

United States General Accounting Office

GAO

History Program

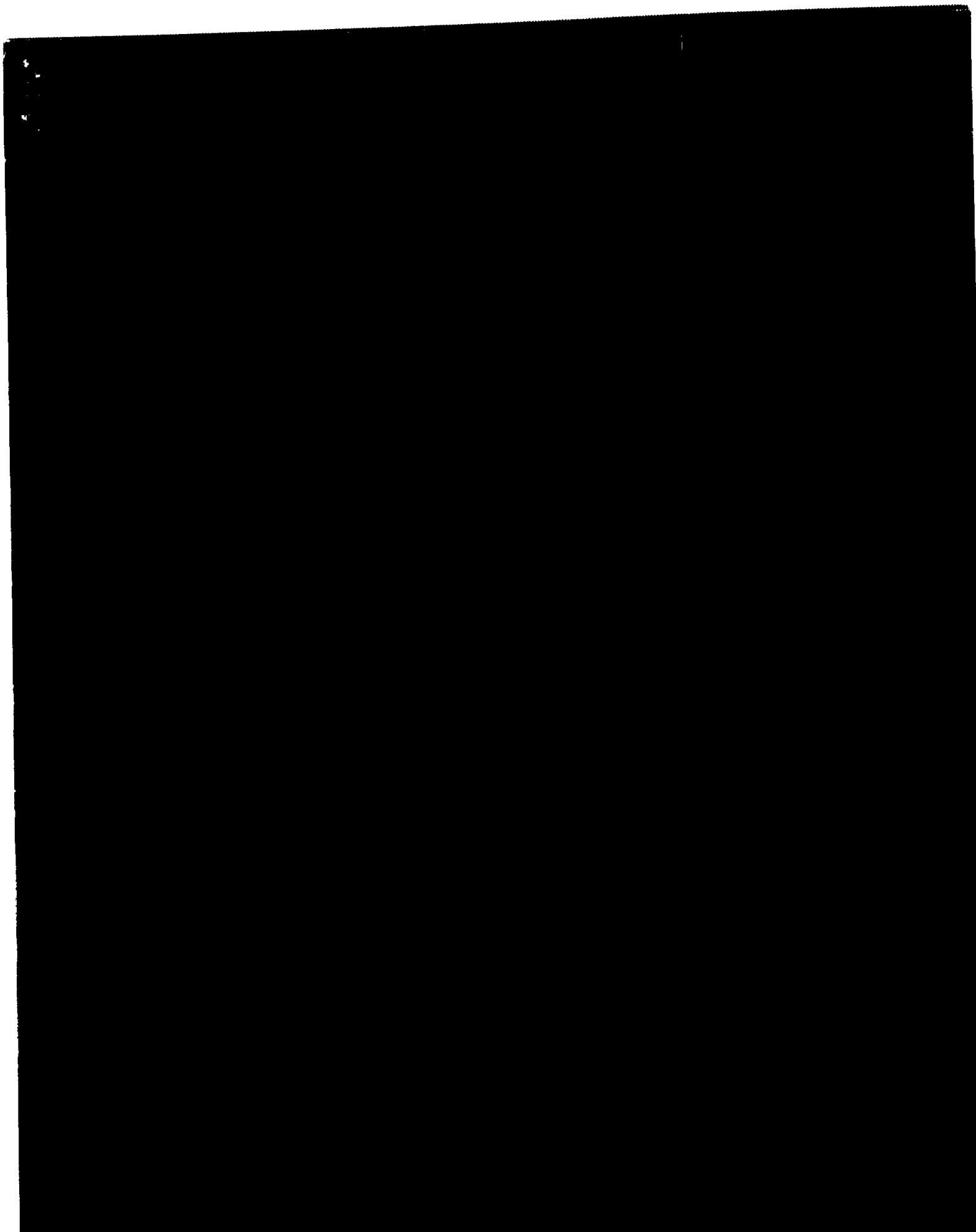
September 1988

Charles E. Wolfe

1935 - 1988



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PREFACE

The General Accounting Office (GAO) was established by the Budget and Accounting Act of 1921. Since then, new legislation and modified policies have been adopted that enable GAO to meet the needs of the Congress as it comes to grips with increasingly complex governmental programs and activities.

GAO supports a History Program within its Office of Policy to ensure that the basis for policy decisions and other important events are systematically recorded for posterity. The program should benefit the Congress, future Comptrollers General, other present and future GAO officials, GAO's in-house training efforts, and scholars of public administration.

A primary source of historical information is the written record in official government files. A vital supplement contributing to a better understanding of past actions is oral history. Key officials who were in a position to make decisions and redirect GAO's efforts, as well as some in lesser positions, are being interviewed to record their observations and impressions. These interviews contribute much to knowledge and understanding of GAO's history.

Charles E. Wolfe served GAO continuously for 53 years, perhaps longer than any other employee in the history of the agency. He began as a Junior Typist in 1935; later joined the Office of Investigations; and, from 1956 until 1988, he worked in the regional office system. At the time of his retirement in 1988, he served as Chief Referencer

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in the Washington Regional Office. He was interviewed on January 7 and March 9, 1988, in Washington, D.C., by two historians (see p. viii) from the GAO History Program. During the supplemental interview on March 9, 1988, Mr. Wolfe described in detail several interesting projects on which he worked over the years. This document is a transcript of the audiotapes. Although a number of editorial changes have been made, GAO has tried to preserve the flavor of the spoken word.

Roger R. Trask

Roger R. Trask
Chief Historian, GAO



BIOGRAPHICAL INFORMATION

CHARLES E. WOLFE

Charles E. Wolfe was born March 1, 1913, in Guthrie, Oklahoma. He attended public schools in Guthrie and Ponca City, Oklahoma, and worked in Ponca City and Guthrie after graduating from high school in 1929. Mr. Wolfe took a Civil Service examination, received an appointment, and thus began his 53-year career at GAO, where he served under all six Comptrollers General.

Mr. Wolfe entered GAO in 1935 as a Junior Typist in the Accounting and Bookkeeping Division. By 1937, he was a Field Investigator with the Office of Investigations and did field work in New England. In 1939, he went to New York on a temporary assignment which became permanent and remained there for 25 years, rising to the position of Acting Investigator-In-Charge. During this time, he also attended the College of the City of New York, graduating magna cum laude in 1947.

When GAO abolished the Office of Investigations in 1956, Mr. Wolfe joined the New York Regional Office, where he supervised comprehensive audits and also served as a staff member of the Senate Permanent Subcommittee on Investigations and the Senate Select Committee on Improper Activities in the Labor or Management Field.

Mr. Wolfe transferred to the Washington Regional Office (WRO) in 1964 and joined the Surveys and Investigations staff of the House Committee on Appropriations, where he remained for 4 years. He returned to WRO in 1968 as an Audit Manager. For 4 years preceding his

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retirement in 1988, he served WRO as Chief Referencer.

Mr. Wolfe's awards include superior performance commendations from the Senate Select Committee on Improper Activities in the Labor or Management Field (1959), the Senate Permanent Subcommittee on Investigations (1963 and 1965), and an outstanding performance commendation from the House Appropriations Committee (1968). Among his GAO awards, Mr. Wolfe was the first person to receive the Field Operations Division Director's Award when it was instituted (1976).

Mr. Wolfe is a member of Phi Beta Kappa and the Association of Government Accountants.

INTERVIEWERS

ELIZABETH POEL

Elizabeth Poel is an Associate Historian in the History Program, Office of Policy. She received a Bachelor of Music degree from Michigan State University, a Master of Science in Library Science from the Catholic University of America, and has done graduate work in history. She joined GAO in 1976 in the Technical Library, where she was a Supervisory Librarian. Between 1983 and 1987, as coordinator of the History Program, Ms. Poel played an important role in laying the foundation for GAO's archival and history program.

ROGER R. TRASK

Roger R. Trask became Chief Historian of GAO in July 1987. After receiving his Ph.D. in History from the Pennsylvania State University, he taught between 1959 and 1980 at several colleges and universities, including Macalester College and the University of South Florida; at both of these institutions, he served as Chairman of the Department of History. He is the author or editor of numerous books and articles, mainly in the foreign policy and defense areas. He began his career in the federal government as Chief Historian of the U.S. Nuclear Regulatory Commission (1977-1978). In September 1980, he became the Deputy Historian in the Historical Office, Office of the Secretary of Defense, where he remained until his appointment in GAO.

