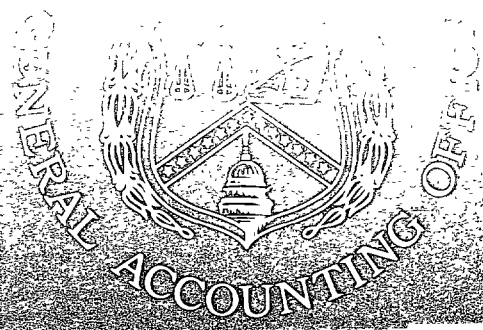




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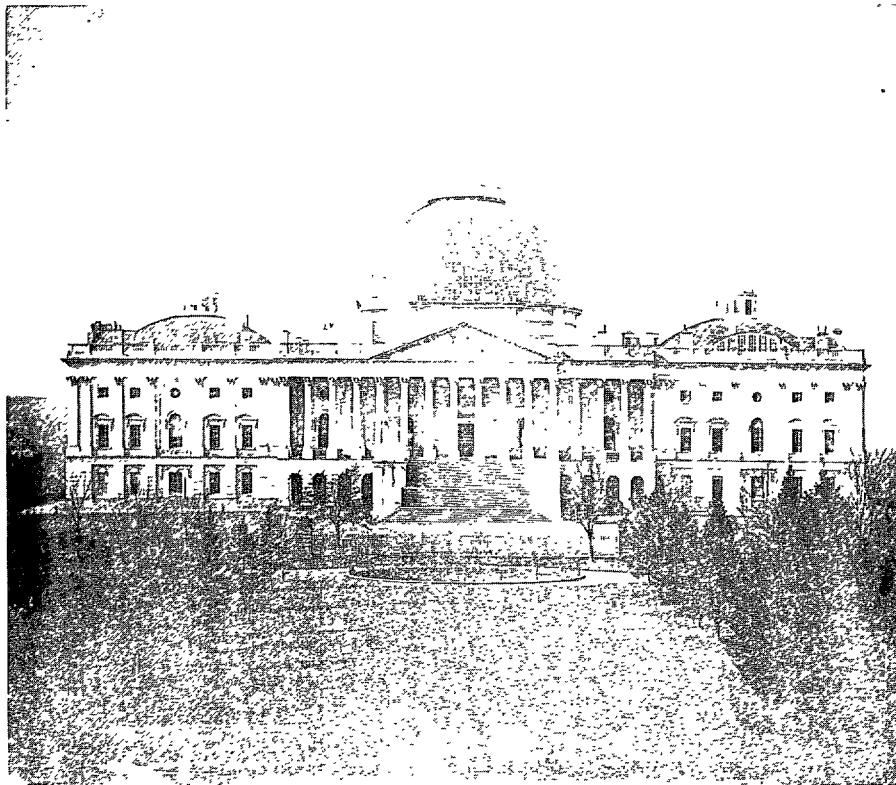
# THE GAO REVIEW

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## Capitol of the United States—1846



*This picture is the earliest known photographic image of the U.S. Capitol Building, home of the national legislature, the Congress of the United States.*

*It was made originally on a daguerreotype plate about 1846 and is attributed to John Plumbe, Jr., of Washington, D.C. The view was taken from the east. The statue on the north side of the portico is not in place. The building is capped with Bullfinch's dome. The Potomac River and a few buildings in southwest Washington are faintly visible at the left.*

*The original daguerreotype of the Capitol and others of the White House, the old Patent Office, the General Post Office Building in Washington, and one of the Battle Monument in Baltimore were discovered last year in a flea market in San Francisco. They were purchased by the Library of Congress.*

# THE GAO REVIEW

SPRING 1973



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## The Public Service—90 Years Later

*The Civil Service Act, also known as the Pendleton Act, was signed into law by President Chester A. Arthur on January 6, 1883. The U.S. Civil Service Commission holds its honors ceremonies each year on this anniversary to recognize achievements of its employees.*

*This year, on the 90th anniversary of the Civil Service Act, the ceremonies, held at the Department of State Auditorium, included the following address by the Comptroller General. The address was also printed in the Congressional Record for January 20, 1973.*

President Kennedy frequently told the story of a French marshal who asked his gardener one day to plant a tree. The gardener protested, "It will take a 100 years to grow." "In that case, we have no time to lose," the marshal responded. "Plant it this afternoon."

In 10 years, the Pendleton Act of 1883, which established the basic charter for the Federal merit system and Federal career service, will be 100 years old. It is well to remind ourselves on this 90th birthday of the act that it took nearly 100 years to bring into being the legislation which has meant so much to the American people.

Although we have much to be proud of in the growth and strengthening of the Federal merit system tree, we cannot be confident that it will continue to thrive without continued attention and support. Without these, the system will fail to achieve the objec-

tives of those who fought so long and so hard for the basic reforms. It was their hope that the merit system would serve all of the Nation better and that the interests of *all* would be served best when *all* had equal opportunity to compete; when advancement was based on recognized achievement; and when Government was able to obtain the services of adequate, skilled, and loyal employees required for the Nation's security and prosperity.

As all can see, we have traveled a long way from the days of Andrew Jackson who held the view that public offices were "plain and simple" and who liked to campaign on the slogan "To the victor belong the spoils."

Today we cannot have a strong economy and a viable society without a representative, responsible, effective Government. We can have this kind of Government only if it is made up of able people dedicated to advancing the

basic principles on which our institutions are established.

The late Clarence Randall (formerly head of the Inland Steel Corporation), who did so much to help Presidents Eisenhower and Kennedy to bring about improved pay for Federal employees, summed up the realistic view of modern Government, in contrast to Jackson's day, in these words:

The ultimate effectiveness of our governmental process, whether in Washington, or in the State capitals, or in the city halls, rests squarely on the quality of the career officers, the permanent Civil Service.

In a similar vein, the late Neil McElroy, Secretary of Defense in the Eisenhower administration, stated that:

We can have strong Government only as it is made up of able people, and we think not alone of the top few, or of those in major elective office. \* \* \* The need for competence applies across the entire spectrum of Government operations. It applies equally to men and women in elective status, in career administrative positions and appointed positions.

Government today carries the primary responsibility for advancing the Nation's efforts to improve science and technology; it is deeply involved in efforts to eliminate poverty, to provide manpower training to the disadvantaged, and to improve education at every age level. We have a national commitment to explore space and the depths of the oceans. We are trying to find ways to make our cities more livable and our transportation systems workable. We have embarked on programs to deal with our critical shortages of energy and to improve our environment—both required for the improvement of our standard of living.

In these and in a host of other

areas, all of us in Government have an opportunity to serve the Nation. At the end of the day, the end of the week, the end of the year, or perhaps at the end of a career, we should be able to look back and say:

I am proud to have been a public servant, to have dealt with the problems of our time and to have had a part, however small, in contributing to their solution.

Despite its long history and the many tributes which have been paid to our Federal career service, it is still a fragile thing. It has few constituents. All too frequently the accolades go to those who choose to denounce the so-called bureaucrats and those who capitalize on what, unfortunately, is still a widely held view—that the Government is made up of incompetents or worse.

Mistakes, most would agree, are made in Government as well as outside Government. Most would agree also that not all individuals are of equal competence or motivation, either inside or outside Government. But issuing blanket condemnations and blanket criticisms can only damage, rather than improve, the quality of government, Federal, State, or local.

These detractors might point out that in the Federal Government productivity per man-year increased at an average annual rate of 1.9 percent between 1967 and 1971 instead of a zero rate which many had alleged.

### **Recognition in the Public Service**

They might point out that during this past year over 200,000, or approx-

imately one out of 12 Federal employees at all levels, performed in such a superior manner that they merited monetary or other recognition.

This recognition was not limited to those at the top. For example:

- A clerk-typist, GS-3, with the Defense Supply Agency voluntarily developed and presented a Drug Abuse Prevention and Control Program. He devoted his own time and made public his personal experience with drug addiction, which benefited not only employees of his agency but members of his community as well.
- A nurse, GS-9, with NASA's Manned Spacecraft Center in Houston assisted in developing the necessary checks and tests for astronauts which were required to obtain man's reaction to outer space. This earned her not only numerous NASA honors but led to her being named one of the outstanding women in America in 1971.
- A Job Corps teacher, GS-9, was recognized for outstanding work in teaching and motivating men who could neither read nor write. Her efforts placed a high percentage of these men on the road to self-sufficient jobs.

These critics might point also to awards for outstanding service made annually by The National Civil Service League, an organization which had so much to do with the original enactment of the Pendleton Act. Here are some examples:

- An astronomer was given an

award for doing much of the basic research essential to our national space program, for directing the optical tracking system for the first artificial space satellite, and for directing the production of an astronomical telescope which extended our knowledge of the universe.

- A director of personnel of the Veterans Administration, one of the outstanding women in the Federal service, was recognized for her exceptional work in equal employment for minorities, for developing work opportunities for veterans and handicapped, and for her leadership in one of the largest organizations of the Government.
- One of the first black Marines who served as Chief of the Conciliation Division of the Equal Employment Opportunity Commission was cited for his outstanding work with the Nation's largest industrial organizations in bringing about increased recruitment, selection, and promotion for minorities.

Recognitions such as these are important. They make the average citizen aware that there are many able public servants who work long hours, frequently without recognition, to solve the most complex problems of this period in our history. But more needs to be done. We need more Clarence Rاندalls and Neil McElroys who are willing to say what is right about the career service—not just what is wrong. How else can we persuade the best products of our colleges and universi-

ties to seek Government employment? How else can we motivate our best people to stay in the Government service? How else can we create the incentives to increase productivity? How else can we find solutions to the problems which Government is called upon to resolve?

### **Some Ingredients of a Career Service**

Many ingredients are required for a vital, productive, responsive career service. No one has ever fully identified all of these ingredients or their variations—why one unit has a higher productivity than another doing exactly the same work, why employee morale varies so much from agency to agency, why one individual works harder than another, or why turnover is so much higher in one bureau than in another. These are important questions and we need to know a lot more than we do today before we can obtain satisfactory answers.

- Leadership* is obviously vital. This includes the establishment of realistic but high goals understood by all.
- Recognition* is important when these goals are made or exceeded.
- A *pay system* is important to provide assurance of equitable compensation.
- Job enrichment* is important to increase job satisfaction and challenge.
- Equal opportunity* is important, not only in the selection of employees but in their advancement.

—*Reasonable opportunity* for self-improvement is important through rotation, training, and education.

This is perhaps but a beginning of a long list. I believe most would agree that these are among the most important areas of concern to career employees. These areas are also of special concern to the Civil Service Commission, the President, the Congress, and employee organizations.

### **Importance of Supervision**

But perhaps most important of all in creating job satisfaction and high output is the quality of supervision at all levels. The supervisor holds so many of the keys to performance:

- productive working relationships,
- effective communication,
- resolution of day-to-day problems, and, last but not least,
- fairness.

Whether the supervisor does these things well or poorly can make a critical difference in whether programs succeed or fail. This is undoubtedly why the Civil Service Commission has, correctly, devoted so much attention to how these men and women are selected, how they are trained, and how well they perform.

### **Relationship Between Policy and Career Officials**

Leadership has yet a third dimension—developing a viable relationship between the policy official and the career officer. This relationship has



been the subject of much public and private expression by at least the past five Presidents, to my personal knowledge. Is or is not the career service supporting the policies set forth by the top leadership? We hear statements to the effect that the career service tries to be accountable only to itself and takes the attitude that, if it waits long enough, there will be a new election, a new cabinet officer, and a new agency head who may be more agreeable to its viewpoint. That these statements are made, I have no doubt. What I doubt is that these views are held widely either by policy officials or by individuals in the career service. The real problem is one of communication and an adequate recognition that the Federal Government is today extraordinarily complex. Both the career official and the policy official should have one thing in common—a desire to make that Government work, and work well.

To make the Federal Government work as it should, the career service must be responsive to policy changes. It has another obligation—to make certain that top leadership understands when past experience might make a modification in plans, or proposed programs, desirable to achieve policy objectives. This duty would include, of course, suggesting alternatives which might achieve those policy objectives better than original proposals.

My own experience over more than 30 years in both career and policy positions is that there is no substitute for effective communication of purpose and objectives if a reciprocal relationship is to be effective—communication and understanding, back and forth.

That means communication upward as well as communication downward. If we try to say that one part of the work belongs to the political people, the administration, and that another part belongs to the career service, we will quickly be in trouble. The line between policy and administration is never that clear cut.

This does not mean that the career service has to engage in partisan politics—quite the contrary. A former Budget Director, under whom I served as a career staff member, used to say to us that we should be “politically aware,” not “politically active.” Political awareness has to be a part of the required knowledge of the career servant, just as the policy official has to understand the great value of professional judgments and experience of the career service in administering programs. This is the essence of participative management. This is its basic principle in the Federal Government. It has worked well in every organization where it has been seriously tried, public or private. This is the way to avoid mutual suspicions perhaps harmful to all. It is the kind of management participation which should be freely sought by the policy official and freely offered by the career officer.

It has been a habit for decades for some civil servants to label a policy official as “politician”—in a very special tone of voice—and for some political appointees to refer to one in the career service as a “bureaucrat”—also in a very special tone of voice. A friend of mine once observed that it was a curious and interesting habit among Americans that they sometimes

used bad words for good things. That observation certainly applies in this case, for I believe both recognize, more and more, that without one another neither can be successful.

### Value of Tensions

I am not arguing that the relationship between the political level and the career service should be—or ever could be—all sweetness and light. That is not the nature of the matter. It isn't reality; it isn't even healthy. I hope I never see the day when Government is so tranquilized, so sedated, that it is out on its feet. I will take a good argument any time—the taste of mustard, the whiff of cordite—because the final answer will come out better.

There is going to be tension in the relationship between political appointees and career people. There ought to be. The most we should ask is that it be a *workable* relationship, not a comfortable one, not even an equal one. This two-part relationship is here to stay and the problems of making it work aren't very different from one administration to another.

### Expanding Role of Government

If making it work seems harder than it used to be, there are several reasons. For the Government today, the stakes are higher, the scale is magnified, and the whole process of governing is more exposed and accountable. The buffer zone between politics and public service is extremely difficult to determine. Remember that much has happened

since the Pendleton Act. The Government has come a long way from providing simple conveniences and services that were neutral. Today, there is no area of American life and action where the Government's influence is not felt. It is this that has changed the role of the public service. What Government does, how it does it, and to whom are matters of no small importance. They are political questions. So the terms on which the public service operates today are not the same as they were 90 years ago.

### Look to the Future

In observing this 90th birthday of the Civil Service Act, let us make certain that we are not oriented more to the past than to the future. Sometimes we in Government act as if it is the *past* which can be changed rather than the *future*. To be sure, the past must be understood if we are to recognize the forces of change.

What I am attempting to say—and feel it appropriate to say on this occasion—is that as Federal Government servants we run the risk of being tied too much to the past. We tend to do things in the traditional ways. We fail to question why things cannot be done better. We may fail to realize that situations have changed and that new solutions or new ideas are called for. But, above all, the challenge is to do our job better, to find ways of improving our own capabilities.

It is not enough to be judged good at doing our daily work—to have a satisfactory performance rating. We want to be able to look back 10 years

from today—your 100th anniversary—and know that the public service is better because *we* were there. This will be done only in proportion to our efforts to broaden our understanding of the parts which we play, to improve our skills, and to know how our efforts relate to the changing role of the agencies in which we work.

Innovation, change, education—these are the familiar words describing our reaction to today's shifting scenes. We cannot avoid change and we would not want to. But just as nuclear energy must be controlled and channeled to be useful, so must change be guided through social institutions and organizations to meet the goals and objectives which history and past experience dictate as meeting the moral and ethical needs of society.

Government—which you and I represent—is probably the most important

of these institutions. We have people with that kind of understanding in this room. Government in the coming years will need as many people as possible with that kind of vision in solving the complicated problems that arise in our mass society—arresting the rising costs of education, public health, and welfare; rebuilding the cities; reducing poverty to its lowest level; and developing a higher sense of unity in our society.

This is the challenge of public service. In one way or another it has always been so and, as I said at the start, I suppose always will. Public service is more than an occupational category. It is the discovery, as Harold Laski put it long ago, that men serve themselves only as they serve others.

Could any of us give a better reason for choosing a career in the Civil Service of the United States?

## Better Government Is the Goal

Our goal must not be bigger government, but better government—at all levels. Our progress must not be measured by the amount of money we put into programs, but by accomplishments which result from them.

1974 Budget Message  
of the President

## We Are Here To Help

*Many people smile when they hear auditors say, "We are here to help." This story describes how the GAO staff recently did help a Federal agency.*

Auditape, a generalized computer audit package developed and marketed by the public accounting firm of Haskins & Sells, has been used by the General Accounting Office since 1968. Many reports and articles have already appeared in *The GAO Review* illustrating the usefulness of this and similar computer packages in our audit work; however, the Dallas region recently completed an auditape application at the request of the Panama Canal Company which illustrates that the analytical capabilities of such packages are of value to management as well.

### Use of Auditape in Audit

The Panama Canal Company is a wholly owned Government corporation. The Company operates and main-

tains the canal and locks and operates numerous support services, such as harbor terminals, vessel repairs, retail service for its employees, employee housing, and utilities in the Canal Zone. By law, GAO is required to audit the corporation annually.

In 1971 a supply review was conducted in conjunction with our examination of the Company's financial statements. This review used computer-assisted audit techniques to develop statistics on the activity and value of inventory items. These statistics included such factors as average annual usage, unit price, and various stratifications. The stratifications included active and inactive items and items by unit cost and annual usage.

