees

Effects on Users of Commercializing Landsat and the Weather Satellites. Department of Commerce, National Oceanic and Atmospheric Administration. (Request of Representative Jack Brooks, Chairman, Legislation and National Security Subcommittee, House Committee on Government Operations)
RCED-84-93, 2-24-84

Federal Agencies' Actions To Implement Section 11 of the Stevenson-Wydler Technology Innovation Act of 1980. (Request of Senator Charles McC. Mathias, Chairman, Governmental Efficiency and the District of Columbia Subcommittee, Senate Committee on Governmental Affairs; and Representatives Doug Walgren, Chairman, Science, Research and Technology Subcommittee, House Committee on Science and Technology; and George E. Brown, Jr., Chairman, Department Operations, Research, and Foreign Agriculture Subcommittee, House Committee on Agriculture)
RCED-84-60, 8-24-84

Reasons for Lack of Replacement for Failed Weather Satellite. Department of Commerce, National Oceanic and Atmospheric Administration; and National Aeronautics and Space Administration. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)
RCED-84-198, 8-31-84

Agency Officials

National Aeronautics and Space Administration's First-Year Implementation of the Federal Manager's Financial Integrity Act.

NSIAD-84-100, 5-1-84

Supporting Space Activities

Agency Officials

Better Management Controls and ADP Requirements Analysis Can Help NASA Lewis Research Center.

IMTEC-84-25, 9-27-84

Health

Congress

Federal Agencies' Block Grant Civil Rights Enforcement Efforts: A Status Report. Departments of Education, Health and Human Services, and Housing and Urban Development.

HRD-84-82, 9-28-84

Consumer and Occupational Health and Safety

Committees

Evaluation of Selected Aspects of FDA's Food Manufacturing Sanitation Inspection Efforts. Department of Health and Human Services. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce)

HRD-84-65, 8-30-84

FDA's Oversight of the 1982 Canned Salmon Recalls. Department of Health and Human Services. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce)

HRD-84-77, 9-12-84

Legislative Changes and Administrative Improvements Should Be Considered for FDA To Better Protect the Public From Adulterated Food Products. Department of Health and Human Services. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce)

HRD-84-61, 9-26-84

Education and Training of Health Care Work Force

Members

Effectiveness of Mental Health Clinical Training Programs Cannot Be Evaluated. Department of Health and Human Services, Alcohol, Drug Abuse, and Mental Health Administration. (Request of Senator Daniel K. Inouye)
HRD-84-37, 6-12-84

Health Care Services

Committees

A Proposal for Transferring St. Elizabeth's Hospital to the District of Columbia. Department of Health and Human Services. (Request of Representative Ronald V. Dellums, Chairman, House Committee on District of Columbia)
HRD-84-48, 4-19-84

An Analysis of Proposed Formulas for the Home and Community Based Services Block Grant Program. Department of Health and Human Services. (Request of Henry A. Waxman, Chairman, Health and the Environment Subcommittee, House Committee on Energy and Commerce)
HRD-84-83, 7-31-84

Use of a Separate Carrier To Process Medicare Claims for Railroad Retirement Beneficiaries. Department of Health and Human Services. (Request of Representative James J. Florio, Chairman, Commerce, Transportation, and Tourism Subcommittee, House Committee on Energy and Commerce)
HRD-84-54, 9-26-84

Members

Hospital Merger Increased Medicare and Medicaid Payments for Capital Costs. Department of Health and Human Services, Health Care Financing Administration. (Request of Representative Willis D. Gradison, Jr.)
HRD-84-10, 12-22-83

Information on Medicare's Administrative Sanction Process As It Relates to a Practitioner. Department of Health and Human Services, Health Care Financing Administration; and Department of

Justice, Federal Bureau of Investigation. (Request of Senator Howard M. Metzenbaum)
HRD-84-30, 1-30-84

Improvements in the Alcohol, Drug Abuse and Mental Health Block Grant Distribution Formula Can Be Made Both Now and in the Future. Department of Health and Human Services. (Request of Senators John G. Tower, Orrin G. Hatch, William Proxmire, and Lloyd Bentsen)
GGD-84-88, 6-21-84

Agency Officials

Inadequate Controls Over Medicare Payments for Once-in-a-Lifetime Physician Procedures. Department of Health and Human Services, Health Care Financing Administration.
HRD-84-23, 2-13-84

Analysis of Medicare Durable Medical Equipment Claims in Georgia, Idaho, and Southern California. Department of Health and Human Services, Health Care Financing Administration. (Request of Senate Committee on Finance)
HRD-84-40, 2-13-84

Medicare Reimbursements for Conventional Eyeglasses. Department of Health and Human Services, Health Care Financing Administration.
HRD-84-44, 3-7-84

Expanded Federal Authority Needed To Protect Medicare and Medicaid Patients From Health Practitioners Who Lose Their Licenses. Department of Health and Human Services.
HRD-84-53, 5-1-84

Payment Rates for Ambulatory Surgery Centers Are Higher Than Intended by HCFA. Department of Health and Human Services.
HRD-84-67, 7-12-84

New York Requires Employed Medicaid Recipients To Enroll in Employer-Sponsored Health Insurance. Department of Health and Human Services, Health Care Financing Administration.
HRD-84-86, 8-10-84

Appendix Two

Reports Issued During Fiscal Year 1984

Proposal To Improve Identification and Collection of Medicare Part B Duplicate Payments. Department of Health and Human Services, Health Care Financing Administration.
HRD-84-88, 8-17-84

Reimbursing Physicians Under Medicare on the Basis of Their Specialty. Department of Health and Human Services, Health Care Financing Administration.
HRD-84-94, 9-27-84

Excessive Respiratory Therapy Cost and Utilization Data Used in Setting Medicare's Prospective Payment Rates. Department of Health and Human Services.
HRD-84-90, 9-28-84

Health Planning and Construction

Committees

VA Justification for Construction of Nursing Home Care Facilities at Durham, NC, and Prescott, AZ. (Request of Senator Edwin (Jake) Garn, Chairman, HUD-Independent Agencies Subcommittee, Senate Committee on Appropriations)
HRD-84-84, 7-31-84

Health Research

Members

Assuring Reasonableness of Rising Indirect Costs on NIH Research Grants--A Difficult Problem. Department of Health and Human Services and Office of Management and Budget. (Request of Senators William Proxmire, Ranking Minority Member, Labor, Health and Human Services, and Education Subcommittee, Senate Committee on Appropriations; and Paula Hawkins, Senate Committee on Labor and Human Resources)
HRD-84-3, 3-16-84

Agency Officials

Millions of Unspent NIH Grant Funds Available for Use. Department of Health and Human Services.
HRD-84-24, 12-13-83

Nursing Homes

Committees

Medicaid and Nursing Home Care: Cost Increases and the Need for Services Are Creating Problems

for the States and the Elderly. Department of Health and Human Services. (Request of Representative Henry A. Waxman, Chairman, Health and the Environment Subcommittee, House Committee on Energy and Commerce)
IPE-84-1, 10-21-83

Members

Do Skilled Nursing Facilities Have Enough Wheelchairs To Meet Their Patients' Needs? Department of Health and Human Services, Health Care Financing Administration. (Request of Senator Daniel K. Inouye)
HRD-84-69, 6-12-84

Prevention and Control of Health Problems

Committees

HHS' Implementation of Superfund Health-Related Responsibilities. Environmental Protection Agency. (Request of Representative James J. Florio, Chairman, Commerce, Transportation, and Tourism Subcommittee, House Committee on Energy and Commerce)
HRD-84-62, 9-28-84

Members

Problems in Protecting Consumers From Illegally Harvested Shellfish (Clams, Mussels, and Oysters). Department of Health and Human Services, Food and Drug Administration. (Request of Representative Thomas J. Downey)
HRD-84-36, 6-14-84

National Academy of Sciences' Reports on Diet and Health--Are They Credible and Consistent? (Request of Senators Roger W. Jepsen, John Melcher, J. James Exon, and Charles E. Grassley; and Representative Cooper Evans)
RCED-84-109, 8-21-84

Impoundment Control Act of 1974

Congress

President's Twelfth Special Message for FY 1983. Board for International Broadcasting and United States Information Agency.
OGC-83-17, 10-11-83

President's First Special Message for FY 1984. Departments of Agriculture, Commerce, Defense,

Energy, Health and Human Services, State, Transportation, the Air Force, the Interior, and the Treasury; Appalachian Regional Commission; and United States Railway Association.
OGC-84-1, 10-31-83

President's Second Special Message for FY 1984. Department of Energy; and Department of the Interior, National Park Service.
OGC-84-2, 12-20-83

President's Third Special Message for FY 1984. Departments of Defense, Energy, Health and Human Services, Justice, and the Treasury; Executive Office of the President; and Railroad Retirement Board.
OGC-84-3, 1-16-84

President's Fourth Special Message for FY 1984. Departments of Health and Human Services and Labor.
OGC-84-4, 1-23-84

President's Fifth Special Message for FY 1984. Departments of Agriculture, Commerce, Defense, Health and Human Services, Justice, and State; Executive Office of the President; and United States Information Agency.
OGC-84-5, 2-6-84

President's Sixth Special Message for FY 1984. Departments of Agriculture, Education, Energy, Health and Human Services, Housing and Urban Development, State, Transportation, and the Interior; Corporation for Public Broadcasting; Delaware River Basin Commission; Panama Canal Commission; Susquehanna River Basin Commission; and Tennessee Valley Authority.
OGC-84-6, 2-27-84

President's Seventh Special Message for Fiscal Year 1984. Departments of Justice, Transportation, and the Interior.
OGC-84-7, 3-16-84

Report of Withholding of Budget Authority Provided for Grants for the Education of Immigrant Children.
OGC-84-8, 3-23-84

Status of Budget Authority Rescission Proposed in President's Fourth Special Message for FY 1984. Department of Labor, Occupational Safety and Health Administration.
OGC-84-9, 3-26-84

Status of Budget Authority Proposed for Rescission in President's Sixth Special Message for FY 1984. Department of Housing and Urban Development; Department of Agriculture, Rural Electrification Administration; Department of the Interior, National Park Service; Corporation for Public Broadcasting; Delaware River Basin Commission; Panama Canal Commission; and Susquehanna River Basin Commission.
OGC-84-10, 4-6-84

President's Eighth Special Message for FY 1984. Department of Justice, Federal Bureau of Investigation; and Department of Transportation, Federal Aviation Administration.
OGC-84-11, 4-13-84

Status of Budget Authority Proposed for Rescission. Department of Education, Office of Bilingual Education and Minority Language Affairs.
OGC-84-12, 5-24-84

The President's Ninth Special Message for FY 1984. Department of Agriculture, Forest Service; and Agency for International Development.
OGC-84-13, 6-11-84

The President's Tenth Special Message for FY 1984. Department of the Interior, Bureau of Reclamation.
OGC-84-14, 6-12-84

The President's Eleventh Special Message for FY 1984.
OGC-84-15, 7-16-84

President's Twelfth Special Message for FY 1984. Departments of Energy and Health and Human Services.
OGC-84-16, 8-14-84

President's Thirteenth Special Message for FY 1984. Department of Energy.
OGC-84-17, 9-27-84

Appendix Two

Reports Issued During Fiscal Year 1984

Income Security

Federal Employee Retirement and Disability

Committees

Annual Report Required by District of Columbia Retirement Reform Act, as Amended.
GGD-84-64, 3-30-84

Comparison of Retirement Benefits for W. R. Grace & Company and Civil Service Employees. Office of Personnel Management. (Request of Representative William D. Ford, Chairman, House Committee on Post Office and Civil Service)
OCG-84-1, 6-12-84

Features of Nonfederal Retirement Programs. Office of Personnel Management. (Request of Senators Jeff Bingaman, Ranking Minority Member, Civil Service, Post Office and General Services Subcommittee, Senate Committee on Governmental Affairs; Thomas F. Eagleton, Ranking Minority Member, Senate Committee on Governmental Affairs; Ted Stevens, Chairman, Civil Service, Post Office and General Services Subcommittee, Senate Committee on Governmental Affairs; and William V. Roth, Jr., Chairman, Senate Committee on Governmental Affairs)
OCG-84-2, 6-26-84

Agency Officials

Labor Needs To Adjust Compensation Benefits It Pays Injured Federal Employees to Levels Appropriate to Their Disabilities.
HRD-84-29, 3-26-84

Office of Workers' Compensation Programs Needs To Improve Procedures To Help Reduce Payment Errors and Identify Dual Payments. Department of Labor, Employment Standards Administration.
HRD-84-63, 5-21-84

General Retirement and Disability Insurance

Congress

Legislative Changes Needed To Financially Strengthen Single Employer Pension Plan Insurance Program. Departments of Labor and the Treasury; and Pension Benefit Guaranty Corporation.
HRD-84-5, 11-14-83