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ABBREVIATIONS

CCNY	City College of New York
DCAA	Defense Contract Audit Agency
DOD	Department of Defense
FBI	Federal Bureau of Investigation
GAO	General Accounting Office
HRD	Human Resources Division
MDW	Military District of Washington
NSIAD	National Security and International Affairs Division
R&D	Research and Development
S&I	Surveys and Investigations staff
WRO	Washington Regional Office

INTERVIEW WITH CHARLES E. WOLPE

JANUARY 7, 1988

INTRODUCTION

Mr. Trask

This interview with Mr. Charles E. Wolfe was conducted on January 7, 1988, by Elizabeth Poel, Associate Historian, and Roger Trask, Chief Historian, GAO History Program.

Mr. Wolfe, we know you have had, so far, a 53-year career at GAO. We would like to trace with you your years at GAO, particularly the positions you held and the work you did in these positions.

We are interested in your impressions of working sites and conditions, the people you worked with, and experiences that you consider significant in your own career. Furthermore, we are very interested in the perspectives you may have on the evolution of GAO over a period of more than half a century.

During and at the end of the interview, we will ask you to compare and contrast GAO as it was in your early years before World War II to the modern GAO that has emerged since the war. Let us begin by asking you to provide some biographical information about yourself--where you were born and grew up, your educational background, and how you became an employee of GAO in 1935. Thereafter, we can proceed more or less chronologically to trace your GAO career.

EMPLOYMENT BY GAO

Mr. Wolfe

Well, I was born in Guthrie, Oklahoma, and I graduated from high school and business college in Ponca City, Oklahoma. That was about 1931.

That was during the Depression. I did not set out to have a government career at all: I always preferred the private sector, but there were no jobs, except

people , everybody working among those records. Maybe that, and maybe he just needed to exercise, I do not know. That is about the only time I ever saw Mr. McCarl, from a distance.

Mr. Brown would be the same way. Now, the other Comptrollers General, I met them all personally. Many times, really.

While I was a typist, I just might say that the equipment was somewhat primitive compared with what we have today. We had no electric typewriters and no computers, no xerographic copying equipment, nothing like that. We had standard Underwood typewriters.

Since we did not have any real copying capability, we made carbon copies; we customarily made about nine carbon copies. We would use onion skin paper and thin carbons, and the ninth carbon was a little dim; still, it was somewhat legible.

FIELD WORK FOR THE
OFFICE OF
INVESTIGATIONS

Well, my first assignment in the field was in New England. We were assigned to several investigations up there involving payroll fraud and kickbacks and things like that. Well, today GAO would not be getting into those things because they were really criminal investigations, which now would be handled by the Federal Bureau of Investigation (FBI).

In those days, the FBI was just getting into the fraud area. They had not developed a high capability to handle it, and their resources were limited. They were involved primarily with bank robberies and kidnappings and things like that. So they really did not object to the fact that we were investigating.

And, of course, we claimed that we were investigating civil fraud, not criminal fraud, but the distinction is very nebulous, to say the least. So actually, we were working closely with the U.S. attorneys and we were helping them prepare the criminal prosecution cases.

we interviewed witnesses, took affidavits, and examined bank accounts and other records, things like that.

Ms. Poel

Would that have been a number of payroll fraud cases that you handled?

Mr. Wolfe

Well, several, yes. I might say that many of these cases originated from work done by our Reconciliation and Clearance Branch here in Washington. We had a Check Reconciliation Clearance Branch; they looked at the endorsement of every government check that was cashed and compared endorsements for the same payee on repeated payments, like on a payroll check. If any did not match, they would make a photostatic copy and turn it over to the Office of Investigations.

We would take those photostats and interview these people and find the answers. Well, in one case, say, for example--National Guard drill pay--we interviewed a lot of the payees. We found that they did not attend those drills and they did not endorse those checks.

The person who prepared the payroll and distributed the paychecks was the one who endorsed the checks, and we traced them into his personal bank account. So things like that. Today, nobody compares those endorsements on checks like that. There could be a lot of those, but nobody does it. The volume makes it prohibitive.

So that is the way many of those investigations originated--people here in Washington comparing these checks. Now when I mention examining bank

accounts, we did not have any subpoena power. If necessary, we could have gone to the U.S. Attorney and gotten subpoenas, but we never had to do it.

There was not any such thing as the Privacy Act in those days, and the banks were highly cooperative. They would turn over access to personal bank accounts without any question. They never asked for a subpoena, which may seem surprising, but part of the environment in those days was that the general public had a very high regard for government employees. They treated us with the utmost respect wherever we went, particularly outside of Washington. The government presence was not very large, really, outside of Washington in those days. There were a few branch offices and suboffices here and there, but nothing like today where you have many, many thousands of government employees all over the country.

As far as GAO was concerned, our field presence was limited to the Office of Investigations. All the auditing was done here in Washington, and there were no field audit offices at all. The Office of Investigations had about 200 people. We would travel outside of Washington in field parties, consisting of anywhere from 2 to 10 people usually, something like that, or maybe 3 to 5 people. And that was the only field presence GAO had.

- Mr. Trask You did not have a permanent office somewhere, like in Boston?
- Mr. Wolfe No.
- Mr. Trask Theoretically, you were working out of Washington.
- Mr. Wolfe On temporary duty, yes. And, during this time, I did the typing for the field party and took care of all the administrative duties, plus I was learning to be an investigator. I went

down in the basement of those banks and looked at the deposit slips and things like that and helped trace the deposits and transfers between bank accounts.

Later on, I gradually got to the point where I got my own investigative cases and interviewed the people and prepared affidavits and things like that. The work consisted of investigations, surveys, inspections, and some audits-- a limited number of audits.

In fact, I have a copy of a list of reports; this is not necessarily all the reports that I put out during this period. It is a representative list, and I guess it covers a period of 4-1/2 years, ending in December 1952. This covers a total of 29 reports--11 investigations, 7 surveys, 7 inspections, and 4 audits, which were the only field [financial] audits that GAO made in those days. Inspections were of accountable officers' accounts (disbursing officers and collection officers), where we would count the cash and review internal controls for a settlement of their accounts. This is the late 1940s, before GAO had full field audit capability in the Division of Audits.

Ms. Poel

In those days, how was the process of apprenticeship or a training period for you done? Was it a very gradual thing? You mentioned that you were doing the typing for the field team, I believe, and then gradually you were given portions of that work?

Mr. Wolfe

Right.

Ms. Poel

How was that training period then?

Mr. Wolfe

There was no formal schedule. Everything was very informal. There was no formal on-the-job training; in fact, the only training I got is what I picked up myself, you know. Nobody sat down to teach you. The assumption was that you would absorb it, which we did.

Mr. Wolfe In Washington. My next promotion was to a CAF-6. My title then was a senior auditor.

Ms. Poel So, CAF-5 was not a junior auditor then?

Mr. Wolfe The grades were not that high in those days. I could not see anybody paying more than a grade 5 for a voucher auditor. A senior auditor would have been in the supervisory level. As I say, it is somewhat strange that they would use those titles in the Office of Investigations, except they did not have any others. Those were the titles assigned to GAO by the Civil Service Commission, and that is what we had.

By the time I was senior auditor, with a salary of \$2,300 a year, it was in January 1939. By the end of 1939, I had my own investigation cases assigned to me. I was not supervising anybody, but I would handle all the cases myself. I interviewed people and took affidavits and examined records. They were some of the smaller cases. By that time, I was in New York. I had left New England.

TRANSFER TO NEW YORK

Mr. Trask How did that come about, that change from New England to New York?

Mr. Wolfe Well, we had finished our work in New England. I was transferred to New York City in January 1939, again, on a temporary duty--3 months temporary duty. I did not leave New York for 25 years. At first, it was temporary duty extended from 3 months to 6 months to 1 year to 2 years. I was receiving \$6 per diem and gradually that per diem was reduced to, I think, \$3 a day; it was a sort of a semipermanent duty station. Eventually, it was declared a permanent duty station, I would say sometime in the late 1940s, and the per diem was discontinued.

Mr. Trask Was there actually an office site or location in New York after you went

there or was it the same as in New England?

Mr. Wolfe No, we had an office. We always had one; even when I joined them on temporary duty, they had an office. It was not called a field office; it was just called a field party. Later on, it was changed to New York field office.