Computer hardware limitations prevented the use of auditape on the Pan-

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Mr. Haskin is a supervisory GAO auditor and ADP specialist with the Dallas regional office. He joined in 1967 after graduation from Texas Technological College with a B.B.A. degree in accounting. He is a CPA (Texas) and a member of the American Institute of CPAs, the Texas Society of CPAs, and the Federal Government Accountants Association.

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ama Canal Company computer. Since some of the steps necessary to complete the supply analysis were beyond the capability of audiotape, assistance from the ADP group in the GAO Financial and General Management Studies Division was obtained to perform most of the actual data processing. Representatives of this group wrote special programs which consolidated data from different files and computed certain factors. Also, programs were written to convert the original files to a format which could be read and processed using audiotape. The analysis was performed on fiscal year 1971 data, and some followup information was produced from fiscal year 1972 files.

As a result of the supply review, Panama Canal Company officials agreed that their automated system should be redesigned to provide additional information to management. Furthermore, they agreed with GAO's contention that more management attention should be provided to certain items through reclassification.

### **An Unusual Request**

We were satisfied that the results demonstrated a successful utilization of computer-assisted audit techniques; however, we were challenged to prove it when the Comptroller of the Panama Canal Company asked us in November 1972 for assistance. The Comptroller asked us to compile some of the same inventory statistics for fiscal year 1972 that GAO had furnished the Company in conjunction with the supply review for fiscal year 1971. He wanted the information for a presentation at the

Company's Board of Directors meeting less than a week away. This was a Wednesday; the meeting was the following Tuesday. The information was to illustrate the changes in inventory during fiscal year 1972. Until the new automated supply system was installed, this information was not readily available from the Company's automated files.

Since GAO had previously written special programs to compute the factors—e.g., annual usage and total inventory value of a stock item—necessary to compile many of the statistics, we felt that providing these statistics would be of value to both the Company and GAO. The problem was to determine how we could perform the necessary processing runs and provide the Company's Comptroller with the information by the date of the forthcoming Company board meeting.

Our first problem was solved when we verified that a computer tape file containing the desired information on each inventory item in a format which could be used with audiotape was already stored at the GAO building in Washington, D.C. This tape file had been prepared previously as a part of our followup work on fiscal year 1972 files. The major remaining problem was to acquire computer time to do our processing.

We knew that audiotape could be used on only a very limited number of Government computers in the Dallas area, and telephone contacts that first day established that none of these installations could provide us with a computer for processing within the

time available to us. We then asked the GAO staff in Washington and were told that time was available to us on Thursday night on a computer in the GAO building. Plans were made to take advantage of this offer. Thus, by the end of the same day that we received the Panama Canal Company request, our course of action was set.

Two of the Dallas staff members flew to Washington Thursday morning and arrived at the GAO building in the afternoon. This afforded them time, before the computer became available, to code, keypunch, and verify the accuracy of the specification cards necessary to process a computer file using auditape. Several unexpected problems encountered in the data processing caused some delay, but the computer processing was completed early Friday morning.

The auditors then flew back to Dallas later Friday morning. They arrived in time to organize the requested statistics and telephone them to the Comptroller of the Panama Canal Company; thus, we easily met our deadline. In summary, within 3 days we were able to compile the desired data through the use of auditape and convey it to our "client." Several days later we received a letter of apprecia-

tion from the Comptroller of the Panama Canal Company.

### Benefits of Work

This job illustrates several benefits to be gained from the availability and use of generalized computer audit packages. First, it illustrates that even organizations with both an inhouse computer and computer programmers sometimes find it convenient to use computer audit packages. Computer audit packages, therefore, can be used not only for audit purposes but also for management. Furthermore, under the proper circumstances, the use of these techniques can result in obtaining necessary and timely information.

On this occasion, we provided a service to our "client." We had no external reporting objective in mind, but simply felt that by developing and providing the requested information which was readily available, we could assist the Panama Canal Company in the management of its operations. This was our objective and we were able to obtain the necessary cooperation and resources at all levels of GAO and to meet it.

We hope we have made our point—we *are* here to help.

## Audit Experience in the European Branch

*The work of the European Branch of GAO's International Division covers not only an extensive geographical area, but also a wide variety of U.S. Government activities. The author describes the kinds of audit work a European Branch staff member experiences.*

What kinds of audit experience does an overseas assignment to the European Branch of the International Division offer a GAO staff member?

The travel and cultural interests of life abroad for the entire family, and certain financial benefits, are well known in GAO circles. An overseas tour also offers much more for a GAO staff member than just living *The National Geographic*. I can explain this by the scope of audit responsibility and the types of audit assignments the European Branch managed in the last 4 years. Audit work in the European Branch is characterized by fairly broad reviews, key or single-office field responsibility, and relatively small staff assignments.

### Range of European Branch Activities

The European Branch has recently worked in Greenland and Bangladesh, the western and eastern extremities of its boundaries, a span of over 8,000 miles; and from Oslo, Norway, in the north, to Tanzania in southwest Africa, a span of about 5,000 miles. The more than 80 sovereign countries within the Branch's boundaries are populated by about 1.6 billion people.

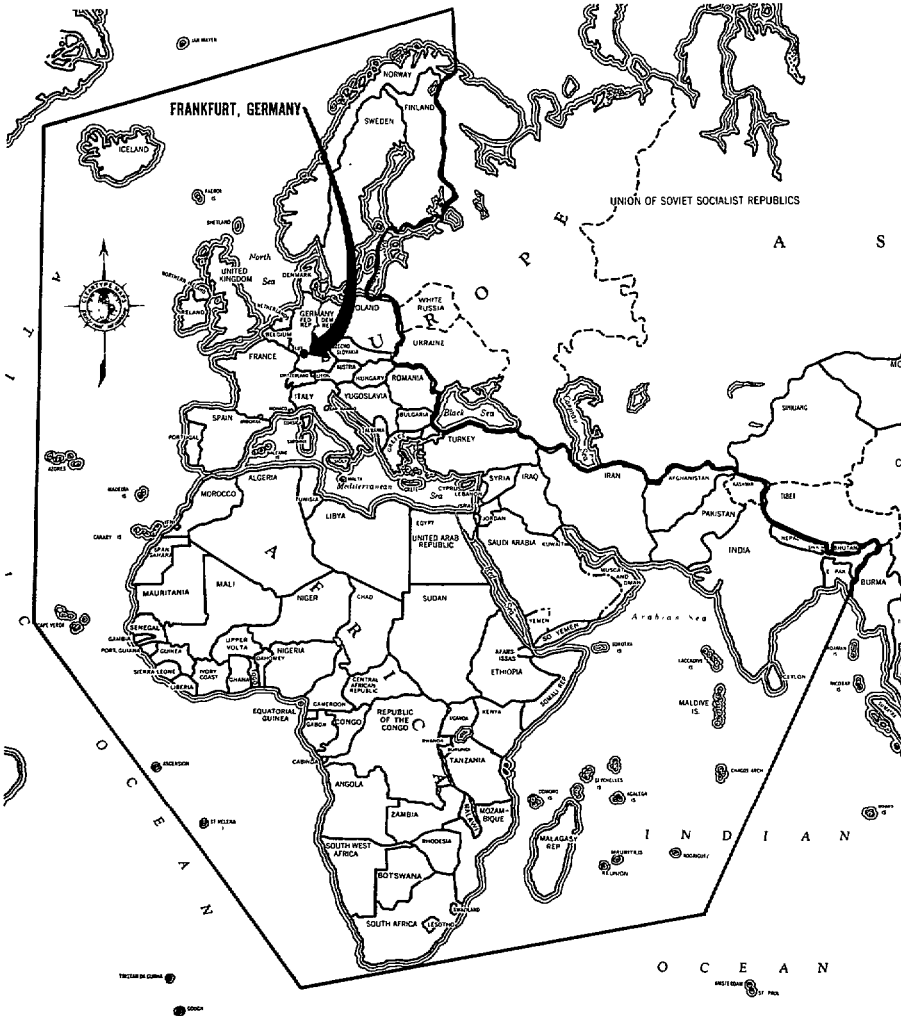
This vast area is covered from two offices. The principal one is in Frankfurt, Germany, where there have been an average of 48 auditors in the past 4 years; the other is a small office in New Delhi, India, where an average of 12 have been stationed.

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Mr. Normile has been director of the European Branch, International Division, since late 1968. Prior to that he was associate director of the former Transportation Division. In his 20 years with GAO, he also served in the former Division of Audits and in the Defense Division.

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# AUDIT RESPONSIBILITY AREA EUROPEAN BRANCH FRANKFURT, GERMANY





Within this jurisdiction two sub-areas may be distinguished on the basis of United States economic and political interests. One is prosperous Western Europe, where the United States has a strong military/political alliance (NATO) and which is its principal export market. The other may be considered as all the developing countries in Africa, the Middle East, and South Asia to which the United States provides a large share of the economic assistance from all sources and has a political objective to help maintain stable, nonaligned governments. These differences, oversimplified for the purposes of this article, account for the varied types of United States Government programs and activities throughout the European Branch area of audit responsibility.

### **Europe**

The United States supports NATO with an Army centered in West Germany; an Air Force with major subordinate forces in West Germany, Great Britain, and Spain; and the 6th Fleet in the Mediterranean. There are about 300,000 servicemen in these forces, and they hire over 60,000 local nationals and several thousand American civilians. The Department of Defense estimates the operating costs of the U.S. forces committed to NATO to be about \$10 billion a year, including costs of certain forces stationed in the United States. The flow of dollars into Europe from these expenditures and the private spending of military personnel and their families amounts to about \$2 billion a year.

The command structure of the European-based forces, from the unified theater command through the individual service commands to the most remote military unit, is entirely within the audit responsibility of the European Branch. This gives GAO a useful vantage point to overview theater and command-wide programs and activities from a single field office.

An important use of this vantage point has been reviews of the condition of these frontline defense forces. The Branch has conducted broad reviews for the Congress of the readiness of the United States 7th Army, the Air Forces, the 6th Fleet, stocks of war reserve materiel, pre-positioned equipment, and the line of communications required for rapid reinforcement of the forces in Europe. The Branch also has audit responsibility for the full range of peacetime military management in Europe of theater logistics, military manpower, construction, procurement, and similar functions.

Appended to the overseas forces is an extensive, military-sponsored commercial and community system. About 250,000 dependents are with the United States forces in the European Theater. They and the servicemen are supported by Department of Defense-managed primary and secondary schools (over 100,000 pupils at a \$100 million annual cost); post exchanges; food, liquor, and other types of stores having combined annual sales of about \$600 million; theaters; radio and TV stations; various types of clubs (\$100 million in revenues); banking services (about \$50 million of Treasury Department cash in float); family hous-

ing services; and a host of other community operations. Intensive congressional interest has been shown in the financial controls and quality of service of these activities. The Congress has also been interested in the social problems of this large community and the effectiveness of Government programs to combat them (e.g., discrimination, drug abuse, and alcoholism).

Apart from United States military operations, Western Europe is a center for congressional interest in United States trade promotion and participation in the financing of international agencies. The European Branch has had a key role in recent reviews of United States Government programs to promote exports of industrial and agricultural products to Europe and tourism from Europe to the United States. The headquarters of most United Nations operating agencies are located in Western Europe, and the Branch has been called on to review the problems of United States representation at agencies specializing in health, agriculture, refugees, manpower training, education, child welfare, and other fields. With respect to international military activities, the Branch has responsibility for GAO field reviews of United States financial and policy participation in the vast NATO structure of common military construction programs and communications and logistics services. Other United States Government activities involved from time to time in the European Branch's workload are: State Department administration (particularly its Regional Finance Center in Paris with about 100 foreign bank accounts), U.S. in-

formation programs, cultural exchange programs, foreign language training, and political and cooperative law enforcement efforts to curtail the flow of hard drugs from Europe to the United States. In the last several years its staff has worked in practically every country of Western and Southern Europe and on ships of the 6th Fleet at sea.

#### **Africa, Middle East, South Asia**

About 60 countries in the European Branch's area are considered to be developing countries. In these countries there are over 1 billion people whose per capita gross national product is a small fraction of that for the average resident of the United States and whose rate of population growth is three times that of the United States.

In fiscal year 1972, the United States provided about \$1.5 billion of economic assistance directly to about 50 of these developing countries in Africa, the Middle East, and South Asia, as well as to several regional groupings. The area also receives the bulk of the worldwide development or multilateral assistance from the international agencies, such as the World Bank, the International Development Association, other lending institutions, and United Nations specialized agencies. In recent years, the level of this multilateral assistance to the area amounted to nearly \$2 billion annually and is rising. Inasmuch as the United States contributes from 25 percent to 40 percent of the funds available to each of the international development agencies, the Congress is interested in their field operations and in the influ-

ence United States representatives have in their policy and program formulation and management.

Foreign assistance, therefore, is an important element of the Branch's workload. On the broadest scale, GAO reviews all United States programs in a single country, with assistance from other sources, and evaluates the execution of these programs in terms of the political, social, and economic conditions of the country and stated United States foreign policy objectives. The Branch has been assigned one or more of these program results reviews every year, including participation in the ex-

tensive Washington surveys of background data and policy formulation at the various agencies involved.

The bilateral economic assistance of the United States consists of many functional programs, such as technical assistance (contract specialists to train and advise), capital assistance for major facilities (communications, transportation, power), general budgetary financing for import needs, support of family-planning activities, and guaranteed loans for housing, food, Peace Corps, and others. Financial and commodity assistance is given in the form of grants or long-term, low inter-



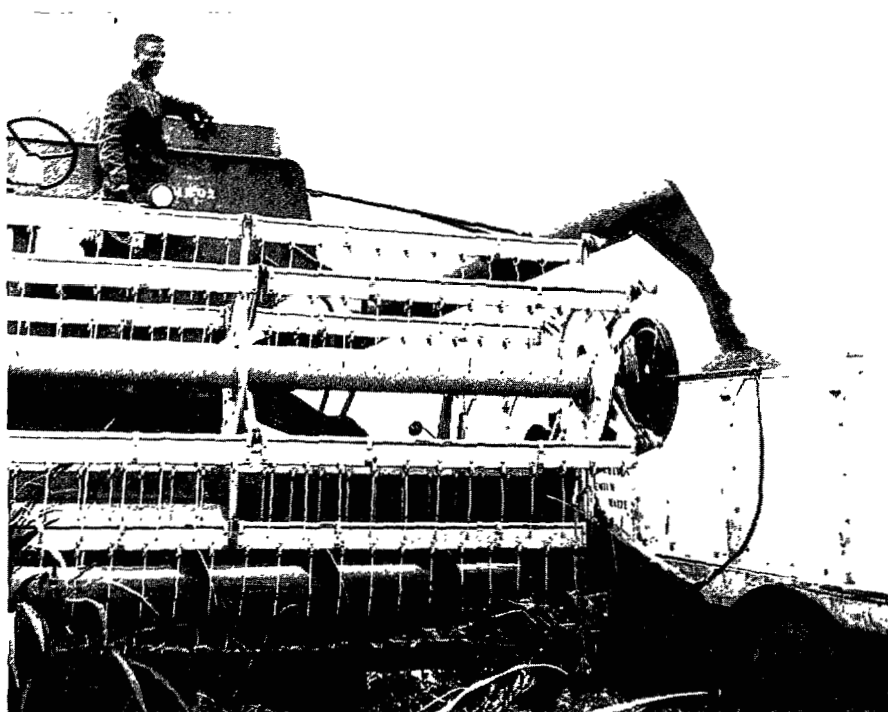
U.S. Information Service Photo

*Just moments after the engine was started for the first time, September 1968, villagers in the Oda settlement in the Coast Province of Kenya express their pleasure with the pump, supplied by AID, which they helped to install and which will bring water from the nearby Tana River to their ricefields. This irrigation project was planned, organized, and implemented by the AID agricultural advisor assigned to the area's provincial agriculture office.*

est loans, managed primarily by large AID Missions in some countries and by Washington headquarters for others, arranged by government-to-government agreements or through regional organizations or voluntary social agencies, and directed to long-term development or emergency relief. This diversity of programs and forms of aid, as well as conditions in the developing countries, challenges the initiative and adaptability of the Branch's auditors in a wide variety of foreign aid reviews.

Audit work in the developing countries also involves military assistance

programs (grants, credit sales, surplus United States equipment, training), United States coordination with field projects of the international development agencies, and special development problems. An example of the latter is the mounting foreign debt burden of developing countries. The Branch staff has pioneered GAO analysis of the complicated web of such problems for the debtor countries, the United States as a major creditor, and the joint efforts of all creditor nations and institutions to find equitable solutions in critical cases. All types of assignments took European Branch staff



*A farm harvester reaping and transferring sorghum into a truck for delivery to a drying shed on an Ejura Farms project in Ghana where the Agency for International Development has a \$2.6 million program to introduce mechanized farming.*

members to over 20 developing countries in the last several years.

### Staff Time by Type of Audit Assignment

During the past 4 years (1969-72), about 80 percent of the Frankfurt office staff time has been spent on assignments with congressional reporting objectives, both those programed by GAO and those requested by congressional committees and individual members. Inasmuch as the reporting objectives of some programed assignments were changed after completion of fieldwork, Frankfurt office time on reports actually issued to the Congress (or in an advanced stage of processing in Washington) was about 66 percent of the total staff time available.

The Branch's New Delhi office was opened in May 1967 with six professional staff members. Because several years of staff growth and area and

program familiarization were required at the outset, the New Delhi office had only a few assignments directed to congressional reporting until fiscal years 1971 and 1972. Consequently, the overall average time spent for both offices on congressional-oriented work was about 60 percent of available staff time.