Assessment of Special Rules Exempting Employers Withdrawing From Multiemployer Pension Plans From Withdrawal Liability. Departments of Labor and the Treasury; and Pension Benefit Guaranty Corporation.
HRD-84-1, 5-14-84

Incomplete Participant Data Affect Reliability of Values Placed by Actuaries on Multiemployer Pension Plans. Department of Labor; Department of the Treasury, Internal Revenue Service; and Pension Benefit Guaranty Corporation.
HRD-84-38, 9-6-84

Committees

GAO Views on the Methodology Used in an SSA Title II Study of Representative Payment. Department of Health and Human Services. (Request of Representative Claude D. Pepper, Chairman, Health and Long-Term Care Subcommittee, House Select Committee on Aging)
HRD-84-34, 5-18-84

Members

Delays in Recomputing Social Security Benefits Cause Underpayments for Extended Periods. Department of Health and Human Services. (Request of Representative George Miller)
HRD-84-71, 9-13-84

Agency Officials

Social Security Could Improve Its Management and Detection of Postentitlement Changes by Using Postadjudicative Appraisal Data. Department of Health and Human Services.
HRD-84-27, 1-20-84

Improved Processes Needed To Ensure Timely Benefit Payments to Participants of Single Employer Pension Plans. Departments of Labor and the Treasury; and Pension Benefit Guaranty Corporation. (Request of Senate Committee on Labor and Human Resources)
HRD-84-58, 5-31-84

Housing Assistance and Other Income Supplements

Committees

Participation in the National School Lunch Program. Department of Agriculture. (Request of

Senator Jesse A. Helms, Chairman, Senate Committee on Agriculture, Nutrition, and Forestry)
RCED-84-132, 3-30-84

An Evaluation of the 1981 AFDC Changes: Initial Analyses. Departments of Agriculture and Health and Human Services. (Request of Representatives Barber B. Conable, Ranking Minority Member, House Committee on Ways and Means; and Daniel Rostenkowski, Chairman, House Committee on Ways and Means)
PEMD-84-6, 4-2-84

Federal and State Liability for Inaccurate Payments of Food Stamp, AFDC, and SSI Program Benefits. Department of Agriculture, Food and Nutrition Service; and Department of Health and Human Services, Social Security Administration. (Request of Jesse A. Helms, Chairman, Senate Committee on Agriculture, Nutrition, and Forestry)
RCED-84-155, 4-25-84

Agency Officials

Absenteeism at the Social Security Administration's Office of Central Operations. Department of Health and Human Services.
HRD-84-55, 4-13-84

The Management System for Identifying and Correcting Problems in the Food Stamp Program Can Work Better. Department of Agriculture, Food and Nutrition Service.
RCED-84-94, 5-30-84

Better Wage-Matching Systems and Procedures Would Enhance Food Stamp Program Integrity. Department of Agriculture.
RCED-84-112, 9-11-84

Other Income Security

Committees

CWEP's Implementation Results to Date Raise Questions About the Administration's Proposed Mandatory Workfare Program. Department of Health and Human Services.
PEMD-84-2, 4-2-84

GAO Observations on the Use of Tax Return Information for Verification in Entitlement Programs. Department of Health and Human Services, Social

Security Administration; and Department of the Treasury, Internal Revenue Service. (Request of Senator William S. Cohen, Chairman, Oversight of Government Management Subcommittee, Senate Committee on Governmental Affairs)
HRD-84-72, 6-5-84

Agency Officials

HHS Needs To Determine If Massachusetts' AFDC Program Meets Federal Requirements.
HRD-84-8, 7-9-84

International Affairs

Conduct of Foreign Affairs

Committees

Implementation of Trade Restrictions for Textiles and Apparel. Departments of Labor and State; Department of Commerce, Bureau of the Census; and Office of the U.S. Trade Representative. (Request of Representative Sam M. Gibbons, Chairman, Trade Subcommittee, House Committee on Ways and Means)
NSIAD-84-18, 11-4-83

Efforts To Improve Management Practices and Increase Resources at the Arms Control and Disarmament Agency. (Request of Representatives William S. Broomfield, Ranking Minority Member, International Security and Scientific Affairs Subcommittee, House Committee on Foreign Affairs; and Dante B. Fascell, Chairman, International Security and Scientific Affairs Subcommittee, House Committee on Foreign Affairs)
NSIAD-84-19, 4-11-84

Floating Exchange Rates in an Interdependent World: No Simple Solutions to the Problems. Departments of State and the Treasury; and Federal Reserve System. (Request of Senators Donald W. Riegle, Ranking Minority Member, Senate Committee on Banking, Housing and Urban Affairs; John Heinz, Chairman, International Finance and Monetary Policy Subcommittee, Senate Committee on Banking, Housing and Urban Affairs; Charles H. Percy, Chairman, Senate Committee on Foreign Relations; William Proxmire, Ranking Minority

Appendix Two

Reports Issued During Fiscal Year 1984

Member, Senate Committee on Banking, Housing and Urban Affairs; and Claiborne Pell, Ranking Minority Member, Senate Committee on Foreign Relations; and Representatives Sam M. Gibbons, Chairman, Trade Subcommittee, House Committee on Ways and Means; and John D. Dingell, Chairman, House Committee on Energy and Commerce)

NSIAD-84-68, 84-68A, 4-20-84

Foreign Service Act of 1980: Implementation Status, Progress, and Problems. Departments of Agriculture, Commerce, and State; Agency for International Development; Peace Corps; United States Arms Control and Disarmament Agency; and United States Information Agency. (Request of Senator Charles H. Percy, Chairman, Senate Committee on Foreign Relations)

NSIAD-84-65, 5-1-84

Sustaining Improved U.S. Participation in the International Labor Organization Requires New Approaches. Departments of Commerce, Labor, and State; and Office of Management and Budget. (Request of Senator Orrin G. Hatch, Chairman, Senate Committee on Labor and Human Resources)

NSIAD-84-55, 5-3-84

U.S. Role as Contracting Agent for the U.S.-Saudi Arabian Joint Commission on Economic Cooperation. Department of the Treasury. (Request of Representative D. Douglas Barnard, Chairman, Commerce, Consumer and Monetary Affairs Subcommittee, House Committee on Government Operations)

NSIAD-84-48, 5-14-84

Administration of Suspension Agreements by the Department of Commerce. (Request of Representative Sam M. Gibbons, Chairman, Trade Subcommittee, House Committee on Ways and Means)

NSIAD-84-125, 6-15-84

Judicial Review of Antidumping and Countervailing Decisions. Department of Commerce. (Request of Representative Sam M. Gibbons, Chairman, Trade Subcommittee, House Committee on Ways and Means)

NSIAD-84-129, 6-26-84

Ways To Reduce the Cost of Medical Referral Programs in Micronesia and American Samoa.

Departments of Defense, Health and Human Services, and the Interior; and Office of Management and Budget. (Request of Delegate Antonio B. Won Pat, Chairman, Insular Affairs Subcommittee, House Committee on Interior and Insular Affairs; Representatives Robert J. Lagomarsino, Ranking Minority Member, Insular Affairs Subcommittee, House Committee on Interior and Insular Affairs; Don Young, Ranking Minority Member, Public Lands and National Parks Subcommittee, House Committee on Interior and Insular Affairs; and John F. Seiberling, Chairman, Public Lands and National Parks Subcommittee, House Committee on Interior and Insular Affairs)

NSIAD-84-139, 8-9-84

Members

Licensing Data for Exports to Non-Communist Countries. Department of Commerce, Office of Export Administration. (Request of Representative Toby Roth, Ranking Minority Member, International Economic Policy and Trade Subcommittee, House Committee on Foreign Affairs)

NSIAD-84-105, 5-1-84

U.S. Exports Subject to National Security Controls. Departments of Commerce, Defense, State, and the Treasury. (Request of Senator William Proxmire)

NSIAD-84-137, 6-15-84

Agency Officials

Assessment of Bilateral Telecommunications Agreements With Japan. Department of Commerce and Office of the U.S. Trade Representative.

NSIAD-84-2, 10-7-83

The Audit and Inspection Functions at the United States Information Agency Need Management Attention.

NSIAD-84-14, 4-4-84

Excess Navy Ships Sold to Foreign Countries at Understated Prices. Departments of Defense and the Navy.

NSIAD-84-7, 4-12-84

Department of State's First-Year Implementation of the Federal Managers' Financial Integrity Act. NSIAD-84-91, 5-1-84

The International Agreement on Government Procurement: An Assessment of Its Commercial Value and U.S. Government Implementation. Departments of State and Commerce; and Office of the U.S. Trade Representative. NSIAD-84-117, 7-16-84

Foreign Economic and Financial Assistance

Congress

Central American Refugees: Regional Conditions and Prospects and Potential Impact on the United States. Departments of Health and Human Services, Justice, and State. NSIAD-84-106, 7-20-84

U.S. and Soviet Bloc Training of Latin American and Caribbean Students: Considerations in Developing Future U.S. Programs. Central Intelligence Agency and United States Information Agency. NSIAD-84-109, 8-16-84

Committees

Economic Support Fund Assistance to the Philippines. Departments of Defense and State; and Agency for International Development. (Request of Representative Dante B. Fascell, Acting Chairman, House Committee on Foreign Affairs) NSIAD-84-44, 1-27-84

U.S. Economic Assistance to Central America. Agency for International Development. (Request of Representative Michael D. Barnes, Chairman, Western Hemisphere Affairs Subcommittee, House Committee on Foreign Affairs) NSIAD-84-71, 3-8-84

New and Better Equipment Being Made Available for International Nuclear Safeguards. Departments of Energy and State; Nuclear Regulatory Commission; and United States Arms Control and Disarmament Agency. (Request of Representative Marilyn Lloyd, Chairman, Energy Research and Production Subcommittee, House Committee on Science and Technology) NSIAD-84-46, 6-14-84

Direct Contracting by the Agency for International Development Can Be Better Managed. (Request of Senator Nancy L. Kassebaum, Chairman, African Affairs Subcommittee, Senate Committee on Foreign Relations) NSIAD-84-108, 7-9-84

Members

Peace Corps Disaster Assistance Efforts in Jamaica. Agency for International Development. (Request of Representative Robert W. Edgar) NSIAD-84-38, 12-19-83

Agency Officials

Improved Management of Productive Credit Guaranty Program Can Minimize U.S. Risk Exposure and Costs. Agency for International Development. NSIAD-84-3, 11-28-83

Meeting a Basic Human Need: AID's Rural Potable Water and Sanitation Program. NSIAD-84-34, 2-21-84

AID Needs To Strengthen Management of Commodity Import Programs. NSIAD-84-47, 2-29-84

Foreign Currency Purchases Can Be Reduced Through Greater Use of Currency Use Payments Under Public Law 480 Commodity Sales Agreements. Departments of State and the Treasury; Department of Agriculture, Commodity Credit Corporation; and Agency for International Development. NSIAD-84-76, 4-10-84

AID's Management of the Housing Guaranty Program. Departments of State and the Treasury. NSIAD-84-75, 4-25-84

Use of a Capital Saving Technology Approach in AID's Development Assistance Program. NSIAD-84-142, 7-26-84

Foreign Information and Exchange Activities

Committees

USIA Has Taken Action To Improve the Management of the Private Sector Program. (Request of Senators Claiborne Pell, Ranking Minority Member, Senate Committee on Foreign Relations; and

Appendix Two

Reports Issued During Fiscal Year 1984

Charles H. Percy, Chairman, Senate Committee on Foreign Relations)
NSIAD-84-59, 4-10-84

Exports of Dual-Use, Nuclear-Related Equipment to the People's Republic of China. Departments of Commerce and State. (Request of Representative Allen B. Swift, Chairman, Special U.S. Trade With China Subcommittee, House Committee on Energy and Commerce)
NSIAD-84-115, 5-15-84

Members

Information on Selected Tax Revenue Losses Due to Diplomatic Exemptions. Departments of State and the Treasury. (Request of Senator Daniel P. Moynihan)
NSIAD-84-80, 3-28-84

Events Leading to the Establishment of the National Endowment for Democracy. Department of State, Agency for International Development, and United States Information Agency. (Request of Senator Malcolm Wallop)
NSIAD-84-121, 7-6-84

Agency Officials

Data Collection Under the International Agreement on Government Procurement Could Be More Accurate and Efficient. General Services Administration, Federal Procurement Data Center; Office of Federal Procurement Policy; Office of Management and Budget; and Office of the U.S. Trade Representative.
NSIAD-84-1, 10-25-83

International Financial Programs

Congress

Examination of the Overseas Private Investment Corporation's Financial Statements for the Years Ended September 30, 1983 and 1982. Department of State.
AFMD-84-28, 12-30-83

Committees

Eximbank Financing Support for Exports of Defense-Related Products. Departments of Commerce, Defense, and the Treasury. (Request of Representative Stephen L. Neal, Chairman, International

Trade, Investment, and Monetary Policy Subcommittee, House Committee on Banking, Finance and Urban Affairs)
NSIAD-84-66, 4-13-84