Ms. Poel Some time ago, I believe I read that you worked on a few very interesting cases while you were in New York. Wasn't there a case concerning a New Jersey mobster and something with a National Guard scam, some fake suppliers for the National Guard? [See attached supplemental interview.]

Mr. Wolfe The National Guard investigation was in New England. And the New Jersey investigation was while I was with the Senate Labor Rackets Committee.

Ms. Poel I see. Alright. That was later.

WORK IN NEW ENGLAND

Mr. Wolfe That was Later, yes. But, if you like, I could discuss the work in New England a little further.

Mr. Trask Well, if you could give us just a little bit further idea of the kinds of things that you did and that GAO was doing; that would be helpful.

Mr. Wolfe Well, as I said before, one thing we did was to make inspections of the accounts and records of accountable officers, officials charged with the responsibility for receiving and disbursing public funds.

That included counting cash, determining adequacy of internal controls and sources of money reflected in the records, examining how the collections were handled and deposited, and determining whether all the funds that should have been collected were collected.

These inspections took only a few days each, and they involved the preparation of a set of forms plus a narrative discussion--that was our report. Just as an example, in 1938, while I was in Boston, we had just finished making inspections of 10 Customs subports. Boston was a main Customs port. These other ports were around in outlying areas like Salem and Gloucester and places like that.

The way we prepared our reports, I would sit down with a typewriter and the supervisory investigator would dictate the narrative part of the report. I would type it on the typewriter just as he said it in final, original and nine copies, no rough drafts, no reviews, no referencing, no workpapers. All he had were some rough notes that, once the report was typed, were torn up and thrown away.

Also, we had a set of forms, I guess about five pages of forms, which were prepared in rough draft. I would type those in final from the rough forms. So the final report, at least in the small inspection like a Customs subport, consisted of about five forms and five single-spaced pages of narrative.

It may seem like a sloppy way to do it, but it was very efficient, really. We checked and double-checked, even triple-checked, our own work. So when it went in, in essence, it had been self-reviewed, self-referenced, self-proofread. And it was guaranteed to be accurate.

It was really an efficient system. It eliminated all these processes--review and referencing and workpapers and things like that. And we got the reports out very fast. They were sent into Washington and even there they were pretty efficient.

Normally, headquarters used to put a transmittal letter on **it** and send **it** over to the agency. No retyping or anything.

Ms. Poel

I wonder if you would tell us a little bit about the substance of that Customs case?

Mr. Wolfe

Well, **it** was pretty much routine. I mean, these were just inspections.

Ms. Poel

Oh, I see.

Mr. Wolfe

But on these 10 subports, when I was typing them up, we were located on the upper floor of the Custom House in Boston; I think **it** was probably the 12th floor. We had that whole floor to ourselves, really. There were not very many rooms there. I think there were maybe four rooms. We had one. There was one across the hall. And, as I said before, there was no air conditioning in those days so we had the window wide open.

It was in the summertime, It was fairly comfortable. A nice breeze coming in there. I typed each one of these 10 reports; each one had 10 pages, plus 9 carbon copies. As I typed each report, I put **it** on the window sill. Altogether, there were, I would say, 1,000 sheets of paper, 10 copies of 10 reports, 10 pages each.

The investigator-in-charge came in just as we had finished all these thousand sheets of paper piled on the windowsill. He said, "**It** is stuffy in here." He went across the hall to the vacant office and opened the window. There was a tremendous breeze that came through; all those thousand sheets of paper went out the window.

It was a snow storm in July. I never saw anything like **it**. There was more paper in the air than you can imagine; in those days, they used to drop leaflets from airplanes, and that is

what this looked like. It was scattered all over the city of Boston.

For about a week after that, people would bring paper in. We went down and tried to gather up the paper out of the street and in the gutters. It was just a complete mess, and we did not even get half of it back. We could not use it anyway; fortunately, we had our rough notes and we just sat down and typed those 10 reports all over again.

Ms. Poel On that report, did any of those papers find their way to the newspapers?

Mr. Wolfe I do not think so, but they did find their way to the customs people, some of them. For about a week afterwards, people would bring papers into the Customs office and say I think this may belong to you. It was embarrassing.

Ms. Poel Of course, those were the days before agency comments also.

Mr. Wolfe Oh, yes. So I say that was an efficient process, and the only time it went wrong was that one time. Even then, we reproduced it without that much effort.

WORK IN NEW YORK

Mr. Trask During world War II, did the nature of your work change very much or did the pace quicken? Were there any noticeable changes as a result of the war?

Mr. Wolfe Well, at that time, the nature of the work did change somewhat. We still had our fraud cases and inspections. We also did reviews of Defense contractors. These were cost-reimbursable contracts, the easiest thing to award during the war. I mean, they did away with competitive bidding and things like that. They awarded these contracts on a cost-reimbursable basis. Most of our work was in ship repair and shipbuilding facilities in New York.

Our surveys consisted of analyzing the financial statements; reviewing and evaluating cost accounting systems; examining overhead accounts; reviewing and evaluating the time sheet, work performance, work measurement, and inventory controls; and reviewing and evaluating the government cost audit procedures.

- Mr. Trask When you got to New York and you stayed there, as you pointed out, for 25 years, in the early years, did you see anybody from Washington? Did people come up from Washington to check on your investigations or did you have any contact with the Washington management?
- Mr. Wolfe Mostly by mail. I do not recall anybody from Washington visiting us. The chief of the party occasionally would travel to Washington, but I think otherwise the contacts would be by mail. Even telephone was limited because GAO was very economy-minded and did not like to pay for long-distance calls.
- Mr. Trask When we get into the 1940s, it was Mr. Warren who was Comptroller General. Did you have any contacts with him? He was in office from 1940 to 1954. Did he ever come to New York? What kind of contacts did you have with him?
- Mr. Wolfe I met him, I think, once when I was in Washington. And that was probably toward the end of his tenure. When did he leave?
- Mr. Trask 1954.
- Mr. Wolfe Yes, I think I probably met him some time in the early 1950s.
- Ms. Poel During the time you were in New York, you pursued higher education and you went to CCNY (City College of New York), didn't you?
- Mr. Wolfe Yes, I did.
- Ms. Poel What years were you there?

Mr. Wolfe Well, it must have been 1941 through 1947.

Mr. Trask Did you take a degree during that time? What were you studying?

Mr. Wolfe I got a degree in social science and majored in English.

Ms. Poel I believe I read that you were Phi Beta Kappa, isn't that correct?

Mr. Wolfe That is right.

Mr. Trask And this was at CCNY?

Mr. Wolfe Yes.

Mr. Trask Did you find it difficult to do that educational work and work full time? I assume this was all evening school.

Mr. Wolfe Yes, it was. Well, I got through it. It was difficult, there is no doubt about it. After a while, you get used to it, sort of.

Mr. Trask Did the nature of your work change at all as the years passed in New York, particularly after the war and as we get into the 1950s?

Mr. Wolfe The major change was when the Office of Investigations was abolished and the investigators were assigned to the New York Regional Office in 1956.

Mr. Trask Did you work out of that office before the Office of Investigations was assigned there?

Mr. Wolfe No, really, there was a merger of the audit function and investigative function.

Mr. Trask Physically?

Mr. Wolfe Into one office.

Mr. Wolfe Well, as far as the audit goes, I really did not have that much of a problem with making a transition to auditing. During the first year or two when the investigative function was continuing, it was sort of an ambiguous situation. I was really directing the investigation, but the regional manager wanted me to prepare audit programs for investigation, which I could not do. The investigation is not like an audit; you cannot say in advance just exactly what avenue you are going to take. I could not really prepare in advance for that.

Ms. Poel But you did get into the comprehensive audit, didn't you?

Mr. Wolfe Well, later, Investigations gradually disappeared and the investigators were assigned to audits.

Mr. Trask What was your own status by that time? I think the last promotion that we have talked about that you had was to a CAF-5 before World War 11. How had you advanced, and were you in the supervisory capacity by this time?

Mr. Wolfe I think I mentioned this promotion to grade CAF-6, senior auditor. That was in January 1939. In May 1942, I was promoted to special auditor, grade CAF-7, and at that point, I supervised one or two other investigators. My assignments were a little more involved.

In September 1943, I was promoted to CAF-9 assistant investigator, which, in a way, was a semijourneyman position. Assistant investigator was a fairly responsible position at that time.

Mr. Trask What was your salary level by that time?