Table I shows this distribution of time by reporting objectives for the 4 fiscal years 1969-72. An average of 45 percent of the European Branch staff time each year was spent on GAO-initiated work for reporting to the Congress. With the exception of 1969, congressional requests required from 16 percent to over 20 percent of the available staff each year. All congressional cases were in the European area until 1972, when congressional inquiries about refugee-relief operations in India and Pakistan required about one-fifth of the New Delhi staff. Not shown in table I are about 2.4 man-

Table I

#### Man-Years Charged Classified by Reporting Objectives of Assignments (fiscal years 1969-72)

<i>Reporting objectives</i>	<i>1969</i>	<i>1970</i>	<i>1971</i>	<i>1972</i>	<i>Average</i>
<b>To the Congress:</b>					
Request cases	2	13	9	11	9
GAO-initiated	29	22	24	26	25
Subtotal	31 (53%)	35 (56%)	33 (58%)	37 (74%)	34 (60%)
<b>Other:</b>					
Agencies	15	16	14	5	12
Surveys and miscellaneous	13	12	10	8	11
Subtotal	28 (47%)	28 (44%)	24 (42%)	13 (26%)	23 (40%)
Total man-years	59	63	57	50	57 (100%)

years of Frankfurt staff assigned on a reimbursable basis to a congressional investigating staff in 1972.

If work on congressional reporting accounted for 60 percent of the Branch's staff time during these 4 years, what was the other 40 percent used for? About 21 percent of the staff time was spent on work resulting in reports other than to the Congress, most of which had been programmed initially for the Congress. Approximately 19 percent of the Branch's staff time was used on surveys programmed by GAO in Washington (the principal part), Branch-initiated surveys and minor reviews, bid protest cases, follow-up on accomplishments, and other miscellaneous work.

**Reporting and Other Results**

The audit efforts of the Branch contributed to many and varied results: changes recommended and accepted to improve agency operations, savings of

Government funds and materiel, and reporting of information and observations on important Government programs. Although one would like to describe the kinds of experience European Branch staff members have had, it is not practical to do so in the confines of this article. A simple, common denominator for this purpose is the level of external reporting in which the Branch staff has participated and the level of field responsibility carried by Branch staff members in their work.

Most of the external reports to which the Branch contributed were prepared for issuance to the Congress, its committees, or its Members. Table II shows the number of such reports according to the fiscal year when the Branch completed its draft or summary. All the reports through fiscal year 1971 have been issued to the Congress. For the work completed by the Branch in 1972, all congressional request reports have been issued: seven have been issued to the Congress, and

**Table II**

Number of Reports (or Drafts) to the Congress  
(by fiscal year that field draft or summary was completed)

<i>Type of field report</i>	<i>1969</i>	<i>1970</i>	<i>1971</i>	<i>1972</i>	<i>4-year total</i>
Congressional requests					
Major scope	1	7	7	12	27
Minor scope	4	3	2	4	13
Subtotal	<u>5</u>	<u>10</u>	<u>9</u>	<u>16</u>	<u>40</u>
GAO-initiated					
Principal field office	10	6	7	9	32
An assisting office	6	6	6	5	23
Subtotal	<u>16</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>55</u>
Total	<u>21</u>	<u>22</u>	<u>22</u>	<u>30</u>	<u>95</u>

all but a few of the GAO-initiated reports are at least as far as the agency comments stage.

The reports on congressional requests are separated into those of relatively minor investigative scope and those dealing with broad program or activity operations. Most of the Branch's congressional cases have been broad-scope reviews, and in most of them the Branch has had the principal field role. A few examples of the variety and scope of the inquiries are: international control of trafficking in hard drugs, evacuation of a United States airbase in Libya, United States involvement in Radio Free Europe and Radio Liberty, management of military clubs and recreational activities, the military commissary store system, and control of small arms throughout the Army in Europe. From a total of 40 congressional cases of all types over the 4 years, the Branch staff had a full share in direct field assistance to the Congress, as well as in the analysis of complex issues.

The reports on GAO-initiated reviews for issuance to the Congress were divided into those for which the Branch was the principal field office (i.e., the lead or only field office involved), and those for which the Branch was an assisting field office (i.e., participating in a multioffice field assignment). The Branch completed an average of eight reviews a year of the lead or single-office type, which was above the average for field offices in the United States. This high level of overseas field responsibility conforms with the commandwide and country-

wide management of United States Government programs overseas.

The Branch participated in a yearly average of only six multioffice assignments for congressional reporting, less than the average number for a stateside field office. By comparative office size (the European Branch has about 3½ percent of GAO's field staff, the average regional office about 6 percent), the overseas staff member probably has more than twice the number of opportunities to work on single-office assignments than his stateside counterpart but works less than half as often on multifield-office assignments.

Branch fieldwork also contributed to an average of 8 departmental (agency) reports and 12 local-level agency reports issued during each of the last 4 fiscal years. The Branch was the only field office involved in two-thirds of the departmental reports and all but a few of the local-level reports. For all types of external reports to the Congress and to agency officials, the average output of the Branch was a total of about 44 a year.

Approved accomplishment reports originated by the European Branch showed that its work resulted in savings to the Government of \$42.5 million during the 4 years, or an average of about \$10.6 million each year, 6 times the cost of Branch operations. This measure of improved Government operations is another indication of the significance of United States programs and activities overseas and of the opportunities for productive results from the initiative and probing analysis of GAO auditors.



Opportunities Industrialization Center International  
Philadelphia, Pennsylvania

*AID Building Trades Training Program project in Ghana.*

### **What It Means to the Individual Auditor**

The European Branch staff is probably small compared with GAO's field offices in the continental United States. Correspondingly, the number of over-

seas staff members on any single assignment is relatively small. There are exceptional opportunities for each staff member, regardless of grade, to have an important role in the analysis of programs and activities, in audit deci-



sions as the assignments progress, and in report writing.

Over the past 4 years, the European Branch used an average of about 500 man-days on each of the 32 key or single-field office assignments it completed for reporting to the Congress. With few exceptions, the Branch staff had a high level of responsibility on this type of work from the survey stage through audit program development, field review, and report drafting. The usual nucleus field staff for these assignments was from two to five men, with occasional additional staffing for broader coverage, and an average staff of about four over the duration of assignments. The average calendar period in the field for these assignments was about 7.5 months.

The Branch expended about 250 man-days in each of the 23 multifield-office reviews initiated by GAO for congressional reporting in which it participated. On each of these assignments, the Branch assigned an average

of four staff members over an average duration of 3.7 months. On each of the 27 congressional request cases of major scope during the 4 years, an average of about 330 man-days was expended by the Branch, with an average duration of about 3.8 months per case. About five Branch staff members were assigned to each of these congressional request cases and, in most instances, the assignments included preparing the draft reports.

As shown in table I, a staff member whose tour coincided with the fiscal year 1969-72 period spent an average of 60 percent of his time on congressional reporting assignments and about 20 percent on other external reporting assignments. On a simple arithmetical basis (average number of staff per assignment, number of assignments, and total professional staff), a staff member had an opportunity to participate in at least six or seven congressional reporting assignments.

## Performance Auditing by Congressional Hearing

\* \* \* if I had to choose between having a congressional committee breathe on the back of my neck as a form of performance audit and getting in the position as a department executive of riding some particular conviction or belief to the point of defeat I would choose a congressional hearing \* \* \*. Appearing before committees is time-consuming, it is exhausting, sometimes terribly irritating, but on the whole, as long as we have our form of governmental system, I think it is a necessary part of it.

*Robert A. Lovett*

Reported in "Councils and Committees,"  
an anthology on their use and abuse  
published by the Subcommittee on  
National Security and International  
Operations of the Senate Government  
Operations Committee, May 1972

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## Symposiums— A Long-Range Planning Tool

*Mr. Hirschhorn discusses how and why symposiums are being used by GAO's Resources and Economic Development Division as part of its long-range planning process for reviewing programs of national significance. He initiated and had overall responsibility for administering the symposiums.*

More and more the General Accounting Office is embarking on reviews of broad areas involving numerous programs and agencies. To obtain adequate background data and understanding of complex areas of this nature and to help plan properly to make such reviews, the Resources and Economic Development Division decided to hold symposiums on important national issues as part of its long-range planning process.

One of these national issues is rural development. The Congress and the public are greatly concerned that our population is continuing to move into already overpopulated areas and that effective action has not been taken to help develop the rural areas these peo-

ple are leaving. Many programs have been enacted over the past few years to help develop these rural areas and, in anticipation of further legislation being enacted in the latter part of 1972 to increase Federal participation, we decided to hold a symposium on rural development.

The purpose of the symposium was to assist the General Accounting Office professional staff in broadening and deepening its understanding and perspective on an important national issue—the development of rural America. A broader understanding and perspective in this area will enhance the capability of the General Accounting Office to review and evaluate existing Federal programs concerned with

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Mr. Hirschhorn is deputy director of the Resources and Economic Development Division and primarily responsible for evaluating Agriculture and Interior programs. He was formerly associate director of the Civil Division. He is a member of the faculty of the Graduate School, Department of Agriculture, and chairman of its Committee on Financial Management and Accounting.

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rural development and to inform the Congress as to how such programs are meeting their objectives.

longer period of time under other circumstances.

### Why a Symposium?

We believed that the subject was too complex to begin with the usual survey because we needed more background data of a much broader nature before we proceeded with a survey. Also, a symposium offered an excellent opportunity to exchange ideas within a very short period of time with top agency officials and other speakers who are knowledgeable of rural development. In this manner we could expose our staff to a vast array of knowledge which would take a considerably

### How Was the Symposium Organized?

Once it was decided that a symposium would be worthwhile and feasible, the organization and composition were determined. Since the major agency involved in rural development is the Department of Agriculture, it was necessary to obtain the cooperation of the officials of the Department. A letter was sent to the Secretary of Agriculture by the Comptroller General asking the Department's cooperation and submitting a tentative agenda of the officials whose participation we desired

and the subjects we wanted discussed.

The Department was very cooperative and provided all the speakers we requested. Consequently, our agenda included William W. Erwin, the Deputy Under Secretary for Rural Development; William A. Carlson, the Director of the Office of Planning and Evaluation; Don Paarlberg, the Director of Agricultural Economics; Ned D. Bayley, the Director of Science and Education; David A. Hamil, the Administrator of the Rural Electrification Administration; and Joseph Haspray, the Deputy Administrator of the Farmers Home Administration.

In addition the Department of Commerce cooperated by agreeing to have Robert Podesta, the Assistant Secretary for Economic Development, talk about the role of his administration in promoting rural development. The agenda included also a representative from the Office of Economic Opportunity—Ira Kaye, the Chief of Community Development of the Office of Program Developments.

Included on the program were also representatives of the legislative branch—John Baker, Consultant for the Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry, and Walter Wilcox, Senior Specialist in Agriculture of the Congressional Research Service.

The above Federal officials spoke on subjects for which they had prime responsibility and expertise and also answered pertinent questions during the discussion periods.

To get a broader picture and different points of view, we also invited Dr. Charles E. Bishop, Chancellor of the

University of Maryland, who spoke on the role of universities in rural development, and Dr. John H. Schnittker, consultant and formerly a top official in the Department of Agriculture, who spoke on the effects of large-scale farming and international forces on rural development in the United States. In addition we invited Jim Hightower, Director of the Agribusiness Accountability Project, Task Force on Land Grant College Complex, who spoke on improving the quality of life in rural America.

The symposium coordinator was *Richard Woods*, assistant director, Resources and Economic Development Division.

### Who Were the Participants?

The participants included the director and staff of the Resources and Economic Development Division directly responsible for the work at Washington headquarters as well as top officials. Also in attendance were representatives from other GAO divisions, such as Manpower and Welfare and General Government, which have audit responsibilities in rural development. The participants included also representatives from the Office of Policy, the Office of Program Planning, the Financial and General Management Studies Division, and the Office of Personnel Management.

About half of the 50 participants came from the field offices of GAO. The regional managers were advised of the contents of the meeting and sent staff members who probably would be working in the area in the future.

Several of the sessions were attended by *Elmer B. Staats*, the Comptroller General, and *A. T. Samuelson*, the Assistant Comptroller General for Domestic Programs, who also made presentations to the participants pointing out the advantages of such a symposium.

### Where Was the Symposium Held?

The symposium was scheduled for 3 days and was held in the Briefing Room in the General Accounting Office. In addition to the various speakers described above, the agenda called for in-house sessions when discussions were held on past, current, and planned reviews by GAO in rural development.

### What Were the Results?

The symposium offered an excellent opportunity to exchange ideas with top agency officials and other speakers who are very knowledgeable in rural development. Many suggestions for the type of reviews and the areas to be reviewed by GAO were made by speakers and participants.

It was the unanimous opinion of the participants that the symposium was very worthwhile. They believed that it was informative and interesting, stimulated their thinking, and provided valuable background information for future work. There was a consensus among the participants that more symposiums of this type should be planned in other areas of interest to GAO.

In view of the success of the first

symposium, a second was held several months later, in September 1972, on "Natural Resources—Their Use and Conservation." The program was developed along the same lines as the symposium on rural development. In this case, primarily top officials of the Department of the Interior and the Forest Service of the Department of Agriculture were invited to discuss their areas of responsibility. In addition, to give the program broader coverage and balance, Marion Clawson, a former Department of the Interior official, associated with Resources for the Future, Inc., and author of many books on natural resources, was invited to talk about current problems in the conservation and use of natural resources in the United States and the world.

The introductory remarks were made by *Robert F. Keller*, Deputy Comptroller General. Also, invited as speakers were Jerry Verkler, the Staff Director of the Senate Committee on Interior and Insular Affairs, and Dr. Charles Malone, the Staff Officer of the Environmental Studies Board of the National Academy of Sciences, who discussed their respective roles in the area of natural resources. To obtain views from a representative of the public and the environmentalists, James "Gus" Speth, an attorney for the Natural Resources Defense Council, Inc., spoke about the part his organization was playing in protecting and representing the public's interest in issues related to natural resources.

The symposium coordinator was *Joseph Rother*, assistant director, Re-

sources and Economic Development Division.

### What Did We Learn?

We have learned that symposiums can be tailor made by the GAO staff at a relatively low cost to provide a useful tool for long-range planning. We also have learned that substantial amounts of useful background material can be obtained in a concentrated period and that top Government officials and others involved in the areas of our interests are very cooperative and will donate their time. In fact, for the 24 speakers appearing at the two symposiums, the total of our "out of pocket" costs for speakers was less than \$200. Moreover, the overall quality of the speakers was excellent.

In view of the successful experiences, the Resources and Economic Development Division plans to hold additional symposiums in selected areas of national significance.

### Reports on Symposiums

Reports on the results of the symposiums and remarks of certain speakers were prepared and distributed to the participants of the symposiums for future reference.

A limited number of copies of the "Report on Symposium on Rural Development—June 1972" and the "Report on Symposium on Natural Resources—September 1972" may be obtained from the author.

## America's Foundation

Let us remember that America was built not by government, but by people—not by welfare, but by work—not by shirking responsibility, but by seeking responsibility.

*President Richard M. Nixon*  
Second Inaugural Address  
January 20, 1973

# Qualifications of Public Accountants Who May Audit Federally Sponsored or Financed Organizations

*The Comptroller General has specified the general qualifications that independent public accountants should possess to make audits of organizations sponsored or financed by Federal agencies. This article describes the evolution of these qualifications.*

In discussing the qualifications of public accountants who may audit federally sponsored or financed organizations, it is first necessary to briefly explain the many ways in which States have regulated the practice of public accounting.

## State Regulation of Public Accountants

Early State public accounting legislation was directed only at creating a class of accredited public accountants known as certified public accountants. A person who wanted to be recognized as a certified public accountant was required by State law to be of a specific minimum age, to have certain educational attainments, to have a pre-

scribed number of years' experience in the field of accounting, and to pass a rigid examination in accounting and auditing.

Eventually all States and other political subdivisions of the United States, such as the territories and the District of Columbia, enacted laws under which the title "certified public accountant" could be granted. If the legislative activity had stopped at this point, things would have been much simpler. There would have been only two kinds of public accountants—those who were certified and those who were not. However, subsequent developments confused the situation.

Between 1910 and 1920, pressures developed to regulate public accounting so that only those who had State-

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Mr. Smith, retiring deputy director of the Financial and General Management Studies Division, was an active participant in the events and deliberations described in this article.

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issued licenses could practice public accounting. There were many court challenges to the early laws of this kind, but by the late 1920s or early 1930s the law had become fairly well settled as to the limits to which the States could regulate public accounting and the constitutionality of using their police powers to regulate it. The controversy was over what was meant by the term "practice of the profession of public accountancy." After some years this question was settled.

The following excerpt from the public accountancy laws of the State of New York reasonably defines the term.

The practice of the profession of public accountancy is defined as holding one's self out to the public, in consideration of compensation received or to be received, offering to perform or performing for other persons, services which involve signing, delivering or issuing or causing to be signed, delivered or issued any financial, accounting or related statement or any opinion on, report on, or certificate to such statement if, by reason of the signature, or the stationery or wording employed, or otherwise, it is indicated or implied that the practitioner has acted or is acting, in relation to said financial, accounting or related statement, or reporting as an independent accountant or auditor or as an individual having or purporting to have expert knowledge in accounting or auditing.

Only a person licensed or otherwise authorized to practice under this article shall practice public accountancy and use the title "certified public accountant" or the designation "C.P.A." or "public accountant."