Mineral Leasing Act Reciprocity Provision--Implementation and Constraints. Departments of State and the Interior. (Request of Representative Edward J. Markey, Chairman, Oversight and Investigations Subcommittee, House Committee on Interior and Insular Affairs)
NSIAD-84-110, 7-2-84

Members

U.S. Export-Import Bank Support for Small Business Exports. Small Business Administration. (Request of Senator Lloyd Bentsen)
NSIAD-84-147, 8-2-84

Agency Officials

International Banking Facilities Have Improved the Competitive Position of Banks in the United States. Federal Reserve System.
NSIAD-84-128, 8-7-84

Military Assistance

Congress

Certification of Panama Canal Commission Estimated Revenues for FY 1985.
NSIAD-84-95, 6-19-84

Committees

Tuition Rates Charged Foreign Governments for Military Training Should Be Revised. Department of State; and Department of Defense, Defense Security Assistance Agency. (Request of Representative Dante B. Fascell, Chairman, House Committee on Foreign Affairs)
NSIAD-84-61, 2-21-84

Trade Offsets in Foreign Military Sales. Departments of Commerce, Defense, State, and the Treasury. (Request of Representative John J. LaFalce, Chairman, Economic Stabilization Subcommittee, House Committee on Banking, Finance and Urban Affairs)
NSIAD-84-102, 4-13-84

Requirement That U.S. Companies Recover U.S. Government Research and Development Costs From Foreign Customers. Departments of Defense and State. (Request of Representative Clement J. Zablocki)
NSIAD-84-156, 9-6-84

Agency Officials

Added Emphasis on Consolidation of Multiple Purchase Requests Could Result in Significant Savings. Department of the Army.
NSIAD-84-143, 8-20-84

Multiple Functions

Committees

Federal Agencies' Implementation of the 1983 Emergency Jobs Appropriations Act. (Request of Senator Mark O. Hatfield, Chairman, Senate Committee on Appropriations)
OACG-84-1, 11-28-83

Telecommunications and Radio Spectrum Use (Civilian-Related)

Committees

U.S. Objectives Generally Achieved at Broadcasting Satellite International Conference--Improvements Can Help in Future Conferences. Departments of Commerce and State; and Federal Communications Commission. (Request of Senator Paul Laxalt, Chairman, Commerce, Justice, State and Judiciary Subcommittee, Senate Committee on Appropriations)
RCED-84-157, 8-2-84

Agency Officials

GSA's Telecommunications Procurement Program Requires Comprehensive Planning and Management. Federal Communications Commission; and Office of Management and Budget.
IMTEC-84-10, 6-11-84

National Defense

Members

Role of the C-5 Aircraft During U.S. Operations in Lebanon and Grenada. Departments of Defense and the Air Force. (Request of Senator Mack Mattingly)
NSIAD-84-87, 3-28-84

Agency Officials

Army Can Better Use Its Soldiers Trained in Critical Shortage Occupations. Department of Defense.
NSIAD-84-17, 3-20-84

Department of the Navy's First-Year Implementation of the Federal Managers' Financial Integrity Act. Department of Defense.
NSIAD-84-94, 5-1-84

The Advanced Medium Range Air-to-Air Missile: Resolve Uncertainties Before Production. Departments of Defense, the Navy, and the Air Force.
NSIAD-84-18, 5-7-84

Logistics Support Costs for the B-1B Aircraft Can Be Reduced. Departments of Defense and the Air Force.
NSIAD-84-36, 9-20-84

Atomic Energy Defense Activities

Committees

Status of the Department of State's Security Enhancement Program. (Request of Senator Charles H. Percy, Chairman, Senate Committee on Foreign Relations)
NSIAD-84-163, 9-14-84

Defense-Related Activities

Committees

Information on the Military Services' Enlisted Aide Program. Departments of Defense, the Army, the Navy, and the Air Force; and United States Marine Corps. (Request of Representative Joseph P. Addabbo, Chairman, Defense Subcommittee, House Committee on Appropriations)
NSIAD-84-12, 10-11-83

The Federal Emergency Management Agency's Plan for Revitalizing U.S. Civil Defense: A Review of Three Major Plan Components. (Request of Senator Edwin (Jake) Garn, Chairman, HUD-Independent Agencies Subcommittee, Senate Committee on Appropriations)
NSIAD-84-11, 4-16-84

Appendix Two

Reports Issued During Fiscal Year 1984

Members

Followup Review of Department of Defense Actions To Correct Problems in the Operation of the Defense Science Board. Office of Personnel Management. (Request of Senators David H. Pryor and Robert C. Byrd)
GGD-84-49, 2-13-84

Agency Officials

The Army's Retention of Overage Vehicles. Department of Defense.
NSIAD-84-32, 12-9-83

The Navy Can Reduce Its Stated Requirements for F/A-18 Weapons Tactics Trainers. Department of Defense.
NSIAD-84-84, 4-11-84

Department of Defense's Space Laser Program Plan--Status and Issues. Department of the Air Force.
NSIAD-84-132, 8-9-84

DLA's Restructuring of the Industrial Plant Equipment General Reserve Will Improve Its Management, If Properly Implemented. Department of Defense.
NSIAD-84-164, 9-25-84

Department of Defense - Military (Except Procurement and Contracts)

Committees

Implications of Joint NASA/DOD Participation in Space Shuttle Operations. Department of the Air Force. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)
NSIAD-84-13, 11-7-83

Impact of the Army's National Training Center on Improving Individual Soldier and Unit Abilities. (Request of Representative Joseph P. Addabbo, Chairman, Defense Subcommittee, House Committee on Appropriations)
NSIAD-84-51, 3-2-84

Examination of Alleged Waste and Mismanagement in Army Test, Measurement, and Diagnostic Equip-

ment Support Group. (Request of Representative Joseph P. Addabbo, Chairman, Defense Subcommittee, House Committee on Appropriations)
NSIAD-84-67, 3-5-84

Navy Plan for Providing Centralized Office Space at the Washington Navy Yard Is Cost-Effective. Department of Defense. (Request of Representative Jamie L. Whitten, Chairman, House Committee on Appropriations)
NSIAD-84-133, 6-15-84

Confusion Over Validity and Effects of Purported Petty Officer Shortage. Departments of Defense and the Navy. (Request of Senator Ted Stevens, Chairman, Defense Subcommittee, Senate Committee on Appropriations)
NSIAD-84-30, 6-27-84

Reductions in U.S. Costs To Station Forces in the Federal Republic of Germany and the United Kingdom Are Unlikely. Departments of Defense and State. (Request of Senator Ted Stevens, Chairman, Defense Subcommittee, Senate Committee on Appropriations)
NSIAD-84-130, 7-31-84

Partial Videotape Erasure of 1982 Air Force Thunderbirds Crash. Department of Defense. (Request of Representative Glenn L. English, Chairman, Government Information, Justice, and Agriculture Subcommittee, House Committee on Government Operations)
NSIAD-84-153, 9-10-84

Cost and Benefits of Longevity Payments for Time Spent in the Delayed Entry Program. Departments of Defense, the Army, the Navy, and the Air Force. (Request of Senators Mark O. Hatfield, Chairman, Senate Committee on Appropriations; and John G. Tower, Chairman, Senate Committee on Armed Services; and Representatives Jamie L. Whitten, Chairman, House Committee on Appropriations; and Melvin Price, Chairman, House Committee on Armed Services)
NSIAD-84-145, 9-26-84

Members

Department of the Army's Competitive Test and Evaluation of Alternative Light Antiarmor Weapons. Department of Defense and United States Marine Corps. (Request of Senator Warren Rudman)
NSIAD-84-57, 2-14-84

How Well Do the Military Services Perform Jointly in Combat? DOD Joint Test-and-Evaluation Program Provides Few Credible Answers. Departments of the Army, the Navy, and the Air Force. (Request of Senator David H. Pryor)
PEMD-84-3, 2-22-84

Status of Peacekeeper (MX) Fiscal Year 1984 Procurement Funding. Departments of Defense and the Air Force. (Request of Representatives Nickolas Mavroules, House Committee on Armed Services; and Charles E. Bennett, House Committee on Armed Services)
NSIAD-84-113, 5-9-84

Review of Financial Arrangements for the 1983 Army-Navy Football Game. Department of Defense. (Request of Senator William Proxmire)
NSIAD-84-151, 9-27-84

Agency Officials

Development of Fire Support Command and Control Systems by the Army and the Marine Corps. Department of Defense.
NSIAD-84-15, 10-19-83

Navy's Progress in Improving Physical Inventory Controls and the Magnitude, Causes, and Impact of Inventory Record Inaccuracies in the Army, Air Force, and Defense Logistics Agency. Department of Defense. (Request of Readiness Subcommittee, House Committee on Armed Services)
NSIAD-84-9, 11-4-83

Better Followup Can Reduce Equipment and Facility Problems Affecting Army Guard and Reserve Training. Department of Defense.
NSIAD-84-29, 11-10-83

Management of the Navy's Restricted and Technical Availability Program, Western Pacific.
NSIAD-84-43, 12-16-83

Concerns About the Air Force Approach to the Dual Role Fighter Comparison. Department of Defense.
NSIAD-84-49, 1-19-84

Observations on Naval Reserve Training for Selected Reserve Reinforcing and Sustaining Units.
NSIAD-84-35, 1-20-84

Survey of Equipment Requirements To Support U.S. Army Forces.
NSIAD-84-58, 2-8-84

Army Could Do More To Reduce Imbalances in Military Occupational Specialties. Departments of Defense and the Air Force.
NSIAD-84-20, 2-17-84

The Army Can Do More To Assure War Reserve Funds Are Spent Effectively. Department of Defense.
NSIAD-84-50, 2-17-84

Problems in Alerting and Preparing Army Reservists for Mobilization. Department of Defense.
NSIAD-84-52, 2-27-84

The Unit Status and Identity Report (UNITREP) System--What It Does and Does Not Measure. Departments of Defense, the Army, the Navy, and the Air Force.
NSIAD-84-39, 3-12-84

Army and Navy Watercraft Programs for Logistics-Over-the-Shore Operations Can Be Better Managed. Department of Defense.
NSIAD-84-31, 3-13-84

Ensuring Retention of Essential Civilians Overseas During Hostilities. Departments of Defense, the Army, the Navy, and the Air Force.
NSIAD-84-73, 3-14-84

Department of the Army's Program To Modify 155-mm. M109 Self-Propelled Howitzers to an M109A5 Configuration. Department of Defense.
NSIAD-84-60, 3-26-84

Appendix Two

Reports Issued During Fiscal Year 1984

Observations on the Army's Manpower Requirements Criteria Program. Department of Defense. NSIAD-84-78, 3-27-84

Consolidation of Personal Property Shipping Offices. Departments of Defense, the Army, the Navy, and the Air Force. (Request of Senator Alan Cranston and Representative Fortney H. Stark) NSIAD-84-81, 4-5-84

Control of Aircraft Parts at Maintenance Depots. Departments of Defense, the Army, the Navy, and the Air Force. NSIAD-84-103, 4-16-84

Defense Logistics Agency's First-Year Implementation of the Federal Managers' Financial Integrity Act. Department of Defense. NSIAD-84-99, 5-1-84

Department of Defense's First-Year Implementation of the Federal Managers' Financial Integrity Act. NSIAD-84-98, 5-1-84

Department of the Air Force's First-Year Implementation of the Federal Managers' Financial Integrity Act. Departments of Defense and the Army. NSIAD-84-93, 5-1-84

Defense Mapping Agency's First-Year Implementation of the Federal Managers' Financial Integrity Act. Departments of Defense and the Air Force. NSIAD-84-101, 5-1-84

Department of the Army's First-Year Implementation of the Federal Managers' Financial Integrity Act. Department of Defense. NSIAD-84-92, 5-1-84

Status of the Peacekeeper (MX) Weapon System. Departments of Defense and the Air Force. NSIAD-84-112, 5-9-84

Further Improvements Needed in Navy's Oversight of Contracting for Facilities Construction on Diego Garcia. Department of Defense. NSIAD-84-62, 5-23-84

The Army Needs To Better Plan To Meet Its Civilian Personnel Needs in Wartime. Department of Defense. NSIAD-84-107, 6-28-84

Increased Joint Avionics Standardization Could Result in Major Economies and Operational Benefits. Departments of Defense, the Army, the Navy, and the Air Force. NSIAD-84-127, 7-10-84

Observations on Army's Plan To Buy an Electronic Video-Disc Delivery System. NSIAD-84-140, 7-11-84

GAO Concerns Relating to Additional EQUATE Procurements and Improvements. Department of the Army. NSIAD-84-152, 8-17-84

Department of Defense - Procurement and Contracts

Congress

The 1978 Navy Shipbuilding Claims Settlement at Litton/Ingalls Shipbuilding--A Final Report. Department of Defense. NSIAD-84-53, 4-4-84