Mr. Wolfe It was \$3,200 a year.

Mr. Trask \$3,200. That was a pretty good salary for those days, wasn't it?

Mr. Wolfe It was, considering you could still get a haircut for a quarter.

Mr. Trask And you were living in New York, too, which was probably one of the more expensive areas.

Mr. Wolfe I used to give the barber a nickel tip. That was more than he got from anybody else. I was his best customer. In January 1946, I was promoted to investigator, which is a journeyman grade CAF; no, in this case, it was changed to GS schedule, GS-11, which is the journeyman grade for investigator. My starting salary there was \$4,300 a year, and I was in that grade until January 1951. The ending salary was \$6,000.

 But by that time, I was handling all types of investigations, supervising one to five investigators. My work consisted of the same type of thing, except that the work was more involved-- accounting systems reviews, investigations, fraud, and also some balance sheet audits of the general supply fund. This was the first time GAO ever got into that.

Mr. Trask That was about 1950 or in that period?

Mr. Wolfe In New York.

Mr. Trask That was about the time GAO generally was getting into a lot of those audits and the beginning of what they called the comprehensive audit in those days.

Mr. Wolfe Right. That carries me up to January 1951. In January 1951, I was promoted to GS-12, \$6,400 a year. I did not have the title, but I was acting assistant investigator in charge of the New York field office which, at that time, had 25 employees.

 So, for over 60 workweeks, I was acting investigator in charge of that.

Ms. Poel Over a year.

Mr. Wolfe In November 1955, I was promoted to a GS-13, and, for the next 8 months, I was acting investigator in charge of the New York field office, really in a grade 14 position. Later on, I was acting again for a period of 3 or 4 months or something like that. About that time, they abolished the Office of Investigations.

CONTACT WITH
COMPTROLLER GENERAL
CAMPBELL

Mr. Trask Mr. Campbell was Comptroller General between 1954 and 1965. Did you have any contact with him? I guess by the end of his term, you had come to Washington, and we will talk about that a little bit later on. But did you have any contact with Mr. Campbell or other high officials of the Office?

Mr. Wolfe Well, two or three times, I talked with him about the situation on the merger and the transition and things like that. I am not sure he really had worked everything out exactly--what was going to happen in the future and whether or not the investigations would continue or gradually die out.

Actually, they gradually died out. I do not know whether he planned it that way. But mainly our discussions were about the transition and about the effects of how the investigators would react to it and accustom themselves to it and so forth.

Ms. Poel Did Mr. Campbell ever visit the New York Regional Office?

Mr. Wolfe I do not believe so. I do not recall that he did.

Mr. Trask So your conversations with him were when you came to Washington?

Mr. Wolfe While I was in Washington, yes.

Mr. Trask During that period, the GAO Building opened.

Mr. Wolfe 1951,

Mr. Trask 1951. That, obviously, had no particular impact on your operations, or did it?

Mr. Wolfe No, it did not. The Office of Investigations moved from across the street into this new building and we were here until 1956.

Mr. Trask Between 1956 and 1964, when you came to Washington, did you do basically the same kind of work out of the New York Regional Office? Was there any change in your duties or the kind of work that that Office did?

WORK WITH SENATE LABOR
RACKETS COMMITTEE

Mr. Wolfe 1956 to 1964--well, for 2-1/2 years of that period, I was assigned as a staff member of the Senate Select Committee on Fraudulent Practices in the labor or management field. It is commonly called the Senate Labor Rackets Committee.

Mr. Trask Before you came back to Washington?

Mr. Wolfe Yes.

Mr. Trask You worked with them in New York?

Mr. Wolfe Primarily. Part of the time in Washington. Most of the time in New York.

Mr. Trask What did you do with that Committee?

Mr. Wolfe Well, we investigated alleged fraudulent practices, mostly in the labor field, such as extortion and other types of irregularities. Typical work would be serving Committee subpoenas on suspected labor racketeers; examining labor organization records for evidence or fraudulent practices; preparing witness sheets, questions, and exhibits for

congressional hearings; testifying before congressional committees; and helping to write Committee reports and things like that.

Mr. Trask Did you personally testify?

Mr. Wolfe Many times.

Mr. Trask This was a Senate committee. Who was the chairman?

Mr. Wolfe Senator John McClellan. Robert Kennedy was the chief counsel.

Mr. Trask Did you have a good bit of personal contact with those people?

Mr. Wolfe Oh, yes.

Mr. Trask What were your impressions of both McClellan and Kennedy?

Mr. Wolfe Highly capable people.

Mr. Trask When was this service? It was before 1960, wasn't it?

Mr. Wolfe Yes, it was July 1957 to October 1959. It was approximately 2-1/2 years.

Mr. Trask Did you have any contact with other people in the Congress or the Senate during that period, for example, Senator John Kennedy?

Mr. Wolfe He was a member of the Committee. I did not have any personal contact, except when I was a witness; I had to answer their questions, of course. But most of my contact was with Bob Kennedy on a daily basis when I was in Washington.

Most of the work was done in New York, and I had to come to Washington to help prepare for the hearings. And so I would come down and spend the week, maybe, preparing for hearings. And after working every day, we would have to work at night. Many nights I have worked until 2 or 2:30 a.m. preparing witness sheets and exhibits and

questions for hearings. The next day, the hearing started at 9 a.m.; you would have to be there at 9:00 or before then. You had to report well before the time of the hearing. I did not get much sleep.

But it was quite exciting testifying and then coming out and seeing your name on the front page of the Evening Star after you got through.

Mr. Trask Did Mr. Campbell, the Comptroller General, participate in those hearings in any way?

Mr. Wolfe No, he did not. GAO really was not involved. I was detailed there. And I would function really as a staff member of the Committee.

Mr. Trask After that was over, you went back to New York and resumed your regular duties in the regional office?

Mr. Wolfe Right. I was a comprehensive auditor at that point.

Mr. Trask Do you recall what kinds of things you worked on?

Mr. Wolfe You mean in New York?

Mr. Trask Yes, after you worked for the Senate group.

Mr. Wolfe Much of the work was comprehensive audits that covered evaluation of the accounting systems, budget procedures, internal auditing, reporting procedures, accounting controls of billings, collections and disbursements, accounts receivable, inventories, and so forth.

Mr. Trask Had you gotten any more promotions by that time? We are up to about 1964 now.

Mr. Wolfe No, I did not. My next promotion was probably 1972.

Mr. Trask By which time you had been back in Washington for some number of years.

member. And a total of about 22-plus years as a GAO auditor/evaluator.

So because I did have the 8 years of congressional committee staff work, Eddie Eckert of our congressional relations office at that time thought it would be a good idea if GAO had some high-graded person assigned just to do committee work and handle whatever requests came in, working out of Washington.

He explored that with the Assistant Comptroller General and possibly the Comptroller General, and originally he thought they gave him the go-ahead on it. It was fine with me and I arranged to transfer down here.

Well, at the last minute, somebody changed his mind, I guess, and they decided not to do that. So I was transferred on paper to the Washington Regional Office in 1964, but, actually, I did not see them until 1968. I put in one appearance at the regional office just to say hello and that was all. I did not see them for 4 years. I was up on the Hill again with the Surveys and Investigations staff of the House Appropriations Committee for 4 years.

So I really started work for the Washington Regional Office in 1968. That was the way I transferred down from New York.

IMPRESSIONS OF
JOHN THORNTON

Mr. Trask

While you were in the New York Office, and of course later on in the Washington Regional Office, John Thornton was the Director of the Field Operations Division. Did you have any contact with Thornton?

Mr. Wolfe

Many times.

Mr. Trask

What were your impressions of him?

Mr. Wolfe

Well, you see, during those years that I was between New York and the various committees, investigators were not receiving any promotions. And then when I became an auditor, they considered us investigators as auditor trainees in a way. They were not promoting any of us.

And the Committee experience was unlike that of today; now it is considered valuable experience and it does not affect your promotion possibilities. In those days, it did because there was no consideration given to it for promotion purposes. None.

So, there was not any basis for promotion. And with the combination of the fact that the investigators were not being promoted and the Committee experience was not counted, I did not get a promotion until I finished all of that until this transition business on the investigations died down and I was actually converted to the GAO auditor; then I finally got promoted.

Mr. Trask

When you were assigned to the Senate Rackets Committee, did you have any choice about that? Were you simply told that that was what you were going to do? How did you happen to be assigned there?