### **Grandfathering**

One feature of all the State regulatory public accountancy statutes is the grandfather clause. This is a clause under which all persons who were practicing public accounting at the

time the law went into effect would receive a license and be permitted to continue to practice public accounting during the rest of their working careers. All others who wished to practice public accounting were required to be certified as public accountants. If such regulatory laws had been uniformly adopted, eventually all of those practicing public accounting in the United States would be certified public accountants.

### **Licensing of Public Accountants**

A few State legislatures had been pressured to create a third class of licensed public accountants, in addition to the certified public accountants and the "grandfathered" public accountants. In 1959 there were 31 States that had licensing arrangements under which both certified public accountants and public accountants were licensed and regulated. In 28 of these States—those having laws with grandfather clauses—the licensed public accountant was a disappearing class, because no new licenses were being granted. In the other three States, the laws provided for continuing licensing of public accountants under more lenient requirements, particularly with respect to education and examination, than those applicable to certified public accountants.

### **Evolution of GAO Policy**

Before 1959 the General Accounting Office had not evolved a policy on the qualifications of public accountants



who could audit federally sponsored or supported organizations. This was not an oversight; there had been no need for such a policy, because few Federal agencies were using public accountants in their normal program oversight responsibilities. The grant programs, which later generated such a tremendous amount of work for public accountants, were just beginning, and only occasionally would the Congress ask for GAO's views on legislation involving audits by public accountants.

### First Effort

GAO became involved in the qualifications problems in January 1959 when Lorne M. Guinan of the staff of the Office of Financial Management, Bureau of the Budget, suggested that GAO and the Bureau of the Budget discuss language that might be used in legislative provisions requiring audits by public accountants.

Mr. Guinan proposed that only certified public accountants be allowed to audit federally sponsored or financed organizations. After some discussions within GAO, we decided that this was too restrictive, because many States licensed public accountants as well as certified public accountants, and we proposed a broader criterion. The following language was agreed to:

Audits of the \* \* \* [organization] should be made by an independent public accountant of recognized standing in accordance with generally accepted auditing standards.

GAO used this language in commenting on several bills for granting Federal charters to charitable and patriotic organizations.

### 1959 to 1968 Revisions

In May 1959 John L. Carey, the executive director, and Lyman Bryan, Washington representative of the American Institute of Certified Public Accountants, met with *Frank H. Weitzel*, Assistant Comptroller General, and *Ellsworth H. Morse, Jr.*, director, and *Frederic H. Smith*, deputy director, of the Accounting and Auditing Policy Staff, GAO, to discuss several matters of mutual interest.

Mr. Carey was concerned about the language GAO was using to characterize the type of public accountants that could audit federally sponsored or financed organizations. He persuasively argued that these audits should be restricted to either certified public accountants or licensed public accountants. His principal argument was that licensed accountants did have to meet some educational and professional standards and were subject to disciplinary action by the States if they violated performance standards. GAO agreed to reexamine its position.

In June 1959 GAO asked the Bureau of the Budget whether it would agree to using the words "independent licensed or certified public accountant" in lieu of the words "independent public accountant of recognized standing." The Bureau did agree. The Comptroller General, *Joseph Campbell*, approved this change, and during the next few months GAO used this language in commenting on bills for granting Federal charters to patriotic and charitable organizations.

In March 1960 Mr. Carey again discussed the audit language with the

Comptroller General and Mr. Morse and explained that the institute had worked up some language that was similar to, but more explicit than, GAO's. The Comptroller General told Mr. Carey that he had no objection to adopting the institute's language, which was as follows:

The accounts of the organization shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States.

Although the language proposed by GAO and the institute was similar, the institute had put the words "certified public accountants" first and had used the word "independent" twice. On the advice of counsel, the institute had added the last phrase to make clear what kind of license was involved. GAO used this language until 1970 and Federal agencies soon incorporated it in many of their regulations relating to audits by public accountants.

In August 1959 the Chairman of the House Judiciary Committee asked GAO to review a number of audit reports submitted to the Committee by federally chartered organizations for their compliance with the law. We agreed to do so and the practice still continues. Because of the variety of reporting requirements, unrealistic reporting times, and other inappropriate provisions we found in the corporations' charters, we concluded that all federally chartered organizations should have uniform reporting require-

ments. After we recommended in January 1962 that the Committee sponsor legislation to provide such requirements, the Chairman suggested that we draft the bill. Our draft was introduced as House Bill 4223, 88th Congress, on February 26, 1963.

Hearings on this bill were held during the spring of 1963, and it was enacted as Public Law 88-504 on August 30, 1964. The law provides that the audits of all federally chartered corporations be performed as required by our model audit language, quoted in the law, and that reports on the audits include the usual types of financial statements.

In its February 1967 newsletter, "Federal Financial Topics," the Federal Government Accountants Association published a letter from the Comptroller General in which he reaffirmed, as Fletcher Lutz, FGAA's national president had suggested, GAO's policy on the qualifications of public accountants who may audit federally financed or sponsored organizations. This policy remained unchanged for about 3 years.

### 1968 to 1970 Revisions

In January 1968 the chairman of the National Affairs Committee of the National Society of Public Accountants (NSPA) asked the Comptroller General, *Elmer B. Staats*, to meet with the committee to discuss the problems that many of NSPA's members were having with our model audit language. The most serious problems were in States that licensed only certified public accountants and in the former

regulatory States where only a few, if any, public accountants remained in practice.

NSPA proposed in April 1968 several courses that GAO might follow to qualify public accountants. One was that GAO base qualification on the accountants' number of years in practice and statements of their qualifications; another was that GAO accredit accountants on the basis of an examination similar to that used by the Internal Revenue Service to accredit persons wishing to represent clients before it. GAO agreed to study the problem.

GAO staff studies disclosed that licensing public accountants had changed somewhat since 1959. The number of States having regulatory public accountancy laws had increased from 31 to 39, and the number of States having laws providing for the continuing licensing of public accountants had increased from 3 to 11. Twelve jurisdictions (11 States and the District of Columbia) retained the permissive laws under which anyone, regardless of qualifications, could practice as a public accountant. In those States which continued licensing public accountants, the qualifications for licensing were much lower than those for certifying.

In an August 1968 letter to the chairman of NSPA's National Affairs Committee, the Comptroller General made two principal points.

1. Federally chartered organizations and activities wholly or partially supported by public funds should be audited only by persons or firms subject to the regulations, disciplinary meas-

ures, and codes of ethics provided by State laws.

2. Although section 311(f) of the Budget and Accounting Act, 1921, authorized the Comptroller General to make rules and regulations necessary for carrying on the work of GAO, including rules governing the admission of attorneys to practice before it, it did not authorize the Comptroller General to establish procedures for accrediting public accountants who could audit federally sponsored or financed organizations.

In September 1968 GAO officials again met with NSPA representatives and discussed adopting a grandfather clause providing that federally sponsored audits could be made during a certain period by any public accountant and thereafter only by licensed or certified public accountants.

In December 1969 further discussions were held but no firm agreement was reached on several versions of a grandfather clause and a proposal that the agency sponsoring the audit establish the qualifications for the public accountants.

In May 1970, after further GAO staff studies, the Comptroller General issued a letter to the heads of Federal departments and agencies in which he explained that, for several reasons, GAO had concluded that, as soon as practicable, only certified public accountants should be selected to audit private organizations which were chartered, financed, or regulated by the Federal Government. Noncertified public accountants then making such audits should not be summarily deprived of that kind of work but should

have a reasonable period, perhaps 5 years, in which to qualify as certified public accountants.

The letter suggested that the following language be adopted in lieu of the previous audit language.

Such audit shall be conducted in accordance with generally accepted auditing standards by independent Certified Public Accountants who are certified by a regulatory authority of a State: Except that for a period ending December 31, 1975, such audits may also be conducted by (1) independent public accountants who are not certified but who are licensed to practice by a regulatory authority of a State, or (2) by independent public accountants who, although not so licensed or certified, meet, in the opinion of the Secretary, standards of education and experience representative of the highest prescribed by the licensing authorities of the several States which provide for the continuing licensing of public accountants and which are prescribed by the Secretary in appropriate regulations: Provided, that if the Secretary deems it necessary in the public interest, he may prescribe by regulation higher standards than those required for the practice of public accountancy by the regulatory authorities of the States.

### **Current Policy**

Upon publication of this letter, NSPA, in July 1970, again proposed a "grandfathering" of public accountants, to begin shortly after issuance of a new policy statement, and an interim period of 5 years to permit qualification of those who were not eligible for such grandfathering. After internal discussions, GAO concluded that it would be equitable to adopt a policy under which audits could be made after December 31, 1975, not only by certified public accountants but also by those licensed public accountants

who had received their licenses on or before December 31, 1970. This would create a disappearing class of public accountants, who, throughout their active careers, would be eligible to audit federally sponsored work.

On September 15, 1970, the Comptroller General sent another letter to heads of Federal departments and agencies in which he established the new GAO policy in the following language.

Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants or by independent licensed public accountants, licensed on or before December 31, 1970, who are certified or licensed by a regulatory authority of a State or other political subdivision of the United States: Except that independent public accountants licensed to practice by such regulatory authority after December 31, 1970, and persons who, although not so certified or licensed, meet, in the opinion of the Secretary, standards of education and experience representative of the highest prescribed by the licensing authorities of the several States which provide for the continuing licensing of public accountants and which are prescribed by the Secretary in appropriate regulations may perform such audits until December 31, 1975; Provided, that if the Secretary deems it necessary in the public interest, he may prescribe by regulation higher standards than those required for the practice of public accountancy by the regulatory authorities of the States.

This is the present GAO policy on the qualifications of public accountants who may audit federally chartered or financed organizations. Because of the legalistic flavor of the language quoted above, the following is a brief, simplified statement of this policy:

1. Certified public accountants are qualified regardless of when certified.

2. Public accountants licensed before December 31, 1970, are qualified during the remainder of their working career.

3. Public accountants licensed between January 1, 1971, and December 31, 1975, or unlicensed public accountants meeting the requirements that may be established by cognizant agency heads are qualified during the 5-year period ending December 31, 1975.

4. A cognizant agency head may prescribe higher qualifying standards for both certified public accountants and licensed public accountants than those prescribed by the State regulatory authorities if circumstances warrant.

Because of the many inquiries as to what the prescribed language means, it would be desirable to rewrite it in simpler terms.

The foregoing history describes GAO's search for a method of selecting persons to audit financial statements of federally sponsored activities. Once we adopted the principle of relying on State licensing, the problem was simplified to our choosing from among the various levels of State accreditation those that we believed were most appropriate for Federal purposes. The culmination of our search was the Comptroller General's letter of September 1970. In this author's opinion, however, there is much more to be done in this area.

### Need for Further Revision

The scope of auditing contemplated in the model audit language is much narrower than that in the new standards for auditing of governmental organizations, programs, activities and functions, issued by the Comptroller General in June 1972. The auditing contemplated by these standards was far beyond that of auditing financial statements. The expanded standards relate not only to auditing of financial statements but also to whether an organization is complying with applicable laws and regulations, whether it is being operated economically and efficiently, and whether it is obtaining the desired results or benefits. The criteria for selecting persons for making audits involving those expanded fields of interest should now become a concern of GAO.

The accreditation process leading to the granting of licenses by States does not recognize this expanded scope. Accordingly, a new basis for selecting qualified persons who may make such audits is required.

The author believes that, for selecting persons to audit financial statements, reliance on State licensing should be continued. For those audits involving compliance, economy and efficiency, and program results, some new criteria must be established. This is a tremendous challenge. The author is reluctant to offer any advice on establishing these criteria but extends his sympathy and encouragement to those who must do so.

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## Broadening the Scope of Auditing

*Is there a need to change auditing courses in schools of business to include materials relevant to auditing management performance? This paper presents observations the author developed during her recent association with GAO.*

### The Problem

The curriculum of business schools is being challenged by forces developing out of a changing environment. In addition to increasing advances in technological developments, the emphases traditionally placed on certain activities in a field in many instances are shifting to form other priorities. These changes often affect the content of individual courses as well as overall curricula.

During the recent past, significant changes in job activities have taken place in the field of auditing. In fact, the field has seen a renaissance in the work performed to include assessments of accountability in performance and operations. The expanded scope is reflected in increased efforts toward managerial improvements generated by cost-benefit, cost-effectiveness studies and other evaluations of management's use of methods, procedures, equipment,

and people in carrying out stated objectives.

Representing the Federal Government in accountability assessment is the United States General Accounting Office, where increased activity in this aspect of auditing has been observed. Historically, GAO auditors have been involved to a great degree in auditing financial transactions. In recent years, great emphasis has been placed on reviews of agency performance and program effectiveness.

Today, not only is GAO concerned with the legality and propriety of expenditures, but it is also involved substantially in comprehensive audits of the efficiency, economy, and effectiveness of Federal programs and operations.

Inquiries have ranged from civilian domestic programs of low-income housing and economic opportunity to more global reviews of defense opera-

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tions and military troop withdrawals. Financial savings attributable to efforts of GAO for fiscal year 1971 were measured at \$268 million.<sup>1</sup>

The expanding scope of auditing grew out of the need on the part of many Members of Congress for more information in making independent analyses of matters before the Congress. More specifically, the need has been stated:

Because Congress \* \* \* deals with all functional program areas (health, education, employment, etc.), evaluation is useful \* \* \* to help in deciding what programs to emphasize and how to divide the national budget. Federal agencies, with jurisdiction over specific program areas, need evaluation to help justify their budget requests and to aid in efficient allocation of resources. Program managers need evaluation to help in program control—day-to-day management decisions—and in internal program policymaking. The project manager needs evaluative data to help him plan, define goals, set priorities and assess his project direction and progress.<sup>2</sup>

The ever-increasing growth in practically all major functions of the Government will require continued emphasis by auditors on evaluations of agency/program outputs.

Emphasizing the role of GAO in its increased efforts toward achieving accountability, *Elmer B. Staats*, the Comptroller General, notes the current complexion of the agency.

The General Accounting Office has demonstrated that it can be an increasingly effective force in assisting the Congress to carry

out its legislative and surveillance responsibilities \* \* \* in financial management. It has led the way in expanding the scope of auditing to embrace evaluations of governmental management performance, including efficiency and economy in the use of public funds and other resources, compliance with the intent of laws enacted by the Congress, and results achieved through governmental programs.<sup>3</sup>

The changing scope of auditing has important implications for the business school and the responsibility it traditionally has assumed to prepare students for the work of auditing agencies. The work, however, is not traditional. For instance, in the past students of accountancy were equipped to audit affairs of the Government. Today, the auditor with a background restricted to fiscal reporting is not prepared to examine problems of management. He is expected to be armed with "special skills which go far beyond that required for financial audits alone"<sup>4</sup> including management, economics, business and public administration, mathematics and statistics, systems analysis, and computer science. Such requirements for entry-level job knowledge in such diverse areas clearly indicate a need for reviewing the job activities of the auditor relative to educational and training programs for audit performance.

## Purpose of the Study

Training competent workers for the demanding tasks of auditing requires

<sup>1</sup> U.S. General Accounting Office, "Appendix to the 1971 Annual Report of the Comptroller General" (Washington, Superintendent of Documents, U.S. Government Printing Office, 1972), p. 144.

<sup>2</sup> Joseph S. Wholey, *et. al.*, "Federal Evaluation Policy" (Washington, The Urban Institute, 1971), pp. 52 to 53.

<sup>3</sup> U.S. General Accounting Office, "1971 Annual Report of the Comptroller General," p. 3.

<sup>4</sup> *Elmer B. Staats*, "GAO Auditing in the Seventies," *The GAO Review*, (Spring 1972), p. 10.



*Dr. Mildred Glover, Atlanta University, discusses GAO report in relation to recently issued audit standards with Marvin Colbs, regional manager, Atlanta, and Jim Berry, Atlanta regional office.*

special efforts of educational institutions. It appears that the challenge is greater in view of current practices at such auditing agencies as GAO where conventional auditing has taken on greater dimensions. For example, audits of management performance currently account for more than 90 percent of GAO's total activity<sup>5</sup> but repre-

<sup>5</sup> Discussion with the Comptroller General at the General Accounting Office, Washington, D.C., June 26, 1972.

sent course work in less than 2 percent of business schools.<sup>6</sup>

The apparent imbalance between job supply and demand generated an interest in a review of the nature, scope, and training implications of this style of auditing.

<sup>6</sup> "Paucity of Educational Opportunities for Operational Auditors" (Results of a research project by the Northern Virginia Chapter of the Federal Government Accountants Association to determine the extent to which educational institutions are preparing students for careers in operational auditing, 1972), p. 6.



The major purpose of this study was twofold: (1) to identify and analyze those job activities which could be considered basic to the work of auditing management performance and (2) to consider the implications of these findings for an educational or training program. A related purpose was to identify training priorities in auditing and to determine the trend of thought in these issues.

### **Design of the Study**

The main sources of information for this study were (1) observation of auditors and their work, (2) opinions of GAO staff people, (3) reviews of job descriptions, job qualifications, work plans, and training programs, and (4) a review and synthesis of the literature.

The data which provided descriptions used to identify and analyze basic job requirements included materials which described the process of auditing; auditors' perceptions of their basic job tasks; and descriptions offered by audit managers, supervisors, jobsite seniors, and other staff people. A literature review and data collected from interviewees listed above formed the bases for establishing training priorities in auditing.

### **Limitations and Assumptions**

The project was limited to a time assignment of 15 weeks—June 5 to September 15, 1972. The descriptive analysis of job activities is not intended to suggest a sequential break-

down of audit performance—only the essentiality of each activity.

Reactions of GAOers to issues in auditing were assumed to be instrumental in implementing an educational program for audits of management performance. It was also assumed that there is a mental process involved in arriving at a point of view but this study does not analyze this mental process.