The 1978 Navy Shipbuilding Claim Settlement at Electric Boat--Status as of July 2, 1983. Department of Defense. NSIAD-84-83, 5-18-84

Committees

Adequacy of the DOD Response to Its Inspector General's Report on the Use of Vehicles Assigned to the Office of the Secretary of Defense Executive Motor Pool. (Request of Senator William V. Roth, Jr., Chairman, Senate Committee on Governmental Affairs) NSIAD-84-10, 10-25-83

GAO Examination of Air Force's Proposed Multiyear Procurement for DSCS III. Department of Defense. (Request of Senator Ted Stevens, Chairman, Defense Subcommittee, Senate Committee on Appropriations) NSIAD-84-54, 2-1-84

Escalation in Engineering Labor Rates at Defense Contractors. Department of the Air Force; and Department of Defense, Defense Contract Audit Agency. (Request of Representative Jack Brooks, Chairman, Legislation and National Security Subcommittee, House Committee on Government Operations)
NSIAD-84-21, 2-23-84

Evaluation of Sole-Source Award for Ejection Unit Development. Departments of Defense and the Air Force. (Request of Representative Joseph P. Addabbo, Chairman, Defense Subcommittee, House Committee on Appropriations)
NSIAD-84-85, 4-6-84

Analysis of Benefits Realized From Multiyear Contracting for the Black Hawk Helicopter. Departments of Defense and the Army. (Request of Representative Joseph P. Addabbo, Chairman, Defense Subcommittee, House Committee on Appropriations)
NSIAD-84-74, 5-9-84

Analysis of Selected Sections of DOD Revised Breakout Regulation. (Request of Senator William V. Roth, Jr., Chairman, Senate Committee on Governmental Affairs)
NSIAD-84-138, 6-19-84

The Role of the U.S. Tea Examiner Office in Procurement of Tea by the Department of Defense. (Request of Senator Lowell P. Weicker, Chairman, Senate Committee on Small Business)
NSIAD-84-126, 6-22-84

Review of the Air Force Practice of Contracting Through the Central Intelligence Agency and State Department To Obligate Funds Prior to End of Fiscal Year. (Request of Representative Jack Brooks, Chairman, House Committee on Government Operations)
AFMD-84-79, 9-28-84

Members

Army Justification for Awarding a Sole Source Contract for Automated Calibration Equipment.

Department of Defense. (Request of Senators Henry M. Jackson and Slade Gorton; and Representatives Allen B. Swift and Joel Pritchard)
NSIAD-84-8, 10-17-83

Evaluation of Contract Award for the Air Force's Next Generation Trainer Aircraft. Department of Defense. (Request of Senators Robert J. Dole and Nancy L. Kassebaum; and Representative Dan Glickman)
NSIAD-84-16, 11-8-83

Air Force Decision To Produce Liquid Oxygen In-House at Andersen Air Force Base, Guam. (Request of Senator Bob Packwood)
NSIAD-84-33, 1-17-84

Prices Paid for Supply Items Purchased by Contractors That Operate and Maintain Tankers for the U.S. Navy's Military Sealift Command. (Request of Senator J. James Exon)
NSIAD-84-90, 4-13-84

Army's Contracting of Activities at the Selfridge Air National Guard Base and the Tank-Automotive Command in Michigan. Department of the Air Force. (Request of Senators Donald W. Riegle and Carl M. Levin; and Representatives Dennis M. Hertel and David E. Bonior)
NSIAD-84-97, 8-2-84

Contracting Out Under OMB Circular A-76 at Selected Army and Navy Activities in Virginia. (Request of Representative Norman Sisisky)
NSIAD-84-122, 8-3-84

Evaluation of Whether the Air Force Improperly Denied Solicitation Packages to Chemfab Corporation. Department of Defense.
NSIAD-84-146, 8-8-84

Cost Effectiveness of Dual Sourcing for Production Price Competition Is Uncertain. Department of Defense, General Services Administration, and National Aeronautics and Space Administration. (Request of Senator David H. Pryor)
NSIAD-84-111, 8-31-84

Appendix Two

Reports Issued During Fiscal Year 1984

Review of Contract for Air Force Consolidated Space Operations Center. Department of the Army. (Request of Representative Robert T. Matsui)
NSIAD-84-154, 9-4-84

Agency Officials

More Effective Use of Audit Reports Needed To Reduce Contract Costs. Department of the Army; and Department of Defense, Defense Contract Audit Agency.

NSIAD-83-54, 10-11-83

Defense Logistics Agency Could Better Identify and Cancel Unneeded On-Order Material. Department of Defense.

NSIAD-84-42, 1-10-84

Test Transfer of Consumable Supply Items to the DLA from the Military Services. Departments of Defense, the Army, the Navy, and the Air Force; and United States Marine Corps. (Request of Defense Subcommittee, House Committee on Appropriations; and Defense Subcommittee, Senate Committee on Appropriations)

NSIAD-84-82, 3-28-84

Need for DCAA To Improve Both the Reporting of Audit Results and the Management of the Defective Pricing Program. Department of Defense.

NSIAD-84-131, 7-9-84

Military Pay

Members

Military and Federal Civilian Disposable Income Comparisons and Extra Pays Received by Military Personnel. Department of Defense and Office of Personnel Management. (Request of Senator J. James Exon, Ranking Minority Member, Manpower and Personnel Subcommittee, Senate Committee on Armed Services)

NSIAD-84-41, 5-9-84

Weapons Systems

Congress

Joint Major System Acquisition by the Military Services: An Elusive Strategy. Departments of Defense, the Army, the Navy, and the Air Force. (Request of Senator William V. Roth, Jr., Chairman, Senate Committee on Governmental Affairs)

NSIAD-84-22, 12-23-83

DOD Needs To Provide More Credible Weapon Systems Cost Estimates to the Congress. Departments of the Army, the Navy, and the Air Force. (Request of Senator William V. Roth, Jr., Chairman, Senate Committee on Governmental Affairs)

NSIAD-84-70, 5-24-84

Committees

Performance Capabilities of the C-5 and C-17 Cargo Aircraft. Departments of Defense and the Air Force. (Request of Senator John G. Tower, Chairman, Senate Committee on Armed Services)

NSIAD-84-119, 7-9-84

Members

Review of the Alternate Fighter Engine Competition. Department of the Air Force. (Request of Senators Lowell P. Weicker and Lawton Chiles)

NSIAD-84-104, 4-27-84

Agency Officials

Comments on Navy's Manpower, Personnel, and Training Planning Process.

NSIAD-84-6, 10-7-83

The Army Needs More Comprehensive Evaluations To Make Effective Use of Its Weapon System Testing. Department of Defense.

NSIAD-84-40, 2-24-84

Intermediate-Level Maintenance for Navy Tactical Missiles Can Be Better Managed. Department of Defense.

NSIAD-84-64, 3-5-84

Results of Forthcoming Critical Tests Are Needed To Confirm Army Remotely Piloted Vehicle's Readiness for Production. Department of Defense.

NSIAD-84-72, 4-4-84

Navy Can Improve Management of Shipyard Labor Resources Through Better Work Measurement Practices. Department of Defense.

NSIAD-84-96, 4-24-84

Trident II System: Status and Reporting. Departments of Defense, Energy, and the Navy.

NSIAD-84-86, 5-15-84

Requisitions for M-1 Components Are Not Justified by Past Demands. Department of the Army.
NSIAD-84-118, 5-29-84

Army's Decision To Begin Production of the High Mobility Multipurpose Wheeled Vehicle Was Premature. Departments of Defense, the Navy, and the Air Force; and United States Marine Corps.
NSIAD-84-136, 6-12-84

Navy Can Improve Management of Nonaviation Depot-Level Repairable Spares. Department of Defense.
NSIAD-84-150, 9-20-84

Natural Resources and Environment

Committees

Implementation of the National Minerals and Materials Policy Needs Better Coordination and Focus. Departments of Commerce, Defense, and the Interior; Cabinet Council on Natural Resources and the Environment; Executive Office of the President; and Office of Science and Technology Policy. (Request of Representative Don Fuqua, Chairman, House Committee on Science and Technology)
RCED-84-63, 3-20-84

Conservation and Land Management

Congress

Agriculture's Soil Conservation Programs Miss Full Potential in the Fight Against Soil Erosion.
RCED-84-48, 11-28-83

Congress Needs Better Information on Forest Service's Below-Cost Timber Sales. Department of Agriculture.
RCED-84-96, 6-28-84

Private Mineral Rights Complicate the Management of Eastern Wilderness Areas. Department of the Interior; and Department of Agriculture, Forest Service. (Request of Senator James A. McClure, Chairman, Senate Committee on Energy and Natural Resources)
RCED-84-101, 7-26-84

Committees

Information on the Forest Service Road Construction Program. Department of Agriculture. (Request

of Senator James A. McClure, Chairman, Interior Subcommittee, Senate Committee on Appropriations)
RCED-84-99, 2-14-84

The Bureau of Land Management Should Follow Fair Market Value Requirements in Selling Land in Las Vegas, NV. Department of the Interior; and Department of Agriculture, Forest Service. (Request of Representative Michael L. Synar, Chairman, Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations)
RCED-84-127, 3-27-84

Deficiencies in the Department of the Interior OIG Investigation of the Powder River Basin Coal Lease Sale. (Request of Representatives James H. Weaver, Chairman, Mining, Forest Management, and Bonneville Power Administration Subcommittee, House Committee on Interior and Insular Affairs; Edward J. Markey, Chairman, Oversight and Investigations Subcommittee, House Committee on Interior and Insular Affairs; and Morris K. Udall, Chairman, House Committee on Interior and Insular Affairs)
RCED-84-167, 6-11-84

Verification of Abandoned Coal Mine Reclamation Fees Reported and Paid to the Department of the Interior Through Third Party Sources. (Request of Representative Michael L. Synar, Chairman, Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations)
RCED-84-202, 9-28-84

Members

Information on Forest Service Below-Cost Timber Sales for National Forests in Colorado. Department of Agriculture. (Request of Senator Gary Hart)
RCED-84-184, 8-3-84

Agency Officials

Land Use Bibliography. Department of the Interior.
RCED-84-153, 5-84

Alaska Land Conveyance Program--A Slow, Complex, and Costly Process. Department of the Interior, Bureau of Land Management.
RCED-84-14, 6-12-84

Appendix Two

Reports Issued During Fiscal Year 1984

Other Natural Resources

Committees

Conditions That Limit Using Barter and Exchange To Acquire National Defense Stockpile Materials. Department of Agriculture, Emergency Mobilization Preparedness Board, and General Services Administration. (Request of Senator Gordon J. Humphrey, Chairman, Preparedness Subcommittee, Senate Committee on Armed Services)
RCED-84-24, 10-19-83

Federal and State Efforts To Conserve and Protect the Southern Sea Otter Population. Department of the Interior, United States Fish and Wildlife Service; and Marine Mammal Commission. (Request of Representative John B. Breaux, Chairman, Fisheries, Wildlife Conservation and the Environment Subcommittee, House Committee on Merchant Marine and Fisheries)
RCED-84-139, 4-17-84

Agency Officials

Matters for Consideration When the Columbia River Basin Fish and Wildlife Program Is Revised. Pacific Northwest Electric Power and Conservation Planning Council.
RCED, 5-2-84

Wilderness Mineral Assessment Reports Could Be Improved To Better Meet Land Use Decisionmaking Needs. Department of the Interior; and Department of Agriculture, Forest Service.
RCED, 8-14-84

Pollution Control and Abatement

Congress

Cost-Benefit Analysis Can Be Useful in Assessing Environmental Regulations, Despite Limitations. Environmental Protection Agency and Office of Management and Budget.
RCED-84-62, 4-6-84

Assessment of the Adequacy of the EPA Indemnification Study Required by Section 25(a) of the Toxic Substances Control Act.
RCED-84-170, 8-3-84

The Steel Industry Compliance Extension Act

Brought About Some Modernization and Unexpected Benefits. Environmental Protection Agency.
RCED-84-103, 9-5-84

Committees

Evaluation of the Environmental Protection Agency's Inspector General Audit of Superfund Expenditures and Implementation of the Inspector General's Recommendations. (Request of Representatives Michael L. Synar, Chairman, Environment, Energy and Natural Resources Subcommittee, House Committee on Government Operations; James H. Scheuer, Chairman, Natural Resources, Agriculture Research and Environment Subcommittee, House Committee on Science and Technology; and John D. Dingell, Chairman, House Committee on Energy and Commerce)
RCED-84-31, 10-19-83

State Experiences With Taxes on Generators or Disposers of Hazardous Waste. Environmental Protection Agency. (Request of Representative James J. Florio, Chairman, Commerce, Transportation, and Tourism Subcommittee, House Committee on Energy and Commerce)
RCED-84-146, 5-4-84

EPA's Preliminary Estimates of Future Hazardous Waste Cleanup Costs Are Uncertain. (Request of Representative James J. Florio, Chairman, Commerce, Transportation, and Tourism Subcommittee, House Committee on Energy and Commerce)
RCED-84-152, 5-7-84