Mr. Wolfe

I think I was just told. I do not recall having any choice in anything, anytime. Ever,

Mr. Trask

Okay, let's talk a little bit about your coming to Washington in 1964. How did that come about? Was that, again, something that somebody directed you to do or was this partly by choice?

Mr. Wolfe

At that time, I had worked so much with congressional committees. Actually, I have really had four careers in GAO. One as typist, which lasted for about 2 years. And 20 years as a GAO investigator. And about a total of 8 years as a congressional committee staff

country; you never really get the perspective. The same people [on the congressional committee] go all over the country; then they get a perspective.

So, unless GAO would operate out of Washington for these nationwide surveys, they could never do a survey like that. They could do **it**, but at least not as effectively or as efficiently.

One of the major studies that we made over there was the review of nonprofit institutions that operated primarily under government contracts, such as the **RAND** Corporation, RAC, MITRE, the Center for Naval Analyses, and the Aerospace Corporation.

I was a team leader on many of these things for the Committee; we made complete studies of their operations, including the reasons they were created, organization structure, contract negotiation, administration, auditing, management policies, nature of the studies, analysis performed, determination of study requirements, methods by which the study products were evaluated, quality and utilization of products, financial structure, salaries, travel expenses, relocation costs, and recruiting costs. There was nothing we did not cover in these reviews in a short amount of time. Normally, the team consisted of, say, three to five people.

- Mr. Trask when did your- service with the congressional committees end? You had about 8 years, you say, altogether.
- Mr. Wolfe 1968. It was 8 years altogether.
- Mr. Trask Then, since 1968, you have been consistently in the Washington Regional Office.
- Mr. Wolfe That is right.
- Mr. Trask What, basically, have you done between 1968 and the present?

Mr. Wolfe

My impression is that he was a very capable person. He certainly had a lot of experience. He was a very good man for the job. At the time that I transferred down here, I knew that I was going up on the Hill and that sooner or later, though, I would be coming back to GAO. I discussed with John what part of GAO I should really hook up with, and he suggested the Washington Regional Office because he said he was always partial to the field offices. He thought that I would like that better. I do enjoy the variety of work in the regional office, which you never get in the divisions.

CONGRESSIC
COMMITTEE WORK

Ms. Poel

When you were on the Surveys and Investigations [S&I] staff, what were some of the more important studies you worked on?

Mr. Wolfe

Well, I worked on two nationwide studies of military family housing; they involved visits to a total of about 40 military installations, all over the country. One of the surveys was on the cost of operating and maintaining the housing. We found wide discrepancies because of climate and the cost of living factors and other situations.

Both of those studies were very interesting. The other one was whether or not the limitation on construction cost was adequate. There again we had to consider such factors as the location, size, design, type of construction, and amenities included, which varied from place to place. It was the type of thing that the congressional committee can do and I do not think GAO really could. We could not do it as efficiently, at least the way we are set up now, because the same people have to do this.

You parcel it out in the groups [in GAO]; one group does one thing and one group does another thing throughout the

Mr. Wolfe

Well, most of my work has been in the financial management area, accounting systems reviews, and reviews of internal audit operations.

HOLIFIELD HEARINGS

Mr. Trask

Mr. Wolfe, during the time when you were working for the congressional committees, specifically in 1965, there occurred what are commonly recalled as the Holifield hearings. I know that was not related to the committees that you were working with, but do you recall those? They were certainly a big event in the history of GAO, and they involved, as you probably remember, investigations of GAO work on Defense contracts and things of that sort. Do you have any recollection of those events?

Mr. Wolfe

Yes. I did not attend the hearings, but I certainly recall them. I read the report that came out of the hearing.

Mr. Trask

Did you find that a particularly difficult time for GAO?

Mr. Wolfe

Not really. The main idea was that the Committee felt that GAO was overemphasizing the contract audit. In response, GAO cut back on those audits, and I believe the Committee was satisfied.

Mr. Trask

Was there any feeling within the GAO staff that GAO had cut back too much in terms of those contract audits?

Mr. Wolfe

Some people might have thought so. Actually, sooner or later, it was bound to happen because, just like all of GAO's audits, we progressed from detailed voucher auditing to contract audits, including the contract cost audits, and comprehensive audits in the field. These functions were eventually taken over by internal audit organizations as soon as those

So, I think, whereas the Holifield Committee was the factor that propelled this trend in the 1960s, Mr. Staats was the factor or the power that kept them going later.

- Mr. Trask Did this transition of functions go smoothly? Was there any internal disagreement? How did the auditors feel?
- Mr. Wolfe I never heard anybody express any reservations about it. It seemed to me it was very smooth.
- Mr. Trask Did you have any personal contacts with Mr. Staats?
- Mr. Wolfe Many a time.
- Mr. Trask What was the nature of that contact?
- Mr. Wolfe Just meetings in his office--primarily, as I recall it, when I was with the House Appropriations Committee staff. Each year, the GAO members assigned to the staff met with Mr. Staats and had their picture taken and a little ceremony and a little get-together. I talked with Mr. Staats on other occasions. I do not recall exactly when, possibly on some of my anniversaries.
- Ms. Poel Thinking back to the Holifield hearings, do you have any insights on the genesis of those hearings?
- Mr. Wolfe I do not really know. My impression was that there was a lot of pressure by Defense contractors. They thought GAO was really going overboard and picking on them. They wanted us to ease off a little bit and not just concentrate entirely on Defense contractors. You know, they might have had a point because I think the more we concentrated on those audits, the less attention we devoted to others. And, the fact that GAO did gradually get out of that area, I think, did serve as an impetus for other agencies to enhance their own cost

decrease its role. And the payroll reduction was part of the whole package.

Mr. Trask

Do you recall how this reduction in force was accomplished, particularly between 1946 and 1952? Were people actually terminated, was it done by attrition, or how was it done?

Mr. Wolfe

I really do not know because it did not affect the field operations. It did not affect the regional offices at all. It affected only the people in Washington.

Mr. Trask

Another thing that occurred about this same time--the mid-1960s--was that Mr. Campbell resigned in 1965, as a matter of fact, in the midst of the Holifield hearings, and Mr. Staats arrived in 1966. What do you think was the impact of Mr. Staats on GAO in terms of its organization, functions, and so on? Did that make any difference? Did you perceive any difference in terms of your own work?

Mr. Wolfe

Definitely so. I think the transition from the diminished GAO role in audits in the 1960s primarily resulted from the Holifield Committee, not any impetus on GAO's part. I think the continued transition during Mr. Staats's tenure resulted directly from Mr. Staats, not from anybody outside.

Mr. Trask

And what particular changes would you note?

Mr. Wolfe

Well, I think a diminished emphasis on auditing and an increased emphasis on reviews; program results reviews, effectiveness reviews, and program effectiveness reviews, coupled with reviews of internal audit functions and reviews of other government operations. It was a continuation of the transition from GAO direct participation in the audits to a sort of overview role and transfer of the real audit function to the agencies.

regional office system and the Washington Regional Office for a long time and other long-tenured staff members like yourself are reacting to this idea.

Mr. Wolfe

Well, I cannot speak for the rest of them. Actually, some of the others may not find that so difficult because some people tend to specialize in the work for certain divisions, and the tendency to do that is, I would say, more pronounced now than it used to be. For the past several years, that seems to be the tendency, not only in the Washington Regional Office, but in other regional offices also. In other years, the people were not as specialized in the regions.

Mr. Trask

Perhaps that is part of the reason behind the thinking to do away with the regional office.

Mr. Wolfe

I would not doubt it. If you have a staff member in the region who is working only on HRD work or NSIAD work, he almost is an HRD or NSIAD staff member, in a way.

Mr. Trask

He is doing the same kind of work in the same field so you are probably right that for those kinds of people the transfers make sense.

Mr. Wolfe

That is right. For that type of person, why should he object? But that trend is something that's developed, I would say, fairly recently over the past several years. It did not exist before.

Mr. Trask

Do the people in the other regional offices, say New York or San Francisco or wherever, tend to be more specialized now than they used to be too?

Mr. Wolfe

Well, I do not know about New York. I know in a place like Atlanta it would be.

audit capabilities, such as DOD
[Department of Defense] aid with DCAA.

RECENT WORK IN THE
WASHINGTON REGIONAL
OFFICE

Mr. Trask

Getting up to more recent times and your work in the Washington Regional Office, what kind of work have you been doing in the last decade or so? What are your present duties?