### **Performing the Audit**

From the foregoing information, it should be evident that many conditions under which the auditor operated in the past are much different than those of today. The requirements, duties, and responsibilities have changed appreciably. When the auditor undertakes a study of management operations, he must be able to perform two critical functions. First, he must be able to understand management accountability. Second, he must be able to audit management performance. In the former, the auditor needs a sufficient insight into the purpose for which each activity is occurring and the relationship of each activity to total agency/program operations and to overall organizational objectives. In the latter, the auditor must understand audit methods, tools, and analysis—a traditional concern.

Any serious consideration of audit training should be based upon careful study and analysis of current job needs. Such analysis is essential in determining requirements expected of students who will be employees in the new auditing environment.

The following is a synthesis of literature reviews, interviews, and observations which attempt to shape the conduct of this type of auditing.

**Elements of an Audit Finding:  
A Conceptual View**

Since audits of management performance often deal with varied and complicated systems, situations should be placed within an appropriate conceptual frame of reference. The auditor should be able to respond to things in terms of groups or classes rather than in terms of their uniqueness. For example, once he has learned what a criterion is, he does not have to discover, at each encounter, that it is a criterion. He simply needs to find out whether or not it has certain identifying properties. Through conceptual analysis, he is able to classify and discern certain attributes.

Classifying gives certain directions to actions within a discipline. In auditing, particularly, it is used to render orderly investigations and to make crucial decisions about investigations and their meanings.

GAO training materials identify the following categories of audit findings development.

Criteria—an appropriate standard for evaluating managerial actions, a static yardstick. Criteria as used is a plural word employed in a singular sense to denote the possibility of more than one element to any standard. The criteria used as the measuring base may be the standard which was already prepared or it may be one which the auditor develops for the evaluation.

Causes—managerial action which created a result. Causes may apply to the action required of planning, operations, or reviewing. It also may apply to one or many levels of a manager's responsibility.

Effects—the evaluation which comes from comparing the results of the manager's action, "causes," with an appropriate standard, "criteria."

In determining whether operations are being managed as effectively as possible at least cost, the three elements come into play through the discovery of a "finding." Conceptually, such a disclosure is obtained when certain situations are measured vis-a-vis appropriate standards—the evaluation of which reflects management's determination or implementation of criteria.

Criteria, as an element, is that guideline which measures results in the area under audit. The guidelines, however, may take different forms. For instance, in any given situation, the general criteria may originate in a law; in an Executive order; in a policy or procedure imposed by an agency on another; in an agency self-imposed policy or procedure; or in the general objective, previously mentioned, that Government operations be conducted effectively, efficiently, and economically.

Ideally, standards should outline the basic mission of the agency/program, stating objectives in precise, measurable terms within a given time frame. This can be seen partly in a review of standards relating to current teacher training programs funded by the Office of Education. The criteria specifies

that Federal funds will be allotted teacher training programs when there is a geographic or subject need. A review of the program in terms of teacher supply-demand revealed an oversupply and undersupply of teachers in certain subjects and regions. Auditors wanted to learn what caused the variation. Perhaps realistic demands were not predicted, thereby causing unfavorable results. Causes, then, are actions or inactions of planning, carrying out operations, or evaluating performance which attribute to good or bad results. It is important that causes be determined in order that alternative actions be proposed to avoid similar future deficiencies.

Effects are the results of action, inaction, or inappropriate action that occur in the process of managing. Such results, like criteria, may take many forms including unnecessary or additional expenditure of funds, improper use of resources, failures to accomplish objectives, illegal actions, potential losses, or, in the case of the teacher supply-demand study, an oversupply of teachers in certain geographic and subject areas and an undersupply in crucial regions and subjects.

The effect should indicate that a change of direction is needed.

The elements of criteria, cause, and effect are essential throughout the audit process whether as a mental checklist, a review of work by others, or a report preparation. GAO's director of personnel, *Leo Herbert*, suggests that especially in training a conceptual framework is important. The influence which it imposes on the development

process is the mandatory thinking through of the problem. Both the step-by-step logic and the diverse ramifications of a problem must be considered before a conclusion can be drawn. Whenever the criteria, cause, and effect relationship is made, the process of analysis should be greatly improved.

### **The Audit Process: Critical Tasks Performed**

Audit performance presumes an adequate knowledge and understanding of management responsibility, systems and procedures, and auditing techniques. According to the job description, the beginning-level auditor,

as a member of a team \* \* \* assists higher graded professional GAO auditors in management reviews of Government activities by making detailed analyses of specific programs, operations, processes, functions or procedures of a routine nature to determine whether increased effectiveness, efficiency, and economy may be achieved.

\* \* \* Following rather specific program instructions, the incumbent applies accepted and clearly applicable practices, theories, techniques, and methods of analysis and management to surveys and studies. He interviews \* \* \* gathers facts, collects samples, prepares working papers \* \* \* and prepares assigned segments of reports. As needed, he also prepares graphs and charts. He may be required to make oral presentations.<sup>7</sup>

As noted in the preceding discussion, the audit process involves a series of acts including:

1. Determining the agency/program's responsibility for the activity through a review of leg-

<sup>7</sup> Position Description—GAO Management Auditor (Optional Form 8, U.S. Civil Service Commission), GAO-69-42.

islative history and administrative policy.

2. Determining what the agency is actually doing.
3. Comparing those practices with agency responsibility to identify problems in need of further exploration.
4. Formulating suggestions or recommendations for overcoming agency weaknesses.

The series of acts involve the auditor in the following exercises essential to problem solution.

1. Identifying and delimiting the problem.
2. Applying tests of effectiveness of procedures and practices.
3. Developing audit findings.

This section describes the job activities performed and the knowledge and skills fundamental to job success as identified by auditors, supervisors, and a literature review.

#### *Identifying and Delimiting Problem*

The job of identifying and delimiting a problem was described by workers as a "look at" the whole of agency or program operations. Job activities include:

1. Accumulating data from:
  - a. Record reviews, including:
    1. Files (GAO, agency, program, etc.).
    2. Reports of congressional hearings.
    3. Internal audit or inspection reports.
    4. Management consultant reports.

5. Newspaper and magazine articles.
6. Correspondence, including interagency communication of policies and procedures.
7. Agency directories, manuals, printed forms, periodicals, pamphlets, and other reports.

- b. Interviews with management officials and any groups of people affected by the program.
- c. Observation of people and processes.
- d. Questionnaire responses.

2. Discussing job-related procedures and problems with supervisor and audit team members.
3. Selecting problem emphasis, considering one that is measurable in terms of dollars, work performance, and the like.

GAO auditors emphasized certain abilities that make for quality work performance, including the ability to:

1. Construct working papers.
2. Associate, classify, and recall data.
3. Spot pertinent information in resource materials.
4. Communicate effectively in writing (including development, order, and mechanics of composition, and vocabulary), speaking, listening, and reading.
5. Work independently as well as with a team.
6. Identify personality-related problems: i.e., internal disagreement which could affect operations; indifference to standards.

7. Identify management-related problems:
  - a. Waste, mechanical and human limitations, unreasonable and/or unnecessary costs and practices.
  - b. Failure to comply with prescribed standards, use of inappropriate standards, absence of standards.
8. Recognize the need for certain problem-solving methods.

#### *Applying Tests of Effectiveness of Procedures and Practices*

Testing the effectiveness of procedures and practices is basically a job of analysis. Auditors are required to apply knowledge of good management and measurement practices to pertinent related data accumulated for identification of areas in need of improvement. To identify such areas, the auditor determines:

Whether the policies of the organization comply with its basic charter or grant of authority.

Whether the system of procedures and management controls is designed to carry out those policies and results in activities being conducted as desired by top management, and in an efficient and economical manner.

Whether the system of management controls provides adequate control over the organization's resources, revenues, costs, and expenditures.<sup>8</sup>

The auditor makes the determination by:

1. Making more detailed examina-

tion of records for test of conformance to regulations, procedures, and policies.

2. Testing the economy, efficiency, and effectiveness of specific operating and administrative procedures.
3. Exploring problem areas or weaknesses encountered.

The following knowledge and skills were reported to be fundamental to testing procedures and practices. Ability to:

1. Construct and analyze working papers.
2. Construct and/or apply critical tests of examination including cost-benefit and cost-effectiveness analyses, statistical analyses or to use other economic criteria for testing management controls.
3. Relate cost and expenditures to objectives and accomplishments.
4. Make more detailed analyses of records for critical judgments on variables which really have important effects on management performance, including:
  - a. Waste, mechanical and human limitations, and unreasonable and/or unnecessary costs and practices.
  - b. Failure to comply with prescribed standards, use of inappropriate standards, or absence of standards.
  - c. Source of authorization behind certain practices.

#### *Developing Audit Findings*

By its very nature, as brought out in GAO's "Comprehensive Audit Man-

<sup>8</sup> Ellsworth H. Morse, Jr., "Performance and Operational Auditing," *Journal of Accountancy* (June 1971). As printed in "Auditing: A Compendium" (Northern Virginia chapter of FGAA, 1972) p. 64.

ual," development of audit findings presupposes (1) identification of problem, (2) detailed examination of a problem area, (3) quantitative measurements, (4) critical detailed analysis, and (5) fairness, realism, and objectivity. It further assumes the application of a frame of reference—a specialized body of knowledge—for logical and cogent development.

Developing audit findings is a highly mental and communicative process and is the heart of audits of management performance. The process involves a sufficient accumulation of pertinent, significant information about cause-effect and possible courses of corrective action. To insure effective audit findings development, the auditor—through high-level mental exercises and good communication usage—performs the following actions. He:

1. Identifies the problem—what is deficient, defective, what is in error, etc.
2. Determines the gravity of the problem.
3. Determines the significance of findings in terms of cost, poor management performance, etc.
4. Determines causes and origins.
5. Suggests recommendations for corrective or preventive action.
6. Obtains and evaluates management's explanation.
7. Constructs the audit report.

For each determination, serious consideration should be given to the various aspects of evidence—quality and reliability, relevancy, materiality, competency, sufficiency—which can influence the communicative process.

Auditors and their supervisors identified the following competencies for developing audit findings.

1. Ability to conceptualize management responsibilities and a management system.
2. Ability to make logical inferences and value judgments from observed data.
3. Ability to communicate effectively, including:
  - a. Logical and systematic analysis and organization of facts.
  - b. Explanation of technical information through use of general terminology.
4. Ability to determine significance of audit in terms of:
  - a. Congressional impact.
  - b. Weight of evidence.
  - c. Size of audit—measurable effect in terms of dollars, work performance, etc.

In summary, analysis of the work of auditing a management system is quite essential in determining the activities and required competencies for job success. The work, predominantly, is problem-solving oriented and requires similar knowledge and skills.

Basically, data are accumulated, analyzed, and reported. The auditor, in a systematic and organized fashion, looks at the whole of the organization, examines its objectives and goals, scrutinizes activities within it, and relates costs and expenditures to program objectives and accomplishments. He identifies areas in need of improvement and presents alternatives on what might make a program work. The aud-

itor's greatest contribution is, perhaps, the vehicle he creates for agency/program in-house evaluation.

Accomplishing the mission of auditing management performance means that the auditor must be able to conceptualize management responsibility, an organization's systems and procedures, and the process of auditing.

### **Implications for an Educational Program**

The major purpose of this research effort was to identify job activities related to audits of management performance and show implications for an educational program. Analysis of these activities was the basis for inferences drawn in this section and may relate to any one or a combination of the following.

1. Objectives or scope of instruction.
2. Course organization.
3. Course content or subject matter.
4. Instructional methods.
5. Course evaluation.
6. Curriculum involving length and placement of course.
7. Administrative policy.

Because of the problems posed by the necessity of working with Government agency operations, programs, and other varied Federal activities, students need practice and experience in working in a "frame of reference." They need experience in all areas of communication (reading, writing, listening, speaking) to accumulate, interpret, and report data. The important place that problem identification, de-

limitation, and analysis occupy in the total audit process implies that business research methods and report writing should be given an important place in an instructional program.

Students need instruction in identifying and formulating standards, measuring performance, and constructing and/or analyzing facts in statistical form or other economic terms. They need experience in making generalizations about management control activities and establishing cause-effect relationships. Perhaps basic to the total audit process is the requisite of "thinking through a problem." In this regard, students need exercises in the acquisition of knowledge as well as the development of judgment.

### **What Is Being Done**

#### **In-House Training at GAO**

For more than a decade, GAO has been directing its training to preparing the staff for those jobs common to audits of management performance. Through specialized courses and seminars, the training program attempts to improve management audit effectiveness and to develop supervisors/managers.

As indicated below, it is the plan of the program to involve staff in a program of continuing development.

#### *First Year*

Training during the first year is designed to acquaint the staff with GAO auditing operations and includes:

1. General information sessions on

the organization and functions of GAO and duties and responsibilities of the GAO staff.

2. On-the-job training in the basic operating techniques required for accomplishing the duties and responsibilities; i.e., conducting interviews, preparing workpapers, obtaining and analyzing facts, and applying judgment and logic to a variety of audit and review situations.
3. Short technical seminars which outline the major functions of management and relate auditing to these functions. Topics include developing audit programs, developing evidence, using audit tools, and reporting.<sup>9</sup>

### *Second Year*

Second-year development emphasizes technical abilities and written communication. In addition to courses in report development and writing skills workshops, students receive instruction in systems analysis and statistical sampling techniques, operations research, ADP/EDP uses in audits of management performance, and identification and analysis of evidence.<sup>10</sup>

### *Continuing Development*

A program for continuing development is provided to complement and reinforce earlier training and to prepare staff for increased responsibilities. Training at this level emphasizes communications, supervision and man-

agement concepts, and special skills seminars.

### **Collegiate Schools of Business**

Traditionally, the primary responsibility for the educational preparation of workers in business has been expected to be from business schools. Yet, the findings of the FGAA study of management auditing showed that the curricula of educational institutions had hardly been reshaped to give effect to the change in the role of auditing. In fact, only 2 percent of the business schools had made any significant change in curriculum offerings.<sup>11</sup>

It should be noted, however, that many of these knowledges and skills are reflected in the curriculum standards of collegiate schools of business:<sup>12</sup>

A background of the concepts, processes, and institutions in marketing and distribution, production, and financing functions of business enterprise;

A background of the economic and legal environment of business enterprise along with consideration of the social and political influences on business;

A basic understanding of the concepts and methods of accounting, quantitative methods, and information systems;

A study of organization theory, interpersonal relationships, control and motivation systems, and communications;

A study of administrative processes under conditions of uncertainty including integrating analysis and policy determination at the overall management level.

<sup>11</sup> Northern Virginia Chapter of FGAA, "Paucity of Educational Opportunities for Operational Auditors," pp. 4 to 6.

<sup>12</sup> "Accreditation Standards and Interpretation" (American Association of Collegiate Schools of Business, 1971-72), p. 36.

<sup>9</sup> GAO, "Annual Report," pp. 141 to 143.

<sup>10</sup> GAO, "Career Development for Professionals," pp. 3 and 4.



It would seem, then, that the body of knowledge common to business and administration required of member schools by the American Association of Collegiate Schools of Business would be essential to the development of auditing performance. The curriculum, however, would have to be examined carefully for realistic and relevant adjustments to job needs.

### What Needs To Be Done

A careful analysis of course offerings in the business school might suggest that auditing courses be modified somewhat to include materials relevant to audits of management performance.

A frequent criticism made by many GAO supervisors is that auditors entering the profession are not adept at problem solving; they seem to lack ability to make critical analyses of audit matters. If students are to develop the abilities required of an investigative agency, they must be provided with experiences while still in school which will require such thought. For example, in auditing courses, greater emphasis might be given to situations which require students to engage conceptually in problem-solving activities as opposed to the traditional examination of the books of account.

It seems more likely, however, that the scope of this type of audit would call for the addition of an integrated course in auditing, i.e., a content seminar in audits of management performance. This would be an all-embracing subject emphasizing those job activi-

ties of conducting the audit and developing audit findings.

Such a course would be sequenced so that prerequisite knowledge and skills might have been acquired.

Since auditing for management performance, as a subject area, is of relatively recent origin in the college curriculum, instructors might seek assistance on course implementation from auditing agencies, such as regional GAO offices. As previously noted, GAO has established courses, workshops, and seminars which—in addition to providing performance background—can provide a fund of knowledge necessary for teaching this type of auditing.

Auditing agencies might also be interested in sponsoring programs and people for the design and implementation of auditing programs.

Analysis of the data suggested also that the broad area of communications in business is in need of attention. An auditor's success on the job will depend in large measure on his ability to communicate effectively. The importance of these skills was reflected in statements made by auditors at jobsites as well as by auditors surveyed at the end of their first year with GAO. In a 1972 study on auditors' perceptions of professional development in their first year with GAO, conducted at GAO's Washington regional office, the question was asked: "What does a professional need to know to perform effectively in his first year?" The following responses ranked as the top three.

—Techniques of conducting effective interviews.

- How to express oneself clearly both orally and in writing.
- How to communicate with supervisors, especially to obtain feedback on one's work.

At jobsites, auditors suggested that communication areas emphasize business as opposed to literary styles and situations.

Because the various aspects of communication are so essential, skills of listening, speaking, and reading might be further developed in addition to the analytical report writing requirement.

Another alternative is an internship program tied in with the content seminar. The business school, cooperating with auditing agencies, might consider such a program in preparing students for careers in auditing. Practice in real audit operations would integrate all other aspects of training. Conceivably, this experience would serve as a prelude to formal on-the-job training. Through proper supervision, the program would certainly shorten the time and reduce the cost of job training to an auditing agency. It would also identify prospective auditors whose interest may be ongoing.