EPA's Efforts To Clean Up Three Hazardous Waste Sites. (Request of Representative James J. Florio, Chairman, Commerce, Transportation, and Tourism Subcommittee, House Committee on Energy and Commerce)
RCED-84-91, 6-7-84

EPA's Efforts To Identify and Control Harmful Chemicals in Use. (Request of Senators Jennings Randolph, Ranking Minority Member, Senate Committee on Environment and Public Works; and Robert T. Stafford, Chairman, Senate Committee on Environment and Public Works; and Representative James J. Florio, Chairman, Commerce,

Transportation, and Tourism Subcommittee, House Committee on Energy and Commerce)
RCED-84-100, 6-13-84

Assessment of New Chemical Regulation Under the Toxic Substances Control Act. Environmental Protection Agency. (Request of Senator David Durenberger, Chairman, Toxic Substances and Environmental Oversight Subcommittee, Senate Committee on Environment and Public Works; and Representative James J. Florio, Chairman, Commerce, Transportation, and Tourism Subcommittee, House Committee on Energy and Commerce)
RCED-84-84, 6-15-84

Inspection, Enforcement, and Permitting Activities at New Jersey and Tennessee Hazardous Waste Facilities. Environmental Protection Agency. (Request of Representative James J. Florio, Chairman, Commerce, Transportation, and Tourism Subcommittee, House Committee on Energy and Commerce)
RCED-84-7, 6-22-84

Status of EPA's Air Quality Standards for Carbon Monoxide. Department of Health and Human Services, Food and Drug Administration; and Veterans Administration. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce)
RCED-84-201, 9-27-84

Status of Civilian Federal Agencies' Efforts To Address Hazardous Waste Problems on Their Lands. Environmental Protection Agency. (Request of Representative Vic Fazio, Chairman, Legislative Subcommittee, House Committee on Appropriations)
RCED-84-188, 9-28-84

EPA Needs To Improve Its Oversight of Air Pollution Control Grant Expenditures. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce)
RCED-84-163, 9-28-84

Members

Status of Air Force Efforts To Deal With Groundwater Contamination Problems at

McClellan Air Force Base. Department of Defense and Environmental Protection Agency. (Request of Representative Vic Fazio)
NSIAD-84-37, 11-29-83

Status of the DOD Installation Restoration Program at Mather Air Force Base and Sacramento Army Depot. Departments of the Army and the Air Force. (Request of Representative Vic Fazio)
NSIAD-84-56, 2-29-84

Natural Resource Damage Claims and Assessment Regulations Under Superfund. Department of the Interior and Environmental Protection Agency. (Request of Senator Max S. Baucus, Ranking Minority Member, Toxic Substances and Environmental Oversight Subcommittee, Senate Committee on Environment and Public Works)
RCED-84-196, 9-4-84

Agency Officials

DOD Can Make Further Progress in Controlling Pollution From Its Sewage Treatment Plants. Departments of the Army, the Navy, and the Air Force.
NSIAD-84-5, 2-3-84

Recreational Resources

Committees

Archeological Studies at New Melones Dam in California. Departments of the Army and the Interior. (Request of Representative Morris K. Udall, Chairman, House Committee on Interior and Insular Affairs)
RCED-84-4, 10-25-83

Federal Government's Progress in Implementing a National Archeological and Historic Preservation Program. Departments of Agriculture, Housing and Urban Development, and the Interior; Advisory Council on Historic Preservation; and Office of Management and Budget. (Request of Representative Morris K. Udall, Chairman, House Committee on Interior and Insular Affairs)
RCED-84-114, 5-30-84

National Park Service Needs a Maintenance Management System. Department of the Interior. (Request of Senator Malcolm Wallop, Chairman, Public

Appendix Two

Reports Issued During Fiscal Year 1984

Lands and Reserved Water Subcommittee, Senate Committee on Energy and Natural Resources)
RCED-84-107, 6-1-84

Water Resources

Committees

Corps of Engineers' and Bureau of Reclamation's Recreation Construction Backlogs. Departments of the Army and the Interior. (Request of Senator Malcolm Wallop, Chairman, Public Lands and Reserved Water Subcommittee, Senate Committee on Energy and Natural Resources)
RCED-84-54, 11-25-83

Update on Army Corps of Engineers' Planning and Designing Time for Water Resources Projects. (Request of Senator Robert T. Stafford, Chairman, Senate Committee on Environment and Public Works)
RCED-84-16, 1-4-84

Federal and State Efforts To Protect Ground Water. Environmental Protection Agency. (Request of Representative James J. Florio, Chairman, Commerce, Transportation, and Tourism Subcommittee, House Committee on Energy and Commerce)
RCED-84-80, 2-21-84

Members

Information on Repayment of the Bureau of Reclamation's Central Valley Project. Department of the Interior. (Request of Representative George Miller)
RCED-84-122, 3-16-84

Bureau of Indian Affairs' Participation in a Proposed Hydroelectric Facility at Kootenai Falls, MT. Department of the Interior; and Department of Energy, Federal Energy Regulatory Commission. (Request of Senator Max S. Baucus)
RCED-84-126, 7-11-84

Agency Officials

Wastewater Dischargers Are Not Complying With EPA Pollution Control Permits.
RCED-84-53, 12-2-83

Thermal Analysis of Mass Concrete Structures: Lock and Dam No. 26 (Replacement) Project. De-

partment of the Army; and Department of the Interior, Bureau of Reclamation.
RCED-84-87, 2-17-84

Consolidating Federal Stream Forecasting Activities May Reduce Duplication of Resources and Effort. Departments of Commerce and the Army.
RCED-84-104, 7-24-84

EPA's Innovative Technology Program for Waste Water Treatment Needs Better Controls.
RCED-84-79, 8-20-84

Non-Discrimination and Equal Opportunity

Committees

Office of Federal Contract Compliance Programs' Actions To Improve Processing of Handicapped Employment Discrimination Complaints. Department of Labor. (Request of Senators Robert T. Stafford and Lowell P. Weicker, Chairman, Handicapped Subcommittee, Senate Committee on Labor and Human Resources)
HRD-84-21, 1-31-84

Economic Implications of the Fair Insurance Practices Act. Department of Labor and Pension Benefit Guaranty Corporation. (Request of Senators Paula Hawkins, Nancy L. Kassebaum, and Lowell P. Weicker; and Orrin G. Hatch, Chairman, Senate Committee on Labor and Human Resources)
OCE-84-1, 4-6-84

Members

Comments on the Economic Implications of the Exon Amendment to the Fair Insurance Practices Act. Departments of Justice and Labor; and Pension Benefit Guaranty Corporation. (Request of Senator J. James Exon)
OCE-84-7, 8-27-84

Transportation

Committees

Actions Taken To Improve Management and Reduce Costs of Interior's Aircraft Operations. (Request of Government Activities and Transportation

Subcommittee, House Committee on Government Operations)
NSIAD-84-45, 4-2-84

Air Transportation

Congress

Safety Standards on Small Passenger Aircraft--With Nine or Fewer Seats--Are Significantly Less Stringent Than on Larger Aircraft. Department of Transportation, Federal Aviation Administration.
RCED-84-2, 1-4-84

Committees

Review of Studies on Early Retirement of Flight Service Station Specialists. Department of Transportation, Federal Aviation Administration.
RCED, 3-27-84

Federal Aviation Administration's System for Prioritizing Airport Grants. Department of Transportation. (Request of Representative Norman Y. Mineta, Chairman, Aviation Subcommittee, House Committee on Public Works and Transportation)
RCED-84-124, 4-13-84

Information on the FAA Regulation of the Aircraft Parts Manufacturing Industry. Department of Transportation. (Request of Representative Andy Ireland, Chairman, Export Opportunities and Special Small Business Problems Subcommittee, House Committee on Small Business)
RCED, 4-16-84

Interim Observations on FAA's Plans for Major Systems Acquisitions. (Request of Representative William Lehman, Chairman, Transportation Subcommittee, House Committee on Appropriations)
IMTEC-84-14, 5-4-84

Legislation Needed To Clarify Future of Consumer Protection and Federal Preemption After the CAB Sunsets. Departments of Justice and Transportation; and Federal Trade Commission. (Request of Representative Elliott H. Levitas, Chairman, Investigations and Oversight Subcommittee, House Committee on Public Works and Transportation)
RCED-84-154, 6-13-84

Members

Actions Taken on GAO Recommendations Concerning Civilian Agency Aircraft Management. Departments of Transportation and the Interior, General Services Administration, Office of Management and Budget, and United States Postal Service. (Request of Representative Byron L. Dorgan)
NSIAD-84-148, 8-1-84

Agency Officials

The FAA Process of Selecting Locations for Automated Flight Service Stations. Department of Transportation. (Request of Representatives Carl D. Purcell, Connie Mack, John McCain, John P. Murtha, and Gene Taylor)
RCED-84-95, 2-23-84

Ground Transportation

Committees

Amtrak's Income Diversification Program: Potential for Increased Earnings and Reduced Federal Financial Support. (Request of Senators Steven D. Symms; James A. McClure; Edwin (Jake) Garn; Lawton Chiles, Ranking Minority Member, Transportation and Related Agencies Subcommittee, Senate Committee on Appropriations; and Mark Andrews, Chairman, Transportation and Related Agencies Subcommittee, Senate Committee on Appropriations; and Representatives Stanley N. Lundine and Larry E. Craig)
RCED-84-41, 10-14-83

The Department of Transportation's Program To Preserve the Highways: Safety Remains an Issue. (Request of Representative Elliott H. Levitas, Chairman, Investigations and Oversight Subcommittee, House Committee on Public Works and Transportation)
RCED-84-69, 12-23-83

Types of Work Performed Using Resurfacing, Restoration, Rehabilitation, and Reconstruction Federal Highway Funds. Department of Transportation, Federal Highway Administration. (Request of Representative Elliott H. Levitas, Chairman, Investigations and Oversight Subcommittee, House Committee on Public Works and Transportation)
RCED-84-83, 2-29-84

Appendix Two

Reports Issued During Fiscal Year 1984

The Surface Transportation Assistance Act of 1982. Department of Transportation. (Request of Senator Robert J. Dole, Chairman, Senate Committee on Finance)
OCE-84-2, 4-6-84

Status of Two Department of Transportation Air Bag Projects. General Services Administration. (Request of Representative John D. Dingell, Chairman, Oversight and Investigations Subcommittee, House Committee on Energy and Commerce)
RCED-84-177, 9-10-84

Members

Delays and Increased Cost Result From the Zilwaukee, Michigan, Bridge Project Mishap. Department of Transportation, Federal Highway Administration. (Request of Senator Donald W. Riegle)
RCED-84-144, 6-27-84

Use of Cathodic Protection To Combat Corrosion of Bridge Decks. Department of Transportation, Federal Highway Administration. (Request of Representative Donald J. Pease)
RCED-84-165, 7-19-84

Agency Officials

Limited Funds and Numerous Deficient Off-System Bridges Create Federal Bridge Program Dilemma. Department of Transportation, Federal Highway Administration.
RCED-84-66, 12-8-83

Bus Rehabilitation Issues Need Attention. Department of Transportation, Urban Mass Transportation Administration.
RCED-84-81, 4-9-84

The Interstate Commerce Commission Can Better Manage Its Enforcement Program. (Request of Transportation Subcommittee, House Committee on Appropriations)
RCED-84-131, 5-24-84

Alcohol and Drug Use in the Railroad Industry: More Information and Better Detection Methods Are Needed. Department of Transportation, Federal Railroad Administration.
RCED-84-176, 7-30-84

Other Transportation

Committees

Need To Assess Federal Role in Regulating and Enforcing Pipeline Safety. Department of Transportation, Research and Special Programs Administration. (Request of Representative Philip R. Sharp, Chairman, Fossil and Synthetic Fuels Subcommittee, House Committee on Energy and Commerce)
RCED-84-102, 7-10-84

Water Transportation

Committees

Information on Maritime Illness and Injury Statistics. Department of Transportation, Maritime Administration. (Request of Senator William V. Roth, Jr., Chairman, Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs)
RCED-84-73, 11-21-83

Economic Effects of Cargo Preference Laws. Departments of Agriculture, Defense, State, and Transportation. (Request of Representative Walter B. Jones, Chairman, House Committee on Merchant Marine and Fisheries)
OCE-84-3, 1-31-84

Information on the Purchase of a Gas Generator Engine for a U.S. Coast Guard Cutter. Department of Transportation. (Request of Senators Christopher J. Dodd and William V. Roth, Jr., Chairman, Senate Committee on Governmental Affairs)
RCED-84-115, 9-7-84

Veterans Benefits and Services

Hospital and Medical Care for Veterans

Committees

VA Justification for Two Nursing Home Care Construction Projects in Its Fiscal Year 1985 Budget Request. (Request of Senator Edwin (Jake) Garn, Chairman, HUD-Independent Agencies Subcommittee, Senate Committee on Appropriations)
HRD-84-66, 5-15-84

Agency Officials

Opportunities To Increase VA Medical Care Cost Recoveries.