Mr. Wolfe

Well, I have been audit manager and evaluator-in-charge and really had a large variety of assignments. It is hard to categorize them--military requirements: internal audit; contract administration; financial management, much of it in the military area; payroll reviews; things of that nature. Also, I have been conducting financial audits of government-owned financial institutions, such as the Export-Import Bank and the Overseas Private Investment Corporation.

And, lately, I have been primarily writing regional office policies and procedures and supervising the referencing function in the regional office.

Mr. Trask

There is a discussion now and I understand that there will be a decision fairly soon about the abolition of the Washington Regional Office. What are your views on this? Have you heard much about it?

Mr. Wolfe

I have heard about it. I am really not in a position to say much about it. From a personal standpoint, I prefer to work in the regional office rather than staff headquarters, as I mentioned previously, because of the variety of the work which you do not get in the division. But that is just a personal viewpoint. I mean that has nothing to do with the organization, as such.

Mr. Trask

That is mainly what I was interested in --how somebody who has been in the

We review, of course, the functions done by the internal audit organizations. And we make our own reviews on efficiency in the economy and program results on a different scale, but they are not audits.

Mr. Trask

How about GAO as an organization and as a place to work? A lot of people, I have discovered, have spent a significant part, if not all, of their careers at GAO. There does not seem to be as much movement in and out of this organization as I have observed in other government agencies where I have worked, and it seems to me that GAO, as an organization, is more of a family than you would find in some other government agencies. Is that your impression, or has that atmosphere changed over the years?

Mr. Wolfe

No, I definitely think that is true. I do not know the reason for it except it is definitely a nonpolitical agency. All the other agencies are supposedly also nonpolitical. I do not really think they are. I think that the politics permeates the structure. You certainly have a change in the top management and people underneath the top management. I think that it filters down, and I think there is a political undertone and a change of personnel occurring with each change of administration.

But you do not get that here; you get more of a permanence in GAO. I think it is just a different environment.

Mr. Trask

Besides those political changes that occur frequently in other agencies, it seems to me that a lot of the staff really stay a long time, or they come here and there is not as much movement in and out. And that must be partly because people are satisfied with their work.

Mr. Wolfe

Well, I think that is also true. I still think the political climate has a

OVERALL REFLECTIONS

Mr. Trask

This is the point where we can ask you for some kind of overall reflections or some comparisons of the GAO of 1935 and the GAO of 1988, in terms of functions, organization, general purposes, and things of that sort. You probably have a better perspective on a long and significant part of GAO history, at least in terms of your tenure in the agency, than almost anybody else.

Mr. Wolfe

Well, GAO in 1935 was an investigative and audit organization. The investigations were somewhat limited, although we had much more of a capability than we do today because we had 200 investigators. Now, I think we have 10 or something like that.

So investigative capability was fairly substantial. The audit capability was thorough and complete. They did desk audits only, but voucher auditors audited every voucher that was paid. So then that function and the investigative function, of course, was annihilated, really, and now the investigative function has somewhat been reincarnated on a much smaller scale.

The audit function went gradually from the voucher auditing, which was eventually abolished and replaced by comprehensive audits, field audits, corporation audits, and defense contract audits. And in the field--except for corporation audits, which we still have--eventually the other audit functions, the contract audits and the comprehensive audits, were taken over by the internal audit functions of the agencies. Today, [internal audit functions] are even stronger with the new Inspector General setup. GAO does not make any audits anymore except financial audits. That is it. So we started out with 100-percent capability and we end up with zero except for financial audits.

SUPPLEMENTAL INTERVIEW WITH
CHARLES E. WOLFE

MARCH 9, 1988

Ms. Poel

This supplemental interview with Mr. Charles E. Wolfe was conducted on March 9, 1988, by Elizabeth Poel, Associate Historian, GAO History Program.

I'm glad that you volunteered to come back and give us some more information. We talked earlier about some interesting cases that **you** worked on while you were in New York. There was a case concerning a New Jersey mobster, I believe, and something that I had read about a National Guard scam. I wonder if you would elaborate on some of these interesting cases that you have considered worthwhile for the History Program to capture.

CONNECTICUT NATIONAL
GUARD INVESTIGATION

Mr. Wolfe

Alright. The first investigation that I worked on was in the Connecticut National Guard unit in 1937. Our Check Reconciliation Clearance Branch in Washington had identified certain suspicious things and endorsements of checks by suppliers. The endorsements seemed similar to the handwriting of the first sergeant of the National Guard Unit. When we got to the National Guard headquarters, we looked over the records and found that the purchases for laundry services seemed to be very high. The purchase orders and receiving reports and payments were all authorized and signed by the first sergeant. There was no separation of duties whatsoever. We asked the sergeant why they used two laundries, and he said, "Well, we wanted to spread the business around." So we visited one of the laundries and checked their records against the National Guard records and found that everything checked out; billings and payments and deliveries all checked out. Then we

lot to do with that, maybe not directly, but indirectly. It influences the environment of the organization.

Mr. Trask Elizabeth, do you have any other questions that you would like to raise?

Ms. Poel No, I cannot think of any right now.

Mr. Trask Any last words, Mr. Wolfe?

Mr. Wolfe Not really, unless you have some specific questions.

Mr. Trask No, I do not have anything more. I think we have covered your career well and it gives us a picture of GAO for a long period of time. Do you have any retirement plans?

Mr. Wolfe I have not made definite plans, but I think one of these days that it will be time.

Mr. Trask Well, we would like to see you put in a lot more years and that will add to our historical record because really there is no one like you who goes back that far and has had such a continuous career. We appreciate your contributions to our historical program, and I hope you won't mind if we come back to you once in a while if we have specific questions that we think you can help us with.

Mr. Wolfe Alright, thank you very much.

Mr. Trask Thank you.

Ms. Poel Thank you.

Ms. Poel

Are there some other cases you could tell us about?

INVESTIGATION OF
BLOOD CONTAINERS

Mr. Wolfe

Well, some involved the work I did with the congressional committees. One of these had to do with the procurement of the containers for shipping blood in times of war to the battlefields. This investigation was conducted in New York and New Jersey. I had some other GAO people helping me. We were detailed to the Military Operations Subcommittee of the House. We found that the procurement agency had awarded the contract for thousands of these blood shipping containers to a contractor that had no experience in manufacturing these containers. He had inadequate facilities and an inadequate financial position. The contractor proceeded to leave out a critical element of the containers, what was known as a moisture vapor bag, which went inside the container to maintain the proper temperature of the blood. The result was it didn't meet the specifications and the procurement agency had not made the proper inspections. They inspected samples provided by the contractor, which did contain the bag; they didn't make a random sample. So the net result was that all the containers delivered didn't have the bags in them. This contractor boasted about this little scam to one of his competitors who lost the bid on the contract. He said that he could leave those bags out because once the container was assembled, nobody would know the difference. So the other vendor relayed this information to the Committee, and that started the investigation. It was an interesting case. Paul Cotter was the Chief Counsel at that time on the Subcommittee. We had a deadline for writing the report; it wasn't very far away and we hadn't even started to put one single word on paper. So I asked Paul when we were going to start writing the report and he

went to the address listed for the second laundry and found out it was a vacant lot. Our next step was to examine the bank accounts of that laundry, or the bank account rather. We found that the National Guard payments went into the account, but they didn't stay long. They were transferred over to the personal bank accounts of the sergeant and the commanding officer. We also found that the same pattern held for other vendors. We checked the same type of thing--dummy bank accounts --and the money ended up in these two persons' accounts.

Ms. Poel That is interesting; how did you come upon that? Was it just in examining signatures on the checks?

Mr. Wolfe Well, as I say, that was done here in our Washington office by our Reconciliation and Clearance Branch. They noticed handwriting that appeared to be similar to the first sergeant's paychecks; the endorsements on the paychecks seemed to be similar to the handwriting on the endorsements signed by the suppliers.

Ms. Poel And there were two people involved then?

Mr. Wolfe It was the sergeant and the commanding officer. The net result was that we presented our evidence for the grand jury and they returned criminal indictments against both people.

Ms. Poel That must have been a very interesting case.

Mr. Wolfe I believe they also obtained convictions. It was interesting. That was my first investigation.

Ms. Poel About how many years had this been going on with this laundry, do you think?

Mr. Wolfe Several years; I don't know the exact number.