## Conclusions

The audit environment and the requirements expected of students who will be auditors in the new audit environment have changed.

The management auditor's responsibility today is generally that of evaluating activities of operations and programs and promoting needed improvements in the management of these activities in contrast to performing the traditional attest function. To meet the new demands, business schools are challenged to begin developing programs for educating management auditors to meet employment needs in this area.

This places upon the business school the responsibility for securing and developing materials which can be communicated to the student. Much of the materials at GAO have come from research development and training activities. GAO has accumulated a conceptual body of knowledge for establishing standards and the conduct of management-type audits. These studies are of special interest because they may very well be indicative of the direction that auditing and audit preparation will take in the seventies.

# The Manager as a Teacher in GAO

*One very important task of managerial succession is to teach. Any organization, if it is to continue to progress in an orderly fashion, must assure itself that the skills, the attitudes, and the techniques of its members proficient in them are imparted to those who do not yet possess the desired level of professional expertise. This is the essence of the manager's role as a teacher.*

## Basic Elements

The GAO manager, in fulfilling his role as a teacher, provides systematic guidance to his subordinates according to their varying needs and abilities. The manager modifies this role as soon as he perceives a subordinate growing in knowledge and in skill. When manifestations of individuality and creativity begin to emerge and reflect increasingly mature and professional conduct, the manager invariably becomes more a source of information and inspiration and less a supervisor. Through the manager, each assignment gives a subordinate the opportunity for a max-

imum, intensive, educational experience.

## Teaching Role Preparation

Managers in GAO must be adequately prepared to enable them to develop positive, professional attitudes; to impart knowledge; to demonstrate required skills; and to provide subordinate exposure to a variety of professional, GAO-oriented, strategies.

Through discussions with his colleagues, a manager learns what is currently expected of both him and his subordinates. By conferring often with

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his subordinates about their talents, their attitudes, and their interests, he determines the best method for implementing this teaching role. Opening such lines of communication also helps to promote learning experiences for both manager and subordinate. Special cautions are always taken to mesh this teaching role preparation with the objectives or mission of GAO and the particular needs of those the manager is responsible for.

The good manager concerns himself with providing a total, integrated learning experience for all staff members on each GAO assignment. He is able to both demonstrate work techniques and illustrate new skills and analytical processes without being either inflexible or indecisive.

GAO managers also play a special role in assigning tasks or activities on individual assignments. Each task is assigned only after carefully considering the best means to accomplish required objectives and the relation of such means to the development requirements of the GAO staff member.

### **The Manager's Role and the Site Supervisor**

Management of the site supervisor is a basic responsibility of a GAO manager and one of the most direct teaching forums available to him. It not only prepares the site supervisor for an eventual managerial role but also helps assure other GAO team members of adequate training. Such management is best when it is as democratic and as participative as possible.

Counseling, as a part of regular site visits, is important once the manager has had an opportunity to observe the site supervisor and audit team in action. With this exposure to experienced guidance, the site supervisor acquires the managerial techniques necessary to develop his own professional competence as well as that of his subordinates. Guidance of the site supervisor is ultimately directed to preparing him for a managerial role and in a sense forging yet another link in the chain of managerial succession.

### **Task Assignment and the Learning Process**

Individual development is contingent on careful selection and assignment of job responsibilities. Therefore, task assignments are made to insure their successful execution and afford assigned staff members every opportunity to mature professionally.

Accurate profiles of staff members are requisite for this function. All past work experience, educational background, expertise, or special interests are considered. Professional or personal limitations which affect ability to perform and ability to learn are also identified. With this knowledge the manager is able to effectively participate with the site supervisor in the assignment of tasks which consider both the differing intellectual capabilities of available staff and the probable impact of these differences on task completion and on the learning process.

Consistently assigning tasks to an

individual which exploit positive attributes and do not provide either learning exposure or the reinforcement of past professional experience is avoided. Assignments are also made which will provide experience in areas where staff members have shown weaknesses so that attempts can be made to correct these weaknesses in a controlled environment.

Agreement about a staff member's specific level of responsibility is quickly reached before the execution of assigned tasks begins. The GAO manager is extremely careful in arriving at these parameters—permitting the staff member to assume all those responsibilities he can. Care is always taken to assign responsibilities having sufficient technical and personal challenge to insure continued professional expansion.

Effective managers encourage staff members to draw on all past experiences in carrying out assigned tasks. This not only reinforces previously acquired knowledge and provides a basis for the development of new technical skills but, equally important, aids in accomplishing desired task objectives.

### **Initial Guidance Is Important**

Once tasks are assigned, guidance is provided both before and during their execution. Generally, written guidelines, such as a program, pave the way for this initial guidance.

Interpretations of written material can be as varied as the differences in people, so a careful discussion of program elements for each assigned task

is usually adopted as standard practice. Areas that are vague, not completely understood, or susceptible to misinterpretation are fully discussed—a prime occasion for the GAO manager to slip into the teaching role.

Technical jargon and esoteric terminology in programs can create problems in understanding specific tasks or assignment objectives, and so they are discussed fully until commonly understood. This discussion often provides a good medium for learning. It is by and large a professional exchange and an opportunity for the manager to cultivate and discipline the technical habits of his subordinates.

At all times, interaction between staff members and manager is frank and open. Staff members always feel free to discuss personal or professional matters which may affect the job, impact on mission accomplishment, or bear on the learning processes.

### **Staff Evaluation as a Teaching Technique**

The GAO manager helps subordinates to develop by reviewing and evaluating their performance. This provides the manager with an opportunity to promptly detect personal and technical deficiencies and creates an occasion for the manager to suggest ways in which these shortcomings can be overcome. Yet another chance to teach!

In pointing out weaknesses, the manager is tactful and emphasizes the causes and remedies rather than the deficiencies. Concentrating on the neg-

ative aspects can cause a subordinate to retreat psychologically, to assume a defensive posture, and to establish well-fortified, intellectual resistance to further attempts at instructional counseling. Before weaknesses are discussed, several alternate suggestions for correction are usually developed so the talks can result in the selection of the most optimum solution.

On the positive side, managerial evaluation is an excellent opportunity to commend outstanding performance. Such recognition many times provides an impetus for even greater job achievement and helps stimulate increased interest in self-development.

A conscientious manager becomes confident of a staff member's comprehension of assigned tasks and his ability to perform by reviewing his work or through discussions with him. If it is ever evident that there is a less than desired grasp of the concepts involved, either the manager, the site supervisor, or both usually promptly reorient the staff.

The most important subordinate evaluation for some GAO managers may be the initial encounter with a staff member. This often provides the basis for both the depth and frequency of subsequent evaluations. When staff members have an ample grasp of both the tasks to be performed and the review objectives and when no serious deficiencies in performance are detected, then the nature and extent of subsequent supervisory evaluations can be set at a minimum.

Often during this initial evaluation, the manager is able to decide that a staff member's performance warrants

the assignment of broader responsibilities. This decision will not only enhance the staff member's personal development, but will positively affect the effective accomplishment of audit goals. Continued evaluation is of course still essential in such a case not only to detect shortcomings but to guide the individual when he assumes these greater responsibilities.

### **The Managerial Appraisal Is a Teaching Function**

The measurement of job proficiency is one of the most difficult functions performed by managers in GAO and is approached with the utmost of professional caution.

In preparing appraisals the alert manager pays particular attention to the diversity of disciplines of the younger staff members. The most recent additions to the staff are not always evaluated against the personal and professional standards which were developed for staff which, for the most part, had accounting backgrounds.

GAO managers now evaluate staff members who possess other academic backgrounds on assignments which may require different techniques. Therefore, the good manager helps to develop an atmosphere wherein he, the site supervisor, and the other team members can be exposed to the activities of those on the staff with diverse and unusual talents. All most certainly benefit by this exposure, but, more important, the manager can acquire first-hand knowledge of a junior staff member's technical specialties and is more

able to more accurately evaluate his performance and provide managerial tutelage.

### **Appraisals Must Be Approached With Care**

Informal day-to-day evaluation of all staff is for some a highly desirable standard. While this is always difficult for the often mobile GAO manager, it is certainly within the realm of possibility for the site supervisor. Certain hazards, however, must be recognized. Research has shown that frequent criticism constitutes a strong threat to self-esteem and generally disrupts, not improves, performance. It has also shown that individuals who receive an above average number of criticisms on appraisals generally show less goal achievement than those who receive fewer. Conversely, subordinates who achieve high levels in performance evaluations tend to show improved work performance on future assignments.

The question then as to when and to what extent a GAO manager's evaluation should contain a preponderance of either criticism or praise, or a delicate balance of both, is critical. The answer lies in a carefully considered managerial judgment made in the light of prevailing circumstances.

The development of a method for correcting deficiencies in a staff member's performance presents a critically important teaching challenge to a GAO manager. He first assures himself through introspection that the problems observed are not due to shortcom-

ings in his managerial techniques. Often they are related to weaknesses in managerial performance. If they are, changes are made immediately and reconciliation is effected with the subordinate just as quickly. Informing personnel of the corrective actions taken on the part of the manager is considered by some authorities as a way of securing subordinate confidence.

If a problem occurs in which corrective action is clearly beyond the control of the site supervisor or manager, the matter is best referred to higher authority for resolution. In cases where problems become evident immediately prior to a staff member's reassignment to another job, a detailed description of the situation, including a summary of actions taken in the interest of correction as well as untried alternatives, should be prepared for the benefit of the staff member's new supervisor.

### **Conclusion**

Any organization, if it is to grow, must depend on its members for

- continued increase in organizational proficiency,
- greater efficiency in the accomplishment of organizational missions,
- creation and maintenance of a well-developed, technically integrated work force, and
- orderly continuity of organization skills, attitudes, and managerial succession.

In an organization like the GAO organizational growth and increased proficiency are particularly dependent on

the sustained growth in capabilities of its staff members. Increase in professionalism, a high level of personal achievement, and fully developed technical skills in each member contribute to the overall growth of the organization.

Therefore, the teaching role of its managers is important and crucial to the organization as well as its staff members. Only through an understanding of that role and its careful, consistent application can organizational and individual growth be realized.

### **That's Us!**

Generally it may be said that the spirit of the personnel of the General Accounting Office is that of friendly cooperation, initiative, alertness for the betterment of accounting or other conditions, in whatever byways or channels activities lead; devising, suggesting, and applying, whenever and wheresoever practicable, improved methods, systems, procedures, and practices for the accomplishment of the maximum of results with the minimum of expenditure \* \* \*.

“Annual Report of the Comptroller  
General of the United States,” fiscal  
year 1929



## Federal Executive Institute

*This article sketches background of participants, layout of the training facility, initial reactions, and program content and provides some assessments on the value of attending one of the executive development programs being offered to GAO management personnel.*

On August 20, 1972, some 54 wary executives began the 19th session of the residential program in executive education at the Federal Executive Institute, Charlottesville, Virginia. I had the privilege of being one of the selectees for the experience. The comments that follow are my personal reactions, observations, and assessments of the program while at the Institute.

### Who Attends

Some background on the executives in attendance would be helpful. Most of the candidates are senior-level executives holding supergrade positions. A few attendees are allowed in each session at the grade GS-15 level with the approval of the Civil Service Commission. Most of the candidates are with agencies in the executive branch of the Federal Government. On occasions a

State or local government representative is in attendance. Many of the executives hold doctorate or other advanced degrees.

The Institute is operated by and, for the most part, staffed with teaching faculty employed by the Commission. Other teaching support is provided by arrangement with staff personnel from the University of Virginia which is located nearby in Charlottesville.

From a residence standpoint, the candidates found that the facilities at the Institute which is located in the rolling hills of Virginia are very adequate. Each participant is provided with an air-conditioned single room and bath. In addition, each room has an individual bookshelf of reading material on various topics. Other conveniences at the Institute include a library, an exercise room, a swimming pool, and outdoor recreational equipment.

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Mr. Mosher joined GAO in 1953 and has served in the Chicago regional office since that date, having been appointed assistant regional manager in July 1967. He is a CPA (Wisconsin) and a member of the American Institute of Certified Public Accountants and the Federal Government Accountants Association.

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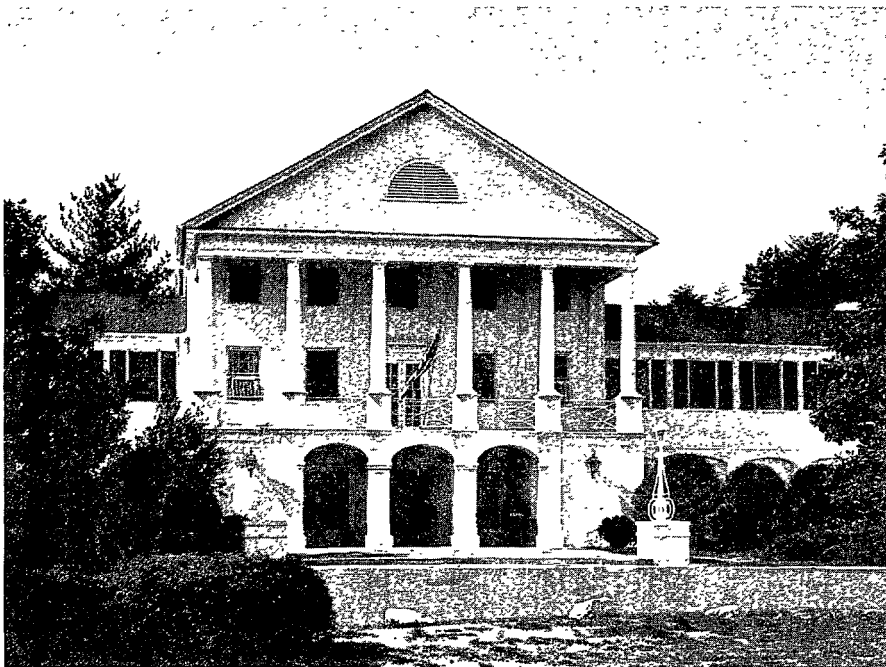
Excellent meals are provided on the premises and executives are forewarned that the average weight gain during the 2-month session is 8 pounds.

### Initial Reactions

Getting back to reactions, what were some of my personal feelings on the first afternoon at the Institute? After all, it had been some 25 years since I had left the "hallowed halls" of formal education. Could I really concentrate on the texts again? How could I enhance my management style to any great degree? How well would I compete with the others during the session? Would I be reasonably well accepted by the executive community,

particularly in view of my being a GAO representative?

Shortly after our arrival we separated into executive learning teams. As an opening exercise each team was asked to demonstrate in skit fashion, before the entire community, the team members' personal feelings on coming to the Institute. This was an attempt to lessen our inhibitions and to create a "togetherness" from the outset. Being from GAO, and recognizing that the cost of each executive's attendance at the Institute was about \$10,000, the initial assignment caused me some consternation. Frankly, I never envisioned myself as being much of an actor. What might have proved more beneficial as an opening exercise and resulted in a less negative reaction would



*Main entrance to the Federal Executive Institute at Charlottesville, Virginia.*

have been an open discussion among members of each learning team.

### Program Content

Generally, the tone of the first 2 weeks was personal self-assessment and evaluation for each participant. The initial sessions involved either personal goal-setting or leadership styles. The session on the latter, in which I participated, was accomplished through testing exercises, interest inventories, and role-playing. Participating in competition with other executives in these exercises had strong overtones of sensitivity-type training. While this can perhaps help the individual executive to better see himself, I felt that the gaming and role-playing were somewhat overdone. Perhaps some consideration of a workshop for day-to-day management-type problems and alternative solutions would be more viable as an option.

During the remainder of the session the keynote was freedom of choice. The attendees were offered a range of seminars and workshops in areas such as *black history*, *U.S. national interests* and changing balance of world power, organizational behavior, economy and productivity management in the Federal Government, and youth and counter culture. Field trips were also arranged in science and technology, urban affairs, and foreign policy issues. At any time an executive could also choose a special project covering an area of personal interest. As a noteworthy point, the courses and field trips available during each session are changed by the session dean on the

basis of current input and past demands.

I took the black history seminar, the urban affairs field trip, and the youth and counter culture seminar. The field trip included visits to Soul City, North Carolina; Philadelphia, Pennsylvania; and Newark, New Jersey. The youth seminar also included a visit to a commune located near Charlottesville. I found all these experiences to be both motivating and enlightening.

The last 6 weeks of the session were an enjoyable experience. Dealing with different executives in group discussions and observing the interactions of people are in themselves rewarding processes. The entire session was also interspersed with guest speakers having expertise in a varied range of topics. In addition, the executives themselves conducted a forum series on personal interests and work experiences.

Obviously, as the session continued and individuals mingled within the executive community, many frank and in-depth discussions took place. The social hour and recreational facilities provided an appropriate climate for good fellowship and meaningful discourse.

### Program Merits

What did I conclude from the learning experience at FEI? As a GAO staff member I feel that we as a group are strongly and understandably task oriented. As such I would suspect that our overall staff view on national programs, issues, and priorities would generally be somewhat narrow. I am

not making a comment here applicable to each and every GAO professional staff member, but I am relating this to our staff outlook as a group. In discussions with FEI faculty my observations in this regard were substantiated. They too had some similar reactions in view of their past exposure to GAO personnel.

I was extremely impressed with the quality of senior-level executives attending the 19th session. Since the group represents a cross section of talent throughout the executive service, I would say that our Government is fortunate to have an abundance of management talent on its rolls.

I also feel that the opportunity for exchange of ideas both of a professional and social nature at the executive level is extremely important. I am sure that many lifelong associations and friendships were made during the 19th session at FEI.