HRD-84-31, 2-13-84

Timely Establishment of Medical Care Recovery Rates Could Increase Recoveries. Departments of Defense and Health and Human Services, Office of Management and Budget, and Veterans Administration.

HRD-84-32, 2-13-84

Improvements Needed in Quality Assurance for Open Heart Surgery. Veterans Administration.

HRD-84-22, 2-24-84

VA Central Office Needs To Exercise Better Oversight of Cardiac Pacemaker Recalls. Department of Health and Human Services, Food and Drug Administration.

HRD-84-33, 4-16-84

Income Security for Veterans**Committees**

Congress Could Consider Changing the Effective Date Provision for VA Disability Pension Awards. (Request of Representative G.V. Montgomery, Chairman, House Committee on Veterans' Affairs)

HRD-84-15, 2-27-84

Agency Officials

VA's Program To Authorize Courses for Veterans Needs Improved Management.

IMTEC-84-6, 10-20-83

Dual Compensation Is Paid When Military Reservists Do Not Waive VA Disability Benefits. Department of Defense.

HRD-84-13, 11-18-83

VA Can Reduce Disability Payments by Ensuring That Veterans Receive Scheduled Reexaminations.

HRD-84-14, 12-8-83

Other Veterans Benefits and Services**Agency Officials**

VA Medical Centers Could Determine Supply Requirements More Accurately by Updating Factors

Used To Compute Economic Order Quantities. NSIAD-84-28, 11-7-83

Veterans Education, Training, and Rehabilitation**Committees**

VA Can Provide More Employment Assistance to Veterans Who Complete Its Vocational Rehabilitation Program. (Request of Representative G.V. Montgomery, Chairman, House Committee on Veterans' Affairs)

HRD-84-39, 5-23-84

Appendix Three

**Summary of Personnel Assigned to Congressional
Committees, Fiscal Year 1984**

Appendix Three

Assignments to Congressional Committees

GAO Staff Assigned to Congressional Committees as of September 30, 1984

Committee	Length of Assignment		Approx. Release Date	Salary	Travel Costs	Other Costs	Total Cost
	From	To					
House							
Committee on Appropriations							
Delia Gerace (RCED)	01/16/84	•	01/15/85	\$21,600	•	\$2,398	\$23,998
Subcommittee on Defense							
Richard J. Moura (GGD)	02/28/83	11/25/83	•	6,989	•	776	7,765
Subcommittee on HUD-Independent Agencies							
Renee Oshinski (RCED)	01/19/84	•	01/18/85	22,560	•	2,504	25,064
Survey and Investigations Staff							
Felix E. Asby (NSIAD)	10/03/83	09/28/84	•	66,596	10,274	7,392	84,262
Sharon Cekala (WASH)	01/30/84	02/24/84	•	2,227	944	247	3,418
Phillip Culkin (WASH)	09/06/83	06/15/84	•	22,274	11,745	2,472	36,491
George D. Gearino (WASH)	08/22/83	12/30/83	•	10,504	204	1,166	11,874
Richard L. Gorman (NSIAD)	01/03/84	•	01/02/85	38,180	4,366	4,238	46,784
Glenn C. Griser (RCED)	09/06/83	03/30/84	•	21,946	5,449	2,436	29,831
William A. Hill (AFMD)	10/31/83	06/19/84	•	32,710	3,784	3,631	40,125
Rich. A. Jorgenson (WASH)	08/22/83	06/15/84	•	19,866	2,253	2,205	24,324
Michael J. Kennedy (GGD)	11/23/83	05/18/84	•	18,996	5,649	2,109	26,754
Dennis K. Lutz (CIN)	02/28/83	02/28/84	•	13,427	7,720	1,490	22,637
Eric Marts (WASH)	09/19/83	04/06/84	•	23,745	4,413	2,636	30,794
Richard Meeks (WASH)	09/19/83	09/18/84	•	30,377	10,066	3,372	43,815
Richard Mencl (WASH)	10/03/83	04/26/84	•	22,028	6,689	2,445	31,162
Dale Moser (NSIAD)	02/27/84	03/12/84	•	2,222	•	247	2,469
Donald Myers (WASH)	09/19/83	09/18/84	•	39,932	8,040	4,433	52,405
Joseph Nichols (WASH)	09/19/83	04/06/84	•	17,101	4,073	1,898	23,072
Ona M. Noble (WASH)	01/09/84	•	10/02/84	23,523	2,842	2,611	28,976
Rudy J. Nobles (DAL)	07/18/83	07/17/84	•	36,177	2,015	4,016	42,208
Enrique Olivares (DAL)	08/06/84	•	08/05/85	5,571	2,290	618	8,479
Anthony J. Padilla (WASH)	09/19/83	08/17/84	•	32,954	204	3,658	36,816
Frank Papineau, Jr. (WASH)	11/21/83	04/27/84	•	17,002	5,347	1,887	24,236
Jack G. Perrigo, Jr. (WASH)	09/19/83	07/27/84	•	28,208	6,892	3,131	38,231
Calvin E. Phillips (DAL)	07/18/83	07/17/84	•	27,170	2,412	3,016	32,598
Richard P. Roscoe (NSIAD)	11/21/83	04/27/84	•	20,718	5,446	2,300	28,464
Jimmy R. Rose (ATL)	11/02/82	11/01/83	•	6,664	504	740	7,908
Jerald N. Slaughter (DAL)	07/09/84	•	07/08/85	7,728	2,913	858	11,499
A. E. Sullivan, Jr. (NSIAD)	01/23/84	06/01/84	•	21,393	7,644	2,375	31,412
John P. Swain (NSIAD)	01/31/83	01/30/84	•	10,676	1,522	1,185	13,383
Vernon Westbrook, Jr. (DAL)	07/23/84	•	07/22/85	7,418	2,880	823	11,121

Appendix Three

Assignments to Congressional Committees

Staff (continued)

Committee	Length of Assignment		Approx. Release Date	Salary	Travel Costs	Other Costs	Total Cost
	From	To					
Committee on Armed Services							
John Grant (ATL)	11/28/83	03/30/84	•	14,975	3,885	1,662	20,522
Committee on Banking, Finance and Urban Affairs							
Gary W. Bowser (GGD)	08/06/84	•	12/31/84	5,942	•	660	6,602
James V. Deveney (AFMD)	08/06/84	•	12/31/84	5,571	•	618	6,189
Benny H. McKee (GGD)	08/06/84	•	12/31/84	6,685	•	742	7,427
John Santarpia (AFMD)	08/17/84	•	12/31/84	1,320	•	147	1,467
Committee on Energy and Commerce							
Gregory J. Mounts (RCED)	06/18/84	•	06/17/85	9,657	•	1,072	10,729
Subcommittee on Commerce, Transportation and Tourism							
Ed Fitzmaurice, Jr. (OGC)	04/25/83	04/20/84	•	23,418	•	2,599	26,017
Subcommittee on Oversight and Investigations							
Paul Bollea (WASH)	07/31/84	08/23/84	•	2,507	417	278	3,202
Art Brook (KC)	07/31/84	•	07/30/85	5,667	•	629	6,296
Alson A. Castonguay (BOS)	09/04/84	•	09/03/85	2,596	615	288	3,499
Roger Hamilton (BOS)	07/31/84	•	07/30/85	5,667	1,662	629	7,958
Gregory J. Mounts (RCED)	06/17/83	06/17/84	•	24,096	•	2,675	26,771
Kurt Schildknecht (WASH)	07/31/84	•	07/30/85	5,667	•	629	6,296
John Ziombra (KC)	08/20/84	•	08/19/85	6,420	•	713	7,133
Committee on Government Operations							
Richard Chervenak (RCED)	06/25/84	•	12/22/84	16,251	1,450	1,804	19,505
Pasquale Esposito (NSIAD)	05/02/84	•	11/01/84	20,164	74	2,238	22,476
Charles Wheeler (IMTEC)	07/11/83	06/29/84	•	31,933	•	3,545	35,478
Subcommittee on Commerce, Consumer and Monetary Affairs							
Robert R. Tomcho (NSIAD)	10/17/83	01/27/84	•	11,430	•	1,269	12,699
Subcommittee on Environment, Energy and Natural Resources							
Richard Chervenak (RCED)	06/23/83	06/22/84	•	43,913	•	4,874	48,787

Staff (continued)

Committee	Length of Assignment		Approx. Release Date	Salary	Travel Costs	Other Costs	Total Cost
	From	To					
Pasquale Esposito (NSIAD)	05/02/83	05/01/84	•	28,282	18	3,139	31,439
Julie Gerken (NSIAD)	05/02/83	11/18/83	•	5,172	•	574	5,746
Raymond Ridgeway (RCED)	09/11/84	•	04/10/85	2,210	•	245	2,455
Subcommittee on Intergovernmental Relations and Human Resources							
Hugh Brady (NOR)	04/23/84	05/04/84	•	1,617	919	179	2,715
Robert P. Kissel, Jr. (CIN)	06/25/84	•	11/16/84	9,958	990	1,105	12,053
Martin Landry (ATL)	08/03/83	10/07/83	•	785	399	87	1,271
Bobby R. Worrell (ATL)	06/04/84	09/28/84	•	10,567	1,958	1,173	13,698
Subcommittee on Legislation and National Security							
Jack Brock (RCED)	09/29/83	03/02/84	•	19,219	2,651	2,133	24,003
Linda Koontz (WASH)	09/26/83	11/15/83	•	4,434	947	492	5,873
R. Thomas Mason (RCED)	10/03/83	09/28/84	•	49,733	•	5,520	55,253
Committee on Interior and Insular Affairs							
Subcommittee on Oversight and Investigations							
Cecile O. Lissner (CHI)	09/26/83	02/03/84	•	15,329	3,179	1,717	20,225
Committee on Post Office and Civil Service							
Subcommittee on Human Resources							
David L. Clark (AFMD)	08/01/83	03/31/84	•	28,698	•	3,181	31,879
Thomas Cox (SF)	08/04/83	01/07/84	•	7,067	•	784	7,851
Marvin Doyal (OP)	08/09/83	04/18/84	•	27,507	27	3,053	30,587
Valerie Lau (SF)	08/04/83	01/07/84	•	10,615	•	1,178	11,793
Donald Miller (SF)	08/04/83	01/07/84	•	12,023	•	1,335	13,358
James Ohl (SF)	08/04/83	01/07/84	•	10,349	•	1,149	11,498
Anthony Thayer (SF)	08/04/83	01/07/84	•	8,730	•	969	9,699
James F. Wiggins (NSIAD)	08/01/83	04/06/84	•	23,587	466	2,618	26,671
Committee on Public Works and Transportation							

Appendix Three

Assignments to Congressional Committees

Staff (continued)

Committee	Length of Assignment		Approx. Release Date	Salary	Travel Costs	Other Costs	Total Cost
	From	To					
Subcommittee on Investigations and Oversight							
James Hedrick (PEMD)	06/01/84	•	05/31/85	21,606	•	2,398	24,004
Committee on Science and Technology							
Janice Rothlauf (RCED)	09/04/84	•	12/04/84	3,263	33	362	3,658
Robert Wlodarek (CHI)	07/16/84	•	01/15/85	9,702	1,417	1,077	12,196
Select Committee on Aging							
William DeSarno (HRD)	10/03/83	•	10/05/84	42,377	227	4,704	47,308
Subcommittee on Health and Long-Term Care							
Michael Henault (HRD)	07/07/83	07/06/84	•	24,927	844	2,767	28,538
Senate							
Committee on Governmental Affairs							
John K. Needham (HRD)	01/31/83	12/09/83	•	5,904	•	655	6,559
Edward Scott (NOR)	09/11/84	•	02/28/85	2,405	1,844	269	4,518
Joint Committee on Taxation							
Clarence Fujimoto (GGD)	07/10/84	09/28/84	•	7,167	•	796	7,963
Kopp Michelotti (GGD)	06/06/84	06/15/84	•	1,219	•	135	1,354
Marilyn Square (GGD)	07/09/84	08/31/84	•	3,338	•	371	3,709
Grand Total				\$1,362,723	\$152,602	\$151,275	\$1,666,600

**Number of Assignments to Congressional Committees by
Division/Office in Fiscal Year 1984**

Division/Office	Total begun in FY 1984	Total during FY 1984	Total as of 09/30/84
Accounting & Financial Management	1	4	2
General Counsel	2	2	0
General Government	1	7	2
Human Resources	2	3	1
Information Management & Technology	1	1	0
National Security & International Affairs	5	11	2
Policy	1	1	0
Program Evaluation & Methodology	0	1	1
Resources, Community & Economic Development	4	11	6
Regional Offices			
Atlanta	2	4	0
Boston	0	2	2
Chicago	2	2	1
Cincinnati	1	2	1
Dallas	2	5	3
Kansas City	0	2	2
Norfolk	0	2	1
San Francisco	5	5	0
Washington	10	16	2
Total	39	81	26

Descriptions of Major Organizational Units of GAO

Appendix Four

Major Organizational Units of GAO

Descriptions of Major Organizational Units of GAO

The following identifies GAO's units of organization together with a brief description of the major responsibilities and principal activities of each. The lines of authority can be found in the organization chart in Chapter 1, p. 12.