Mr. Wolfe Well, they canceled the contract finally; they should have done it a long time before then, but they finally canceled it.

Ms. Poel Were they able to recover any funds from the contractor?

Mr. Wolfe They found out that if they put ice water in the containers instead of chopped ice, they worked fairly well even without the bags. That wasn't according to specifications; the specification was that you put ice in there. You needed the bags to make the proper temperature. We found out that if you put ice and water in there, you could get along without the bags. Maybe not as well, but apparently we didn't have to throw all of them out.

Ms. Poel So it was not a total waste?

Mr. Wolfe Apparently not.

Ms. Poel Well, that is very interesting. There must be some other jobs that you would like to discuss.

NEW JERSEY MOBSTER
CASE

Mr. Wolfe Well, there is one about the New Jersey mobster that you mentioned. We were serving a subpoena to a labor union official in New Jersey. This one falls with the Senate Labor Rackets Committee. He was a labor union official in New Jersey and president of the local union. He was suspected of having mob connections. We wanted to talk to him about some activities in which he was alleged to have participated, in the nature of extortion, so we had a subpoena to serve him to testify before the Committee. The subpoena serving, by Committee rules, had to be done by two people; one was a witness. To make the service legal, you had to touch some part of the person's body with the subpoena; you just couldn't lay it on the desk. So we went to his

said, " We'll write it." As time went on, I asked him again, and he said, "Don't worry about it, we'll write it." Time was getting shorter and shorter. I didn't mention it anymore; he was the one in charge so I thought, well, we'll see what he does. The day before the report was due, about 2 o'clock in the afternoon, he said, " Well, let's write the report." So we went over to the Congressional Hotel where we had a room reserved. He and I and the secretary with a typewriter worked in that room from 2 o'clock that afternoon until 5 o'clock the next morning. Fifteen hours and we wrote the report. The first thing we did was draw up an outline and split it right down the middle. He wrote half of it and I wrote the other half, and as we wrote it, we would give our material to the secretary and she would type it up. After 15 hours, we had the whole thing written. It was due to be presented to the Committee the next morning at 9 o'clock; so by the time I got back to the hotel, it was about 5:30. I got about 2 hours sleep and we presented it to the Committee; they looked over it and approved it without changing a single word. It was printed up just like it was written: a 28-page report that was done in 15 hours. It's probably the best report material I ever wrote.

- Ms. Poel That you ever wrote under pressure.
- Mr. Wolfe I think that had something to do with it. You eliminate all the excess wordage.
- Ms. Poel Why do you think he waited so very long to do that?
- Mr. Wolfe I don't know. I think he was just so busy that the report writing was naturally delayed.
- Ms. Poel What was the net result of this contract?

Mr. Wolfe He was a member of the Committee staff.

Ms. Poel Well, that was very interesting case. While I see this in front of me, referring to the other job that you did with the blood-shipping containers contract, I thought that for the record, I would read the title of this House report: Military Procurement of Blood Shipping Containers, 17th intermediate report of the Committee on Government Operations. This is House Report 16-1674, 83rd Congress, second session, dated May 25, 1954. What was the approximate time; what was the year, approximately, on that New Jersey mobster case?

SMITHSONIAN
INSTITUTION AUDIT

Mr. Wolfe It was about 1958. If you like, I can give you some examples of the work I've done in the Washington Regional Office.

Ms. Poel Oh good. That was referring to the period between 1968 and the present.

Mr. Wolfe That's right.

Ms. Poel Yes, we would be happy if you would do that.

Mr. Wolfe This goes back to 1970. Don Scantlebury was the Regional Manager of the Washington Regional Office at that time. We had done some work at the Smithsonian Institution. Lou Hoexter was the site senior on the job. The auditing staff found a number of irregularities in purchasing and accounting: charging the wrong appropriation and purchasing on a noncompetitive basis by people lower down in the organization instead of going through a central procurement office. One of the main things was that their internal audit function was practically nonexistent. They had one internal auditor, and he spent most of his time on the private funds of the Smithsonian, practically no time at all

headquarters with two armed guards outside the door. They wouldn't let us in until they checked inside, and they finally let us in. We walked upstairs, the labor boss had his office on the second floor. Two more armed guards stood outside the door. Finally, we were admitted to his office, and we didn't exactly get a cordial welcome. He was sitting behind his desk. He didn't get up and greet us or anything; he didn't ask us to sit down either. He said, "I'll tell you one thing right now: I don't know why you're here, but if you're here to serve a subpoena, forget it. I'm not going to accept it. If you want to say anything else, say it. I'll give you 1 minute to say what you want to say and get out." He opened his desk drawer and took a .38 revolver out and laid it out on the desk in front of him. Jim Kelly was the one who was going to serve the subpoena, and I was the witness. He was a former detective on the New York City police force, so he was used to dealing with pretty rough elements and nothing bothered him. So he laid the gun on his desk and Jim said, "Well, actually what we came here for was to give you this," and he pulled the subpoena out of his coat pocket, reached across the gun, and put the subpoena right on the boss' chest.

Ms. Poel So he touched him.

Mr. Wolfe I never saw anybody so mad, I thought he was going to explode. He reached for the gun and he got up; then he changed his mind and stood there. Jim and I turned around and walked out.

Ms. Poel You turned around and walked out with him with the gun on his desk? That must have been a little scary.

Mr. Wolfe It was.

Ms. Poel And Kelly, was he someone you were working with or was he a GAO employee at the time?

Ms. Poel Oh, that's interesting. That was an expected and pleasant result.

Mr. Wolfe It was a tangible result.

Ms. Poel Yes. And then some others that you have been working on since you have been in Washington with the Regional Office?

ARMY AUDIT AGENCY
AUDIT

Mr. Wolfe In 1977, I participated in a review of the Army Audit Agency. I was the audit manager; Jim Pittrizzi was the site senior. We found that the Army Audit Agency had a very competent, professional staff, but they were not allowed to audit the things they wanted to audit. The Army had what they called an Audit Priority Committee, which reviewed proposed audits and assigned them priorities. What happened was that the high ranking military officers on the Committee voted to downgrade the priority of many reports that the audit agencies thought were important. So the fact is that they never got done. Those were activities that these officers were personally responsible for; they didn't want them on it.

Ms. Poel I was going to say that probably could have been a control.

Mr. Wolfe And we found that the audit organization was too low in the organization. Also, it was headed by a military officer. All the auditors were civilians, and under the Department of Defense policy, the head of the agency also should have been civilian. At this time, Don Scantlebury was the Director of the Financial and General Management Studies Division. Jim Pittrizzi and I wrote the audit report, an 85-page report to the Congress. Don Scantlebury reviewed it. He had very few comments, one of which was that it was a beautifully written

on the government funds. Don Scantlebury asked me to write the report; this was only an account settlement review, which was a very low-level routine type of examination. Don mentioned it to Al Voss, who was the associate director of the Civil Division at the time. Al said that it might be worth a low-level report, but Scantlebury said he envisioned a report to the Congress. Voss said it never would go; the Office of Policy would never approve a report like that.

Ms. Poel

Why not?

Mr. Wolfe

Because it was such a routine low-level thing, an account settlement type of job. So I wrote the report and I pointed all these things out, emphasizing the lack of an effective internal audit function. I also pointed out that if they had the proper internal audit men, these other irregularities might not have happened. When I finished the draft, Don Scantlebury gave it to Al Voss for review and Voss changed his mind. He said it could be a congressional report. At the time, Voss said, "Well, it is the only time in history that account settlements review ever resulted in a report to the Congress."

Ms. Poel

May I read that title into the oral history? Report to the Congress: Improvement Needed in Financial Management Activities of the Smithsonian Institution, Washington, D.C., B-133332, dated July 1, 1970. What happened after that?

Mr. Wolfe

The House Oversight Committee had a hearing on this and the Smithsonian management officials promised to strengthen the internal audit function, which they did. They hired Chris Peratino as the head of their audit agency and a very capable staff. Today, the Smithsonian has one of the best internal organizations in the government for an agency of its size.

of the payroll system of the Naval Ship Research and Development Center. This was the first time that GAO had made a system review of a payroll with both the automated and manual aspects. Another first was the fact that we used a test deck to test the automated part of the system. We found a lack of internal controls in both the manual and automated parts of the system. By using the test deck, we found that many controls were lacking to properly safeguard the government from irregular payments, from payments to fictitious people, and from things of that nature.