What about the merits of the residential program itself? Was it worth 8

weeks of effort including personal inconvenience and logistics problems? My reply to these queries would be that the residential program is a most worthwhile exposure. All the ingredients for a successful learning experience are present. The individual has been removed from his everyday business and personal pressures and has been placed in a comfortable and thought-provoking environment.

Obviously, the degree of return is directly related to the personal commitment involved. We must recognize, however, that there is no perfectly tailored program for senior-level personnel with varied backgrounds and experiences. Nevertheless, I feel that I am a better manager for having attended FEI. In my view, prospective GAO candidates should welcome the opportunity to commit themselves to future sessions at FEI. For the record, I am now a member in good standing of the FEI Alumni Association and I proudly display the course completion certificate in my office.

## A Flaw

The great flaw in our system of Government is not the temptation it offers the strong man, but the latitude it allows the weak man to do less than is necessary.

*Vice Admiral H. G. Rickover*

Speaking at the Financial Management  
Conference, Washington, D.C.  
January 31, 1973

# Presidential Impoundment of Appropriated Funds

*In recent months Presidential impoundment of appropriated funds has received a great deal of attention in the Congress and has been discussed widely throughout the country. The effort to control the aggregate size of Federal expenditures in order to reduce the Federal deficit and related inflation trends is the primary reason for the higher level of impoundment of funds at this time than at any time in the past.*

*The issue of whether funds appropriated are required to be spent completely or are merely a ceiling on authorized expenditures is a most interesting one. Under our form of government, the resolution of this issue is not easy.*

*A bill (S.373) was introduced in the 93d Congress in January 1973 for the purpose of curbing Presidential impoundment. The Comptroller General testified on this bill on January 30, 1973, before the Subcommittee on Separation of Powers, Senate Committee on the Judiciary. His statement contains a number of points of interest with respect to this subject. Some highlights are quoted below.*

## What Are the Issues?

- Are appropriations made by the Congress to be considered a mandate to spend or are they a ceiling on amounts to be expended?
- Is a deferral or postponement of expenditure for a project or activity a frustration by the Executive Branch of the action of Congress?
- What are the limits on the Executive Branch in exercising the authority in the “Antideficiency Act”? Under this act the President, acting through the Office of Management and Budget, in making apportionments is authorized to establish reserves to provide for contingencies and for savings when made possible by changes in requirements, greater efficiency of operations, or “other developments” subsequent to the date appropriations are made available.
- Does the constitutional responsibility of the President to see that all laws are faithfully executed carry with it any implied authority to impound funds, if, in the President’s opinion, such impoundments are necessary to comply with other statutory provisions such as expenditure limitations or limitations on the public debt?

**GAO's Relationship to the Issues**

The General Accounting Office is not structured to resolve these issues because our enforcement power is that of disallowance of expenditures. We have no power to direct an expenditure except in the limited area of settlement of claims against the Government.

**Meaning of the Term "Impoundment"**

\* \* \* any action which effectively prevents the creation of obligations or expenditures of appropriated funds or of authorizations to create obligations in advance of appropriations, for any period of time irrespective of whether such action is taken by the Office of Management and Budget or the agency head.

**Reserving Funds Under the Antideficiency Act**

There is abundant legislative history in connection with the enactment of the Antideficiency Act to support our conclusion that this legislation goes no further than authorizing the President to establish reserves to provide for contingencies, to reflect savings, and to take into account changes in requirements subsequent to the appropriation action, and to reserve funds because of changing circumstances. We are not aware of any specific authority which authorizes the President to withhold

funds for general economic, fiscal, or policy reasons.

\* \* \* \* \*

Even though the Antideficiency Act places rather specific limits on the President's discretion in impounding funds, the wording of the legislation nevertheless frequently could be read to support the thesis that appropriations represent authority to spend rather than mandates to spend by the executive branch. The wording of authorization and appropriation legislation is generally cast in terms of authorizations to spend rather than directing that certain program or expenditure levels be maintained. There have been exceptions, of course, which have established mandatory levels.

**Actions Available to the Congress**

Clearly, the road is open to the Congress to be more explicit as to its intention with respect to program levels. It could specify the rate or the amount of the expenditure; it could authorize impoundments not to exceed a certain percentage; or it could provide the executive with discretion to shift funds from one activity to a related activity based on changing circumstances and the executive branch's assessment of program priorities.

\* \* \* \* \*

The Congress has open to it the option of withholding funds for programs desired by the executive branch when impoundments have been made in programs which the Congress judges to be of high priority.

## Item Veto

It has been suggested by some that the granting of an item veto authority to the President, along the lines of the practice in a majority of the States, might allay Executive desire or authority to impound funds. It is true that the grant of such power would succinctly define the President's power to change or ignore the appropriation acts of the Congress. The majority view is that a constitutional amendment would be required to grant the President an item veto authority. Thus with a constitutional grant of item veto authority there would be a strong legal and constitutional position that the President's power over the use or non-use of appropriations does not extend beyond items vetoed under such au-

thority. Of course, even with the item veto there would be no guarantee that future impoundments would be avoided. I am including an attachment discussing the item veto at greater length.

Even so, an item veto, if accompanied by provision making it possible for the Congress to override such a veto by majority vote, would be preferable to the present arrangement where questions continue to be raised as to whether an appropriation should be construed as a mandate to spend at the program levels specified in the appropriation act, or whether it merely represents a ceiling with the executive branch being free to make the judgment as to a possibly lower program level.

## Power of the Purse

The power of the purse rests with Congress under the Constitution and the usurpation or transfer of this fundamental power to the Executive Branch will take the nation a good part of the last mile down the road to government by Executive fiat. That is not what the last election tells us to do. That is not what the Constitution requires us to do.

I say that not in criticism of the President. The fault lies not in the Executive Branch but in ourselves, in the Congress. We cannot insist upon the power to control expenditures and then fail to do so. If we do not do the job, if we continue to abdicate our Constitutional responsibility the powers of the federal government will have to be recast so that it can be done elsewhere.

*Senator Mike Mansfield*

Remarks made at the Democratic  
Conference and recorded in the  
*Congressional Record*, January 4, 1973

# The Watchdog Reports

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

## **Westfall Gets Jaycee A. S. Flemming Award**

February 1952

Ted Westfall, Director of Audits, was selected by the Junior Chamber of Commerce as second-place winner in the competition for the Arthur S. Flemming Award for outstanding Government service by a young man during the year 1951. The award certificate was presented to Mr. Westfall by the Honorable Bolitha Laws, Chief Judge, United States District Court for the District of Columbia, during a luncheon of the Junior Chamber of Commerce at the Hotel Burlington on January 31.

The Comptroller General expressed his gratification that an official of the General Accounting Office was selected to receive this distinctive honor from among the many outstanding persons who were nominated for consideration.

Westfall came to GAO in 1946. He was appointed Director of Audits in May 1951 and his efforts and guidance have been largely responsible for charting the course in modernizing the audit program of the Office. At 32 years of age he is the director of the largest audit job in the world.

## **Frese Presides at FGAA Symposium**

February 1952

There was standing room only in the Interior Department auditorium last January 10, when 908 accounting, budget, and management officials from all branches of the Government gathered to attend an all-day symposium on the subject of internal control.

The meeting, sponsored by the Federal Government Accountants Association, a recently established and wholly independent organization of professionally qualified accountants in the Federal Government, was the most important step taken thus far by the Association in its program to raise the standards of accountants and accounting in the Government service.

The Association is an outgrowth of the great interest engendered throughout the Government by the joint program for improving Federal accounting instituted about 4 years ago by the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget.

Letters from these three officials, heartily endorsing the conference and extending wishes for its success, were read at the opening session by the



president of the Association, Mr. Walter F. Frese. Numerous other letters had been received from top officials of other agencies and departments expressing their appreciation and support of the meeting.

The first paper was presented by Mr. R. R. Pippin, first assistant treasurer of E. I. duPont de Nemours Company, who outlined in bold strokes the broad policies that must underlie an adequate system of internal control. Mr. E. L. Kohler, well-known author of works on accounting and auditing, drew from his wide experience in both public and Government accounting in presenting a cogent summary of the essential elements in a program of internal audit. Mr. Irving Tenner, prominent fiscal consultant, opened the afternoon session with a discussion of the special considerations in the application of internal control to Government with many illustrations from his experience in State and municipal government.

#### **Author Blair Bolles Visits Comptroller**

May 1952

Blair Bolles, author of the current best seller, "How to Get Rich in Washington," was a recent visitor to Comptroller General Lindsay C. Warren. In autographing a copy of the book for Mr. Warren, the author referred to him as the man without whose inspiration the book would never have been written.

This book, which describes the "rich man's division of the welfare state," has an unusual interest for employees

of the General Accounting Office, both from the standpoint of the frequent references to the Office and to the reports of the Comptroller General and from the standpoint of the origin of the work.

Some months ago, the publisher, W. W. Norton of New York, who had become greatly interested in Mr. Warren's indefatigable efforts to expose illegality, waste, and extravagance in the spending of public funds and to bring about higher standards of ethics and good administration in Federal financial transactions, requested him to write a book about his experiences in Washington.

When Mr. Warren replied that he did not feel it would be proper for him to do so while still in office, Mr. Norton commissioned Mr. Bolles to write the book. Much of the material on which the book is based consists of official reports of the Comptroller General on such things as wartime cost-plus contracts, the Contract Settlement Act of 1944, and the operations of the former Maritime Commission.

#### **A Brief Look at Fundamentals by the General Accounting Office**

June 1952

*(A message from the General Counsel to the audit groups at Cleveland and Denver in connection with discussions between those groups and representatives of the Office of the General Counsel respecting the pay and allowances of the Uniformed Services.)*

Perhaps these discussions might suitably begin with a brief look at fundamentals. Getting down to bedrock,

we might well ask "Why a General Accounting Office" and what basic place does it have in our system of Government—with its large groups of accountants, lawyers, auditors, and investigators delving into the laws and regulations; checking and double checking; searching; examining; and reporting on all the fiscal affairs of the Government?

\* \* \* \* \*

The General Accounting Office operates as part of our system of checks and balances under the Constitution, and, as pointed out by Mr. Warren, that system has protected our domestic processes and prevented us from ever having our tax money spent by executive fiat.

That is the heart of the matter. But how does the General Accounting Office operate under the Constitution to prevent our tax money from being spent by executive fiat and why is this of such fundamental importance?

As you know, Article I, Section 9, Clause 7, of the Constitution of the United States provides that

"No money shall be drawn from the Treasury but in Consequence of Appropriations made by Law."

This provision vests in the Congress the "Power of the Purse," and it is the job of the General Accounting Office to see that it remains there. Such provision was derived from the Magna Charta, the great charter wrested from King John by the barons in the year 1215 which marked the advent of democratic government in England and laid the foundations for our own democratic form of government. Perhaps no provision in the Constitution is

more important, as a practical matter, in maintaining that form of government. Government costs money. Every activity, every move, requires money from the Treasury. So that, in the final analysis, the branch that controls the purse controls the government. The Constitution puts that control in the Congress, the legislative branch. No money can be spent until the Congress appropriates it by law. Thus, if such provision be enforced, we have a government of law and not of men. Congress legislates as the immediate elected representatives of the citizens and is answerable to them at the polls. Thus the control of the purse and, through that control, the control of the Government, remains finally in the hands of the people, if this constitutional edict be firmly enforced.

But this basic provision is not self-executing. The words are meaningless and the control is lost if money appropriated for one purpose can "by executive fiat" be spent for another. Congress soon took cognizance of that situation and by section 3678 of the Revised Statutes (31 U.S.C. 628) derived from the act of March 3, 1809, expressly directed that—

"Except as otherwise provided by law, sums appropriated for the various branches of expenditures in the public service shall be applied solely to the objects for which they are respectively made, and for no others."

But neither is this provision self-executing. To the extent that it is disregarded or disobeyed, Congress loses control of the purse, our tax money is spent by executive fiat instead of by congressional direction, and, if such

practices were permitted to grow unchecked, we soon would have a government of men and not of law; a bureaucratic tyranny, at least, instead of democratic processes.

From the beginning of the Government, the Congress has set the accounting officers the duty of seeing that this does not happen. Resting on these two foundation stones that no money shall be drawn from the Treasury but in consequence of appropriations made by law and that appropriations shall be applied solely to the objects for which they are made and for no others, we strive as best we may in all branches of our work to see that these two cardinal edicts are obeyed, to see that no money is withdrawn from the Treasury except under lawful appropriations, to see that there is a faithful accounting for all money advanced from the Treasury under such appro-

priations, to see that money is spent only as intended and authorized by the Congress, and to recover unauthorized expenditures where we can.

Much of this work is highly technical and difficult, with the expanding activities of the Government, the increasing complexities of the laws, and mounting appropriations. Much of it, of course, may be prosaic. No one knows all the answers or more than a small part of them. But I believe you will agree that to the extent we can fairly find these answers, solve these problems, and perform these duties from day to day, we will serve our basic purpose of continuing the constitutional control of the Congress over the Nation's purse and be proud that in so doing we actually stand as a continuous bulwark of democratic government and as a shield of the Nation against autocracy.

# FROM



# G A O

# SPEECHES

## Accounting Standards

Elmer B. Staats, *Comptroller General and Chairman of the Cost Accounting Standards Board, addressing the Washington Chapter of the National Security Industrial Association, December 14, 1972.*

As we move forward, we desire to work closely with the newly established Financial Accounting Standards Board. We have great confidence that this new Board will be able to deal with many of the thorny issues which the Accounting Principles Board either avoided or was unable to successfully resolve. We have already met with the new Chairman of the Financial Accounting Standards Board, Marshall Armstrong, and with the Chairman of the Securities and Exchange Commission. We are in agreement that, once

the Board is established, a three-way meeting will be useful to insure full communication among us. Our objective is to identify areas and maybe overlapping or parallel interests. We want to avoid different standards if it is possible to do so and will bend every effort in that direction. It is conceivable that some of the research and staff work can be shared.

I believe that the Cost Accounting Standards Board is off to a good start and is making good progress. We welcome the establishment of the Financial Accounting Standards Board, and we believe that the most certain way of carrying out the objective of the statute is that there continue to be adequate communication between industry and the Government in this very important development.

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

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

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

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

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

## Another GAO

The Virginia General Assembly last year created a new office to assist it in overseeing State operations.

The office, to be called the Virginia General Accounting Office, will begin operations on July 1, 1973.

The new office will:

- Be headed by a director elected by the General Assembly for 6 years.
- Have a director with "ability and experience in management and cost accounting."
- Be empowered and directed to study on a continuous basis the operations, practices, and duties of State agencies "as they relate to efficiency in the utilization of space, personnel, equipment and facilities."
- Make recommendations to State agencies and the General Assembly on improving efficiency and economy of operations, providing better service to the State and its people, and redistributing agency functions which are duplicative or overlapping.
- Be required to make special studies and reports on State agency operations and functions as re-

quested by the General Assembly or any member.

The functions of the existing Auditor of Public Accounts apparently are not affected by the establishment of the new office. Also elected by the General Assembly, his main job is to audit all State accounts.

## HEW Potential

Before becoming Secretary of Defense, Elliot L. Richardson released his final report as Secretary of Health, Education, and Welfare. Dated January 18, 1973, the report is entitled "Responsibility and Responsiveness (II)—A Report on the HEW Potential for the Seventies."

This report is the second by Mr. Richardson on this subject. The first was released in January 1972.

In its 66 pages, this second report provides a well-written, wide-range review of the program and management problems of this huge department which spends a third of the Federal budget. Some excerpts of interest follow.

## Evaluation

We need better methods of measuring performance in order to make meaningful, deci-

sion-oriented evaluation a regular part of program administration. Too often we act like the proverbial drunk searching for keys under a street lamp who, when asked where he lost them responded, "Down there in that dark alley"—and who, when asked why he was not searching in the alley, replied, "Because the light is here at the corner."

In addition to improving the ability to glean "objective" data, we must increase our sensitivity to a special body of "subjective" data—the opinions of HEW's consumers.

\* \* \* \* \*

Aristotle is said to have remarked, "If you want to know how a shoe fits, ask the wearer not the maker." Yet while this rather obvious point has not been lost on the American private sector, it has remained too long unappreciated by the public sector.

If we are to be properly responsive, we can not sensibly look inward without also looking outward—toward those whom it is our responsibility to serve.

**Bureaucratic Labyrinth**

Since 1961, the number of different HEW programs has tripled, and now exceeds 300. 54 of these programs overlap each other; 36 overlap programs of other departments. This almost random proliferation has fostered the development of a ridiculous labyrinth of bureaucracies, regulations and guidelines.

\* \* \* \* \*

In spite of our efforts at administrative simplification, there are 1200 pages of regulations devoted to the administration of these programs with an average of 10 pages of interpretative guidelines for each page of regulations.

\* \* \* \* \*

In general, confusion and contradiction are maximized.

Although studies indicate that more than 85 percent of all HEW clients have multiple problems, that single services provided independently of one another are unlikely to result in changes in clients' dependency status, and that chances are less than 1 in 5 that a client referred from one service to

another will ever get there, the present maze encourages fragmentation.

As an administrative matter, the system is, at best, inefficient. As a creative matter, it is stifling. As an intellectual matter, it is almost incomprehensible. And as a human matter, it is downright cruel.

**Simplification Needed**

*—We must radically simplify our conception of the functions of HEW in order to make comprehensive analysis and administration manageable.*

To this end, I recommend we conceive of HEW—apart from its regulatory responsibilities—as having only three basic functions (to which each of its 300 programs might be assigned): (1) providing financial assistance to individuals; (2) providing financial assistance to States and localities; and (3) building human resources capacity.