Office of the Comptroller General

This office is composed of the Comptroller General, the Special Assistant to the Comptroller General, an Assistant Comptroller General who handles special assignments, and Assistant Comptrollers General for Planning and Reporting and for Operations. The Assistant Comptroller General for Planning and Reporting is responsible for determining the overall direction of GAO's work and for the quality of GAO's products. The Assistant Comptroller General for Operations is responsible for the day-to-day management of GAO's technical and administrative activities. Combined, these officials provide a single focus for coordinating and directing the entire organization.

The remainder of the GAO organization is composed of headquarters staff offices, which provide a variety of direct staff services for the Office of the Comptroller General; programming divisions, which are the primary GAO units responsible for planning and performing GAO's work; technical divisions and units, which provide unique and specialized oversight in planning and performing GAO's work in selected functional areas; and field offices, which provide direct support services to the programming and technical divisions in planning and conducting GAO's work.

Assistant Comptroller General for Human Resources

The Assistant Comptroller General for Human Resources is responsible for the development of personnel policies and processes relating to the recruitment, selection, training, appraisal, promotion, and rewarding of GAO staff. The office oversees the activities of the following units: Office of Organization and Human Development, Personnel, and Personnel Systems Development Project.

Office of the General Counsel

The Office of the General Counsel assists the Com-

troller General by performing legal work on matters coming before the General Accounting Office. This involves interpreting laws governing public expenditures or, for the Comptroller General, the preparation of final and binding decisions to government officers who are accountable for the public funds they administer. The work also consists of reviewing for legal sufficiency the numerous Comptroller General reports informing the Congress of the congressional mandates and the extent to which these actions reflect congressional intent. In its bid protest work, the Office resolves disputes between agencies and bidders for government contracts, including grantee award actions. Committee chairmen and individual Members of the Congress ask for and receive opinions on the legality of agency actions and on legislative options. Finally, the Office is responsible for informing the Congress of executive branch impoundments of available budget authority under the Impoundment Control Act of 1974.

Accounting and Financial Management Division

The Accounting and Financial Management Division serves as the lead division within GAO for the financial management issue area.

The division is responsible for the issues involving accounting systems, agency financial statement audits, internal auditing, accounting and audit policy, budget, and integrated budget and accounting. It is the focal point within GAO for overall government issues and policies related to the Financial Integrity Act; fraud, waste, and abuse allegations (fraud hotline); and integration of budget and accounting systems.

In addition, the division participates in the Joint Financial Management Improvement Program and the National Intergovernmental Audit Forums.

General Government Division

The General Government Division coordinates GAO's work in the areas of civilian personnel matters, administration of justice, tax policy and administration, federal oversight of financial institutions, the civil aspects of procurement and property management, national productivity, and privacy.

The division provides audit coverage for the Departments of Justice and the Treasury; the Office of

Appendix Four

Major Organizational Units of GAO

Personnel Management; General Services Administration; federal banking regulatory agencies, including the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Securities and Exchange Commission, and the Commodity Futures Trading Commission; the District of Columbia Government; the U.S. Postal Service; and various other agencies and commissions.

In addition, the division's Claims Group adjudicates claims by or against the United States and reviews, evaluates, and reports on the claim settlement and debt collection activities of government agencies.

Human Resources Division

The Human Resources Division coordinates GAO's work in the issue areas of education and employment, health delivery and quality of care, health financing, and income security.

In addition to its leadership in these issue areas, the division provides GAO audit coverage for the Departments of Labor, Health and Human Services, and Education; the Consumer Product Safety Commission; the Pension Benefit Guaranty Corporation; the Legal Services Corporation; ACTION; the Railroad Retirement Board; the Equal Employment Opportunity Commission; the Veterans Administration; all federal health programs; and various small commissions and independent agencies.

Information Management and Technology Division

The Information Management and Technology Division coordinates GAO's approach to work relating to agency management of information resources, including automatic data processing, communications, and major information systems. It carries out GAO's information management and technology work on a government-wide and an agency-specific basis and is responsible for the information resource management portion of GAO's general management studies. The division also reviews the automated aspects of the Federal Managers' Financial Integrity Act.

National Security and International Affairs Division

The National Security and International Affairs Division's work covers the broad range of U.S. national and international programs concerned with protecting the population and advancing the inter-

national political, economic, and military interests of the United States.

The division's audit coverage includes reviews of activities that foster U.S. national security, such as maintaining armed forces, including civilian supporting activities; developing and utilizing defense weapons systems, including nuclear warheads; and conducting defense research. The office audits Department of Energy (DOE) programs devoted to such national defense activities as naval ship reactors, expenses connected with selective service, defense stockpiles outside of the Department of Defense and DOE, and international security assistance programs involving the transfer of defense articles and services to foreign governments. It also audits foreign affairs activities, including development assistance programs and diplomatic operations of the Department of State and related agencies, such as the Arms Control and Disarmament Agency, the United States Information Agency, and the Agency for International Development; and federal programs that affect the international commercial interest of the United States, such as export and import controls and trade agreements.

Program Evaluation and Methodology Division

The Program Evaluation and Methodology Division (PEMD), formerly known as the Institute for Program Evaluation, plans and performs assignments which complement the work of the four GAO programming divisions and which address objectives specific to the advancement of program evaluation in GAO and throughout the federal government.

PEMD conducts program evaluations that contribute to congressional and national debate on major issues and are consistent with the plans of the GAO operating divisions; serves as a resource to programming and technical divisions by maintaining a pool of technical and methodological experts available to assist with a variety of program evaluation-related matters; provides the focus for GAO's methodological responsibilities under Title VII of the Congressional Budget and Impoundment Control Act of 1974; conducts various joint projects with other GAO units dealing with such matters as the development of program evaluation standards and the design of GAO-wide methodological training programs; develops and transfers evaluation methods which advance the frontiers of program

evaluation within and outside GAO; and reviews and assists in the development of measurement instruments, such as questionnaires, used in GAO evaluations.

PEMD remains at the forefront of the program evaluation field by maintaining continuous contact and open lines of communication with evaluation professionals in other federal agencies, universities, professional societies, and state and local governments.

Resources, Community and Economic Development Division

The Resources, Community and Economic Development Division (RCED) serves as the lead division for GAO's work in the areas of food and agriculture, domestic housing and community development, energy, environmental protection, natural resources management, and transportation systems and policies. Also, RCED focuses its efforts on science and technology policies and research.

In addition to its leadership responsibilities for these issue areas, RCED provides GAO audit coverage at the Departments of Agriculture, Commerce, Energy, Housing and Urban Development, Interior, and Transportation; the Army Corps of Engineers (civil functions); the Environmental Protection and Federal Emergency Management Agencies; the Small Business Administration; the Interstate Commerce, Federal Maritime, Federal Communications and Nuclear Regulatory Commissions; the National Railroad Passenger Corporation (Amtrak); the U.S. Railway Association; the National Science Foundation; and a variety of boards, commissions, and quasi-governmental entities, such as the U.S. Synthetic Fuels Corporation.

Office of the Chief Economist

The Chief Economist is GAO's principal spokesperson on issues involving economic analysis. The Office provides advice and guidance to the Office of the Comptroller General on economic matters; resolves economic issues that arise in the planning, implementation, and reporting of GAO assignments; and undertakes independent assignments on a very highly selected basis. The Office has the leadership role for developing economic capability throughout GAO.

Civil Rights Office

The Civil Rights Office oversees GAO's efforts to

carry out all of its activities in a nondiscriminatory manner. Its major functions are processing discrimination complaints, planning affirmative action, and managing special emphasis programs.

Office of Congressional Relations

The Office of Congressional Relations coordinates GAO's activities with congressional committees and Members. These activities include testimony, reports, legal opinions, bill comments, and the assignment of GAO personnel to committees. The Office provides direct assistance, advice, and coordination to the Comptroller General and to GAO offices and divisions in furnishing the Congress with timely and useful assistance.

General Services and Controller

General Services and Controller is responsible for such activities as publishing services, facilities management, procurement, library and information services, records management, safety and security, ADP administration, office automation, and the financial and budgetary management of GAO's functions.

Office of Information Resources Management

The Office of Information Resources Management was established in September 1984 to consolidate the management of information resources within GAO. Its objectives are to effectively manage day-to-day activities of GAO's information resources; foster the use of ADP as a tool in doing GAO's work; acquire, manage, and effectively use office automation/resources within GAO; acquire, process, store, research, retrieve, and disseminate information and develop appropriate systems; test and evaluate new systems and technologies for their applicability to GAO; and develop short- and long-range, GAO-wide information systems plans and information resource management policies.

Office of Internal Evaluation

The Office of Internal Evaluation assists the Office of the Comptroller General by providing independent evaluations of the organizational, administrative, personnel, and assignment management activities of all divisions and offices within GAO. The Office evaluates the effectiveness of GAO's policies and procedures, determines how well they are being carried out, and identifies such corrective actions as may be necessary to assist management

Appendix Four

Major Organizational Units of GAO

in fulfilling its responsibilities. The Office also examines GAO's accounts, financial transactions, financial and other management reports, and related control procedures to monitor their reliability and usefulness.

Office of International Audit Organization Liaison

The Office of International Audit Organization Liaison directs the International Auditor Fellowship Program, coordinates visits of officials from other countries, acts as liaison with other national government audit organizations, handles the staff work related to the International Organization of Supreme Audit Institutions (INTOSAI), publishes the *International Journal of Government Auditing*, and coordinates requests for GAO to provide training assistance to other countries. The Office also coordinates publication of the *GAO Review*.

Office of Organization and Human Development

The Office of Organization and Human Development provides a unified, cohesive approach to the development of human resource management programs. Office branches perform the following functions: training, management development and assistance, organizational analysis and planning, and counseling and career development.

Personnel

Personnel is responsible for a responsive and progressive program for personnel administration. Responsibilities of this Office include developing job-related qualification and selection criteria; recruiting, examining, and appointing; providing necessary job classification, salary and wage administration services; managing personnel records and data, labor management relations, employee relations and benefits; and maintaining liaison with appropriate government and employee organizations.

Personnel Systems Development Project

The Personnel Systems Development Project is responsible for (1) determining and defining the personnel management system needed to meet GAO's present and future needs; (2) designing a master plan to develop these systems; (3) planning, directing, and integrating development of these systems; (4) testing the systems; and (5) institutionalizing the systems.

Office of Policy

The Office of Policy is the focal point for developing, promulgating, and interpreting GAO's auditing and reporting policies. The Office provides advice and assistance to the Comptroller General, GAO management, and staff to promote efficient and effective application of GAO's policies in the conduct of audits and evaluations of federal programs and activities.

Office of Program Planning

The Office of Program Planning assists the Office of the Comptroller General in ensuring that GAO's audit work is effectively planned and coordinated and that staff resources are effectively directed to meeting GAO-wide objectives. Office representatives work with the divisions to implement GAO's planning guidelines consistently across divisional lines. The Office also supports GAO-wide efforts to coordinate with the other legislative support agencies to avoid unnecessary duplication or overlap.

Office of Public Information

The Office of Public Information supports GAO's communications with the Congress, the media, and the public. It is the main point of contact between GAO and reporters from all fields. In addition, the Office prepares the Comptroller General's *Monthly List of GAO Reports*, the semiannual *Publications List*, the major sources of information published on GAO work; prepares the *GAO Management News*, a weekly newsletter for GAO employees; and offers suggestions for improvements on report titles, summaries, and digests.

Office of Quality Assurance

The Office of Quality Assurance (OQA) provides advice and guidance to the Office of the Comptroller General to ensure that GAO's work and reporting is of high quality, conforms with established policies and procedures, and is as relevant and useful as possible. The Office also helps identify opportunities and develop initiatives for improving quality assurance and quality control in the planning and development of assignments, develops recommendations for improving product quality and processing procedures, and takes a leadership role in exploring new ways to communicate the results of GAO's work.

Currently, the Office reviews products to ensure that they are ready for release to the Congress and

the public. Responsibility for much of this review is being assumed by the respective program divisions, with OQA continuing to play a standard-setting, oversight, and training role.

Field Offices

Nearly half of GAO's professional resources are assigned to field offices in the United States and overseas. The primary mission of GAO's field offices is to support the work of the programming and technical divisions by leading and assisting in the conduct of assignments and by actively participating in the planning of GAO's work.