Ms. Poel

Would you describe briefly what you mean by test deck?

Mr. Wolfe

A test deck is the set of dummy transactions that we process against the master file. It's current transactions, but it's a dummy set. You build up your own set of payroll transactions. For example, one transaction would be to pay a GS employee for 1 hour of holiday pay where the law says that you can't pay for less than 2 hours of holiday pay. So if you process that on a test deck, the system, if it has the proper control, would print an error message and automatically adjust the amount to 2 hours. That is just one example.

Ms. Poel

May I read the title of that report into the oral history? This is The Need for Improvements in Automated Civilian Payroll System of the Naval Ship Research and Development Center, Department of the Navy, February 1974. I don't see a B-number on that; it's been obliterated here at the edge.

Mr. Wolfe

Copies of this report were distributed to all regional managers as an example of the payroll review by the Director of Field Operations.

Ms. Poel

I noticed this other publication that you have here, Auditing Computers With a Test Deck.

report. The report was selected as the division's report of the year.

Ms. Poel

Well, congratulations. I want to read this title into the record too. Report to the Congress: Why the Army Should Strengthen its Internal Audit Function, FGMSD-77-49, July 26, 1977. Let me ask you, Charlie: Did the fact that this unit had a military officer rather than a civilian as its head make it easier for the committee to control the organization because the head was a subordinate military officer?

Mr. Wolfe

No, I don't think so, except the military officer who was the head of the agency also restricted the audits. He wouldn't let the auditors go into what he called tactical areas, areas dealing with personnel and training, which are very important areas.

Ms. Poel

What was the outcome of this report? Did the audit agency change anything?

Mr. Wolfe

The House Government Operations Committee had hearings on this, at which Don Scantlebury testified. The Army agreed with our recommendations and implemented all of them. They abolished the Audit Priority Committee, they moved the audit agency up to a higher organizational level, and they appointed a highly qualified civilian as a new head of the agency; that was Hal Stugart of GAO.

Ms. Poel

Well, that was a very positive result. You couldn't ask for more than that, could you?

Mr. Wolfe

No.

Ms. Poel

Are there some others that you would like to tell us about?

NAVAL SHIP R&D CENTER
AUDIT; TEST DECK

Mr. Wolfe

In 1974, I was the audit manager and Ron Oleyar was the site senior on the review

the test deck transactions and what the computer system should do with each transaction: whether it should process it as is or whether it should reject it, whether it should print an error message or whether it should cut back the amount, or whether it should adjust leave records or take other actions.

Ms. Poel Then this publication was issued with the intent of guiding others.

Mr. Wolfe This received wide distribution throughout the audit community, inside and outside the government.

Ms. Poel That's very interesting. Auditing Computers With a Test Deck With Emphasis on Payroll Applications. This is a booklet on test decks and how they can be used to evaluate controls in computer systems. The blue cover that you were just discussing a minute ago was Improving Civilian Payroll Operations of the Military District of Washington, FGMSD-75-26, October 9, 1975. Do you have any other jobs that you would like to tell us about?

Mr. Wolfe Not offhand, I don't have any more material with me.

Ms. Poel Well, that adds some very interesting portions to this oral history interview, and I am glad, as I said earlier, that you volunteered this addendum. I want to thank you again very much for being here with us and for giving us your recollection of some of your experiences at the Washington Regional Office as well.

MDW AUDIT

Mr. Wolfe We wrote this later. This was our next payroll system review. This was at the Military District of Washington.

Ms. Poel This is another blue cover report you are discussing?

Mr. Wolfe Yes. This was at the Military District in Washington. It pays almost all civilian employees of the Department of Defense in the Washington area, which is a major payroll system. I was the audit manager; Ron Oleyar was the site senior again. We used the same approach that we did on the other job, including the review of both the manual and automated systems. Our findings were similar: lack of internal controls in both parts of the system. With the help of Ernie Stockell, we not only processed the test deck transactions, which would pay fictitious employees; we carried it one step further and actually printed out paychecks to fictitious employees, including paychecks to Mickey Mouse and Donald Duck.

Ms. Poel Oh yes, I have heard about Donald Duck.

Mr. Wolfe This was Ernie Stockell's idea.

Ms. Poel What was the result?

Mr. Wolfe The result was that the agency agreed with all of our findings and implemented all our recommendations.

Ms. Poel Again. Very good.

Mr. Wolfe As a result of these two payroll reviews, Ron Oleyar and I wrote this booklet, Auditing Computers With a Test Deck. While there had been other articles written on test decks, this is the first time GAO had ever published anything. Other articles had been written, but not really as complete as this. This is the first time a matrix was put in such a pamphlet. It shows

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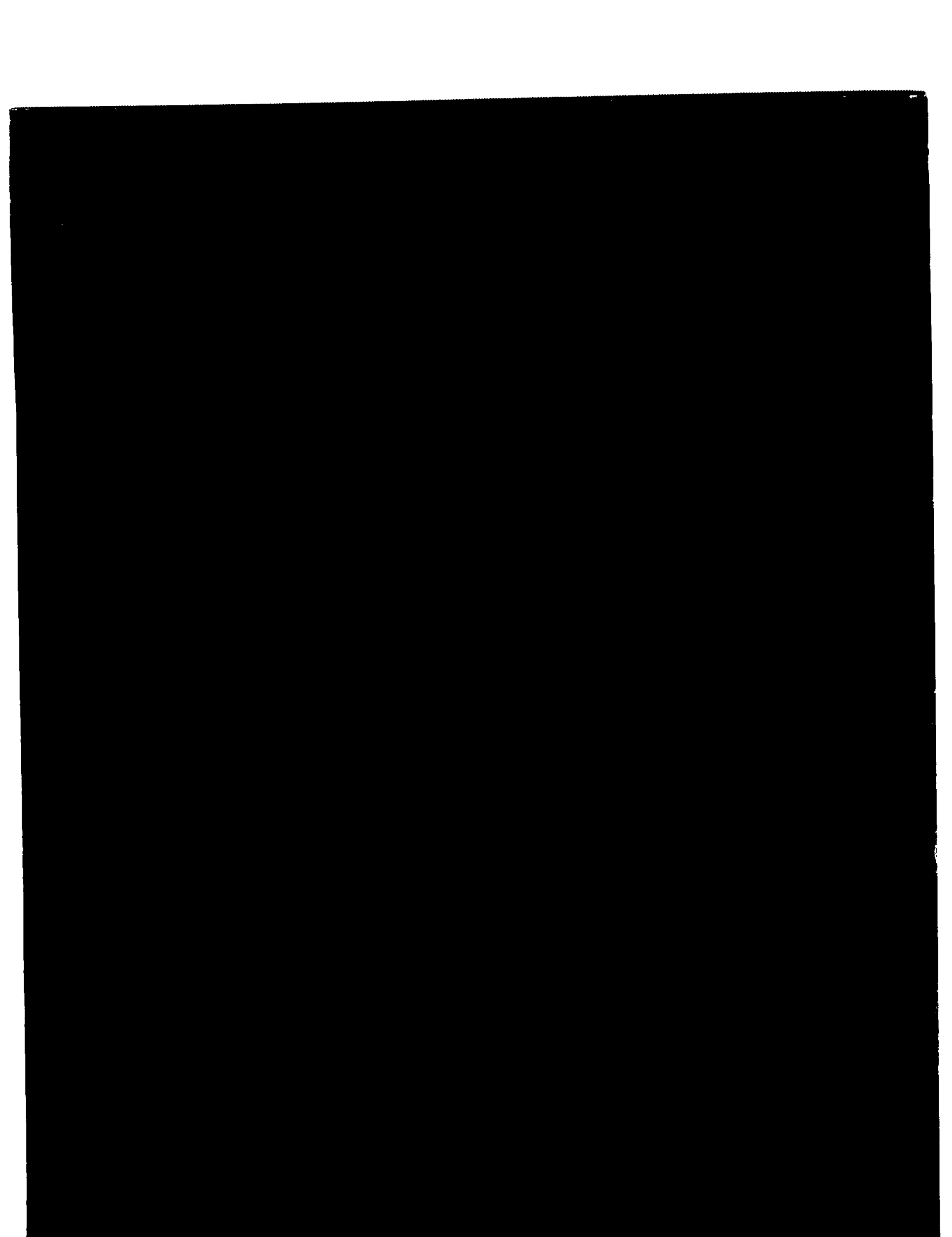
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