The 15 regional offices are located in major cities throughout the United States and provide coverage to the 48 contiguous states, Alaska, Puerto Rico, and the Virgin Islands. Overseas offices are located in

- Frankfurt, West Germany, providing coverage to Europe, Africa, and the Near and Middle East;
 - Honolulu, Hawaii, providing coverage to East, South, and Southeast Asia, and geographic areas of the Pacific Ocean; and
 - Panama City, Panama, providing coverage to South and Central America and the geographic areas of the Caribbean.
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Appendix Five

**Legislation Enacted During Fiscal Year 1984 Relating
to the Work of the General Accounting Office**

Appendix Five

Legislation Enacted In Fiscal Year 1984

Audits

Territorial Governments

Public Law 98-146, November 4, 1983, 97 Stat. 919, Interior Department and Related Agencies Appropriations for Fiscal Year 1984, contains provisions for audit by GAO of all financial transactions of territorial and local governments, and of the Trust Territory of the Pacific Islands, including transactions of all agencies or instrumentalities established or utilized by such governments. The provisos state that the audit shall be made in accordance with the provisions of the Budget and Accounting Act, 1921, and the Accounting and Auditing Act of 1950. (97 Stat. 931, 932)

National Endowment for Democracy

Public Law 98-164, November 22, 1983, 97 Stat. 1017, to authorize appropriations for fiscal years 1984 and 1985 for the Department of State, etc., contains at Title V, the "National Endowment for Democracy Act." This title provides for audit and report to the Congress by GAO of the financial transactions for each fiscal year of the National Endowment for Democracy. The audit is to be conducted in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General. GAO is provided access to records pertaining to financial transactions necessary to facilitate the audit. (97 Stat. 1041-1042)

Domestic Housing and International Recovery and Financial Stability Act

Public Law 98-181, November 30, 1983, 97 Stat. 1153, Supplemental Appropriations Act, 1984, includes the "Domestic Housing and International Recovery and Financial Stability Act." This law, in XI titles, contains in Title II—Housing Assistance Programs—a provision that the Secretary of Housing and Urban Development may make grants to units of general local government incident to demonstration projects to encourage the upgrading of housing occupied by lower income families and provide for better coordination at the local level of the efforts to assist families receiving public assistance so that these families will be able to occupy affordable housing. Recipients of grants are required to permit GAO audits to assure that funds are used in accordance with the provisions of law. (97 Stat. 1193)

Title IX, the "International Lending Supervision Act of 1983," provides that each appropriate federal banking agency (as defined by the law) is to evaluate banking institutions foreign country exposure and transfer risk for use in banking institution examination and supervision. Each such agency is to establish examination and supervisory procedures to assure that such factors as foreign country exposure and transfer risk are taken into account in evaluating the adequacy of the capital of banking institutions. Section 911 delineates in detail GAO's audit authority. An audit may include a review or evaluation of the international regulation, supervision, and examination activities of the appropriate federal banking agencies. (97 Stat. 1282-1284)

AMVETS

Public Law 98-291, May 21, 1984, 98 Stat. 203, relieves GAO of duplicative audit requirements with respect to the Disabled American Veterans. GAO will continue to perform oversight by reviewing the financial statements and auditor's report of the AMVETS. (98 Stat. 203)

Appropriated Funds Expenditure Prerequisite or Exemption

Public Law 98-371, July 18, 1984, 98 Stat. 1213, Department of Housing and Urban Development: Independent Agencies Appropriation Act, 1985, contains a general provision that no funds appropriated by the act may be expended unless such expenditure is subject to audit by GAO or is specifically exempt from such an audit. (98 Stat. 1237)

Access to Records

National Coastal Resources Research and Development Institute

Public Law 98-364, July 17, 1984, 98 Stat. 440, authorizes appropriations to carry out the Marine Mammal Protection Act of 1972, for fiscal years 1985 through 1988. Title II of the law provides for the establishment by the Secretary of Commerce of a National Coastal Resources Research and Development Institute to be administered by the Oregon State Marine Science Center. The Comptroller General is provided access to records pertinent to funds received under the title for purposes of audit and examination. (98 Stat. 443)

Appendix Five

Legislation Enacted in FY 1984

FBI Undercover Operations

Public Law 98-166, November 28, 1983, 97 Stat. 1071, and Public Law 98-411, August 30, 1984, 98 Stat. 1545, Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1984 and 1985, respectively, each contain a provision that if a corporation or business entity established or acquired in connection with undercover investigative operations of the FBI with a net value of over \$50,000 is to be liquidated, sold, or otherwise disposed of, the FBI is to report the circumstances to the Attorney General and the Comptroller General of the United States. (97 Stat. 1987, 98 Stat. 1560)

Revenue Sharing

Public Law 98-185, November 30, 1983, 97 Stat. 1309, Local Government Fiscal Assistance Amendments of 1983, amends Title 31 of the U.S. Code with respect to auditing requirements. One of the new requirements is that audits must be conducted in accordance with generally accepted government auditing standards issued by the Comptroller General.

The Comptroller General is also required to assist the Secretary of the Treasury in developing a plan for completion of a comprehensive study of federal, state, and local fiscal relationships mandated by the law. (97 Stat. 1010, 1011, 1013)

DOD Year-End Procurement Practices

Public Law 98-191, December 1, 1983, 97 Stat. 1325, Office of Federal Procurement Policy Act Amendments of 1983, requires the Comptroller General to provide to the Office of Federal Procurement Policy information on procurement actions of DOD and the regulations, administrative, and management guidelines applicable to such action. This information is for use in connection with a study and report to the Congress on DOD year-end procurement practices. (97 Stat. 1333)

National Public Radio Financial Controls

Public Law 98-214, December 8, 1983, 97 Stat. 1467, "Federal Communications Commission Authorization Act of 1983" amends section 396(1) of the Communications Act of 1934, to prohibit the Corporation for Public Broadcasting from distributing to National Public Radio any funds authorized to be appropriated by the act unless certain

requirements are met. Among the requirements is a determination by the Corporation that National Public Radio has adopted and is implementing a system of financial controls and procedures devised in consultation with, and recommended by, an independent, certified public accountant and determined by the Comptroller General as sufficient to assure that the financial transactions of National Public Radio reflect prudent management practices and are accounted for in a manner consistent with generally accepted accounting principles. (97 Stat. 1468)

Title 31, United States Code, "Money and Finance"

Public Law 98-216, February 14, 1984, 98 Stat. 3, has as its purpose to codify, without substantive change, recent laws relating to money and finance and transportation and to improve the United States Code.

31 U.S.C. 3528, pertaining to responsibilities and relief from liability of certifying officials, is amended at subsection (b) by adding: "The Comptroller General may deny relief when the Comptroller General decides the head of the agency did not carry out diligently collection action under procedures prescribed by the Comptroller General." (98 Stat. 4)

Miller Act Payment Bonds

Public Law 98-269, April 18, 1984, 98 Stat. 156, transfers responsibility for furnishing certified copies of Miller Act payment bonds from the Comptroller General to the officer that awarded the contract for which the bond was given. (98 Stat. 156)

GAO Executive Positions

Public Law 98-326, June 22, 1984, 98 Stat. 269, amends title 31 of the United States Code to provide for additional experts and consultants for GAO, and to provide for additional positions within the General Accounting Office Senior Executive Service. (98 Stat. 269)

Deficit Reduction Act of 1984

Public Law 98-369, July 17, 1984, 98 Stat. 494, the Deficit Reduction Act of 1984, is divided into two divisions: Division A, "Tax Reform Act of 1984," and Division B, "Spending Reduction Act of 1984." Several provisions of the law relate to the functions and jurisdiction of GAO.

Guaranteed Student Loan Tax-Exempt Bonds

Not later than 9 months after the date of enactment, GAO and the Congressional Budget Office are to report to the Congress on the results of a study of (A) the appropriate role of tax-exempt bonds which are issued in connection with the guaranteed student loan program and the PLUS program established under the Higher Education Act of 1965, and (B) the appropriate arbitrage rules for such bonds.

Medicare and Medicaid Budget Reconciliation Amendments of 1984

The Medicare and Medicaid Budget Reconciliation Amendments of 1984 require the Comptroller General to conduct three studies.

The Comptroller General is to report to the Congress, not later than January 1, 1987, on (A) the appropriateness of the fee schedules under section 1833(h) of the Social Security Act and their impact on the volume and quality of clinical diagnostic laboratory services, (B) the potential impact of the adoption of a national fee schedule, and (C) the potential impact of applying a national fee schedule to clinical diagnostic laboratory tests provided by hospitals to their outpatients.

Not later than 18 months after the date of enactment, GAO is to report to the Congress on a study of the amounts billed for physician services and paid by carriers under section 1842(b)(7) of the Social Security Act to determine whether such payments have been made only where the physician satisfies the requirements of section 1842(b)(7)(A)(i) of such act.

GAO is also to study and report to the Congress, not later than 12 months after the date of enactment, on (A) the ability of the Health Care Financing Administrator to manage competitive bidding for agreements and contracts under section 1816 and 1842 of the Social Security Act, and on the relative costs and efficiency of such competitive agreements and contracts as compared to current reimbursement for such agreements and contracts; (B) the need (if any) for eliminating the provider nomination procedure under section 1816(a) of such act; (C) the disparities (if any) in costs and quality claims processing among the various entities performing claims processing pursuant to section 1816

and 1842 of such act; (D) whether the standards of the Secretary of Health and Human Services for evaluating costs and performance of intermediaries and carriers are adequate and properly applied; and (E) whether the Secretary's statutory authority is sufficient to deal with inefficient intermediaries and carriers either through the contract negotiation and budget review process or through the process of termination or nonrenewal of contracts.

Procurement Protest System

The "Competition in Contracting Act of 1984" includes the addition of a new Subchapter V—Procurement Protest System, to Chapter 35 of title 31, United States Code, to provide the General Accounting Office with a statutory base for its bid protest function effective January 15, 1985. Under the requirements of the law, the Comptroller General must issue an opinion on the protest within 90 working days. Also, under circumstances delineated by the law, contract award may be withheld or performance under the contract may cease until the protest is decided.

Budget Estimate Review

The Congressional Budget Office is to conduct in consultation with GAO a review of the budget estimates prepared by the Department of Defense and one civilian agency. The GAO component of this review is to look at all phases of budget preparation and program evaluation in the agencies selected, and examine historical patterns of funding to determine the effect of cost estimation biases.

Veterans Administration Major Construction Projects

Public Law 98-371, July 18, 1984, 98 Stat. 1213, Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1985, provides with respect to appropriations for the Veterans Administration that funds appropriated for fiscal year 1984 for "Construction, Major Projects" shall be obligated for each approved project (1) by awarding of a working drawings contract by September 30, 1985, and (2) by the awarding of a construction contract by September 30, 1986. The administration is to report to the Comptroller General and to the Committees on Appropriations any approved major construction project which obligations are not incurred within the time limits established. The Comptroller General is to review

Appendix Five

Legislation Enacted in FY 1984

the report in accordance with the procedures established by section 1015 of the Impoundment Control Act of 1974. (98 Stat. 1232)

Allen Park Veterans Administration Hospital Replacement

Public Law 98-371, July 18, 1984, 98 Stat. 1213, Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1985, contains a provision that no part of any sum appropriated or otherwise made available in the act for the Veterans Administration may be obligated or expended for the purchase of any site for, or toward the construction of, any new hospital to replace the Allen Park Veterans Administration Hospital, prior to the receipt by the Administrator of Veterans Affairs of the ongoing General Accounting Office study of such replacement project. (98 Stat. 1234)

Pension Plan Study

Public Law 98-397, August 23, 1984, 98 Stat. 1426, "Retirement Equity Act of 1984," requires the Comptroller General to conduct a detailed study (based on a reliable scientific sample of typical pension plans of various designs and sizes) of the effect on women of participation, vesting, funding, integration, survivorship features, and other relevant plan and federal pension rules.

The Comptroller General is provided access to records for purposes of the study, which is to be submitted to the Congress not later than January 1, 1990. (98 Stat. 1454-1455)

Department of Defense Dependent Schools

Public Law 98-407, August 28, 1984, 98 Stat. 1495, Military Construction Authorization Act, 1985, requires the Comptroller General to conduct a study to determine the most suitable means to pay for the construction and operation of Department of Defense dependent schools established under section 6 of Public Law 874 of the Eighty-first Congress. The study is to consider the effect that transferring responsibility for funding and operating those schools from the Department of Defense to local school districts would have on funding for the impacted aid program of the Department of Education and the effect that such transfer would have on local school districts. (98 Stat. 1524)

Agricultural Trade and Export Policy Commission

Public Law 98-412, August 30, 1984, 98 Stat. 1576, amends the Agriculture and Food Act of 1981 by adding a new Subtitle C to Title XII, the Agricultural Trade and Export Policy Commission Act. The new Commission is to study and make recommendations concerning agriculture-related trade and export policies, programs, and practices of the United States.

The Comptroller General is provided access to records of the Commission for purposes of audit. (98 Stat. 1579)

GAO, among others, is required to provide the Commission such information, personnel, and support as it may require in carrying out its duties and functions. (98 Stat. 1578-1579)