**Value of Visual Aids**

The General Government Division's recent study of Federal manpower training programs in the District of Columbia is an outstanding example of the value of visual aids in presenting and explaining complex operations.

Because of the number of such programs and the uncoordinated way in which they evolved, GAO's District Government audit staff developed a highly effective chart presentation. These charts used the overlay technique, which enabled listeners to group the story of uncoordinated growth in short order and convincingly illustrated the need for better coordination and management. The report "Study of Federal Programs for Manpower Services for the Disadvantaged in the District of Columbia" (B-146879, Jan. 30, 1973) includes

five color charts around which the oral presentations were made.

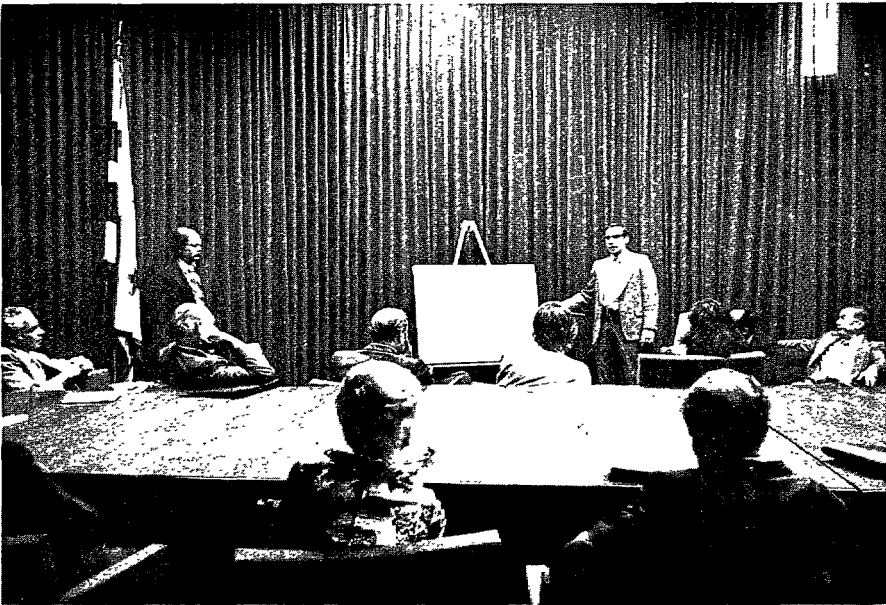
Several presentations were made to interested groups including all District manpower operators and various House and Senate committee staff members.

The presentation was also made to the Mayor of the District in September 1972. This presentation resulted in a charge from the Mayor to his Manpower Advisory Committee—the planning group for manpower programs in the District—to develop a comprehensive plan for providing and coordinating the delivery of manpower services in the District. Subsequently, a task force under the Manpower Advisory Committee was established to develop the plan. The District audit staff worked closely with the task force on the development of the plan, which

was submitted to the Mayor in February 1973.

This experience suggests that GAO staffs should use graphic aids more, not only in formal reports but as a basis for orally presenting complicated findings to congressional and agency officials. Also, by making oral presentations and using graphic aids when necessary, problems are brought to the attention of agency officials sooner and usually result in corrective action before a report is formally issued.

Pictured are *Robert F. Derkits* and *John S. Kalmar* of the District audit staff making an audiovisual presentation of the GAO findings on manpower programs to the Mayor's Manpower Advisory Committee and its subcommittee on September 19, 1972, in the Mayor's Cabinet Room in the District Building.



District of Columbia Manpower Administration Photo

## Commission on Government Procurement Report

The Commission on Government Procurement, established in 1969 to comprehensively study Government procurement policies, procedures, and practices, completed and sent its report to the Congress in December 1972. The Comptroller General was a member of the 12-member Commission.

The full report of the Commission consists of 4 volumes containing 149 recommendations for changes in procurement laws, regulations, and procedures. As described by the Chairman of the Commission, Perkins E. McGuire, the report will be made up as follows:

Volume 1 covers matters that affect all types of procurement—the development of procurement policies, the statutory and regulatory framework, the execution of procurement activities, the procurement work force, funding, cost and profit issues, subcontracting, small business, procurement of professional services, social and economic programs attached to the procurement process, criteria to determine when the Government should supply its own needs or rely on private industry, and other matters.

Volume 2 deals with the Government's acquisition of research and development and of major systems; i.e., large, costly, and generally technologically advanced products such as missiles, transportation networks, or space vehicles.

Volume 3 treats the acquisition of commercial products, construction and

architect-engineer services, and Federal grant assistance programs.

Volume 4 covers the resolution of contract disputes, bid protests, revision of the law governing extraordinary contractual actions (Public Law 85-804), and debarment and suspension procedures for contractors found not complying with various requirements. It also makes recommendations relating to liability for damage to Government property caused by defective products and to liability resulting from a catastrophic accident in connection with a Government program.

Volume 4 also contains recommendations for patents, technical data, and copyrights; for the establishment of a procurement code in the Federal statutes, including consolidation of a number of specific categories of statutes; and for revisions in the truth-in-negotiations and renegotiation statutes.

### Using the Computer as an Ally

In November 1972 the director of the Financial and General Management Studies Division issued a case study entitled "Using the Computer as an Ally (Using Statistical Sampling to Test the Accuracy of Recording Accounting Transactions)." This case study was based on a Washington regional office review of the financial statements of Government Services, Inc.

The study illustrates how the use of a computer, scientific sampling, and regular audit procedures were combined to obtain a more comprehensive review of financial events resulting in greater confidence that financial state-



ments fairly present the financial condition of the audited organization.

In the typical audit of financial statements, the accuracy of bookkeeping is tested by selective analysis of the transactions entered into specific accounts to see that they have been properly categorized. In the review discussed in this case study, the accuracy of bookkeeping was verified by reviewing a statistical sample of all transactions processed for the year to see if these selected transactions had been properly categorized and charged to the appropriate account.

The basic difference of this approach is not statistical sampling, which has been used in auditing for some time; it is that the computer made it possible for the auditor to select a statistical sample from the universe of all transactions processed for the year rather than selecting separate samples of transactions from many individual accounts.

### Use of Time-Sharing Terminals

A 4-day conference was held from January 23 through 26, 1973, primarily for representatives of 7 regional offices participating in the Time-Sharing Pilot Study.

The objective of the study is to determine the advisability of placing terminals in all GAO regional offices. This conference was held to discuss the accomplishments and problems experienced by regional office auditors in applying time-sharing techniques to auditing needs. An auxiliary objective of this conference was to develop a

methodology for a cost-benefit analysis to be used in evaluating the results of the study.

Since October 1972, regional office auditors have been using terminals for a number of audit-related purposes.

- The San Francisco regional office is building and manipulating a data base of audit information developed pursuant to a congressional request for a review of the reports sent to Congress by the executive branch.
- The Kansas City regional office is building and manipulating a data base of audit information developed under its review of Medicare claims and payments.
- The Cincinnati regional office is working with a cost-estimating model with the guidance of the FGMS Division's Systems Analysis Group.
- The Philadelphia regional office is building and working with a data base consisting of census information for each census tract in Philadelphia. This work is being done under a survey of Family Planning Programs.

### GAO Work Described

The January 1973 issue of *Government Executive* contains these two features about GAO's work in Government procurement:

- An interview with the Comptroller General, *Elmer B. Staats*, consisting of 9 far-ranging questions about Government procurement policies and practices.

- An article on the Procurement and Systems Acquisition Division, written by Scot Mac Donald, entitled "New Division of GAO Zeroes in on Procurement." It describes the objectives of the division and some of the major reviews in process and is based on interviews with the Comptroller General; the division's director, *Richard W. Gutmann*; and other officials.

The February issue of the same publication contains an article by the Comptroller General on "Evaluation of Federally Funded Education Programs."

### GAO Report Quoted

GAO's report on "Opportunities to Improve Management of Primate Research Centers Supported by the National Institutes of Health" (B-164031(2), Dec. 5, 1969) was quoted in "Report on the Projected Israeli Laboratory for Production of Conditioned Nonhuman Primates for Science," which is available from Dr. Uri Marinov, Head, Life Sciences Division, National Council for Research and Development, Prime Minister's Office, Hakiryia Building III, Jerusalem, Israel.

## Congressional Control

There should be a mechanism for Congress to—

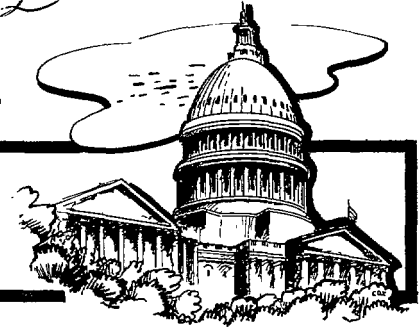
- (a) determine the proper level of expenditures for the coming fiscal year after full consideration of the fiscal, economic, monetary and other factors involved,
- (b) provide an overall ceiling on expenditures and on budget authority for each year, and
- (c) determine the aggregate revenue and debt levels which appropriately should be associated with the expenditure and budget authority limits.

The limitations referred to above should be provided only if Congress also makes provision for a system whereby it can make the decisions on budget priorities that will guide it as to where reductions are to be made in the event that this becomes necessary.

Interim report by the Joint Study  
Committee on Budget Control,  
February 7, 1973

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# HEARINGS *and* LEGISLATION



BY JUDITH HATTER

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

## **Impoundment of Appropriated Funds**

The first law enacted by the newly convened 93d Congress contained a provision that a report on impounded funds to be transmitted by the President to the Congress and the Comptroller General (pursuant to the Federal Impoundment and Information Act, Public Law 92-599, October 27, 1972, 86 Stat. 1325) be submitted not later than February 10, 1973.

Senator Robert C. Byrd offered the amendment specifying a date because the initial law required "that any impoundments made by the executive branch be reported 'promptly' to the Congress but with no interpretation or definition of the word 'promptly'"<sup>1</sup> and at the time of the debate the Congress had received no report.

A report showing budgetary reserves as of January 29, 1973, was transmitted on February 5, 1973, and was printed in the *Congressional Record* beginning on page S2012.

On January 30, 1973, the Comptroller General appeared before the Subcommittee on Separation of Powers of

the Senate Judiciary Committee to discuss Presidential impoundment and 93d, S. 373, introduced by Senator Sam J. Ervin, Jr., of North Carolina, for himself and 45 others, to establish a procedure for congressional approval of impoundments by requiring notification to the Congress and the Comptroller General of impoundments and approval for such impoundments to continue beyond the expiration of 60 calendar days.

The Comptroller General commented on various provisions of the bill and discussed at length the authority of the President to reserve funds under the Antideficiency Act, 31 U.S.C. 665, and the item veto concept. See page 14 of his statement. (Other participants: Messrs. *Dembling, Moore, Masterson, Griffith, and Sperry*)

## **Functions and Duties of the Comptroller General**

Senator Abraham Ribicoff of Connecticut reintroduced his bill to revise and restate certain functions and duties of the Comptroller General. The bill, 93d, S. 460, was referred to the Committee on Government Operations.

Excerpts from the summary included in his remarks on introduction of the

<sup>1</sup> *Congressional Record*, Vol. 119 (January 6, 1973), p. S275.

bill follow.

Title 1. Grants the Comptroller General authority to—

First, analyze legislation before Congress at the request of Members;

Second, audit periodically Federal research, development, construction, and procurement programs; and

Third, employ additional personnel to carry out his new responsibilities.

\* \* \* \* \*

Titles 3 and 4. Amend the audit requirements for Government corporations and revolving funds to specify that they be audited at least once every three years.

Title 6. Grants GAO subpoena power over the records of contractors it is otherwise entitled to review and provides for the enforcement of subpoenas.

Title 7. Provides that where the Comptroller General and the Attorney General differ as to the legality of a certain Federal expenditure, the Comptroller General may bring suit in court, unless Congress disapproves such action, to represent his own position and seek a resolution of the dispute.

Title 8. Provides for the review by the GAO of nonappropriated fund activities within the executive branch of the Government.<sup>2</sup>

### Congressional Oversight

Congressman Ogden R. Reid of New York introduced 93d, H.R. 2403, the Congressional Oversight Act of 1973, to insure that the President obtains proper congressional authority for any program or action.

A new Office of Budget and Expenditure Oversight in the General Accounting Office would be empowered with the authority to revoke spending authorizations should the President undertake actions not consistent with the express intent of the

<sup>2</sup> *Congressional Record*, Vol. 119 (January 18, 1973), p. S948.

Congress.

The Congressional Budget Control and Oversight Improvement Act, 93d, S. 758, introduced by Senator J. Glenn Beall, Jr., of Maryland, is designed, among other things, to strengthen and improve the legislative oversight role of the Congress as contemplated by the Legislative Reorganization Act of 1970.

To provide a method for achieving this goal, each standing committee of the House and Senate is to establish a Subcommittee on Legislative Review.

If evaluation work on a particular subject is not done by the new subcommittee or an already established subcommittee with responsibility in that area, once every 5 years the General Accounting Office would be required to make a study and report its results to the Congress.

### Housing Subsidy Programs

On December 4, 1972, the Comptroller General presented a statement before the Subcommittee on Priorities and Economy in Government of the Joint Economic Committee at hearings on opportunities to improve effectiveness and reduce costs of housing subsidy programs administered by the Federal Housing Administration of the Department of Housing and Urban Development and by the Farmers Home Administration.

The Comptroller General discussed the results of two recent GAO reviews of the homeownership assistance programs and the rental assistance program. (Other participants: Messrs. *Eschwege, Birkle, and Rohrer*)

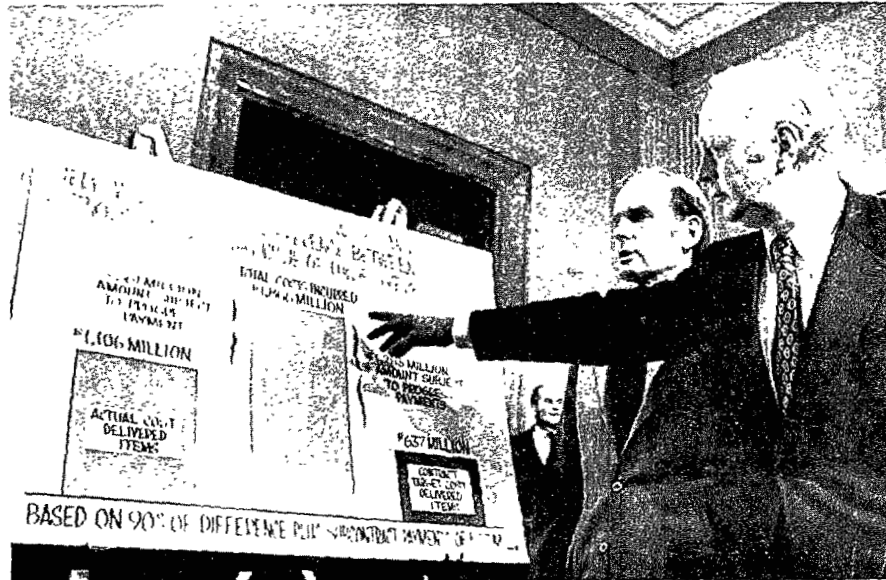
**C-5 Aircraft Program**

The Comptroller General testified on December 18, 1972, before the Subcommittee on Priorities and Economy in Government of the Joint Economic Committee on five topics: (1) investigation into allegations concerning Lockheed's management of the C-5 aircraft program, (2) progress payments practices on the C-5 aircraft program, (3) assessment of Army "should-cost" studies, (4) review of implementation of the Emergency Loan Guarantee Act (Public Law 92-70), and (5) status of shipbuilding claims. (Other participants: Messrs. Keller, Morris, Gutmann, Bell, Moran, Hammond, Chemery, Horan, Wolin, Stafford, Dorney, and Fitzgerald)

**Government Contract Cost Overruns**

Congressman Frank Annunzio of Illinois introduced a bill, 93d, H. R. 263, which amends the Legislative Reorganization Act of 1946 to require the Comptroller General to report annually to the Congress concerning price increases in Government contracts and the failure to meet completion dates where the price was increased 10 percent in excess of the estimated price or the contract was completed more than 6 months after the estimated completion date.

An annual examination by the General Accounting Office of contracts of each agency in the executive branch would be required.



UPI Photo

The Comptroller General, Elmer B. Staats, explains the complexities of progress payment practices on the C-5A aircraft to Senator William Proxmire, Chairman of the Joint Economic Committee, during hearings on December 18, 1972.

**Baltas E. Birkle**



Baltas E. Birkle was designated an associate director in the Resources and Economic Development Division, effective September 17, 1972. In this position he is responsible for audit assignments involving housing programs of the Department of Housing and Urban Development.

Mr. Birkle attended the University of Maryland, receiving his Bachelor of Science degree with a major in accounting in 1951 and his Master of Arts degree with a major in economics in 1953.

He served in the U.S. Navy from 1953 to 1956 and joined the General Accounting Office in 1956.

Since coming to GAO, Mr. Birkle has had widely diverse audit assignments, which included the Department of the Interior, the Tennessee Valley Authority, the U.S. Postal Service, the National Aeronautics and Space Administration, the General Services Administration, the Veterans Administration, and the Department of Housing and Urban Development. In addition, he served 2 years on the former Accounting and Auditing Policy Staff.

In 1964 Mr. Birkle attended the Program for Management Development at the Harvard business school. He received the GAO Career Development Award in 1968.

Mr. Birkle is a CPA (Maryland) and a member of the American Institute of CPAs and the District of Columbia Institute of CPAs.



**Frank P. Chemery**

Frank P. Chemery was designated associate director of the Procurement and Systems Acquisition Division, effective September 17, 1972. In this capacity he is in charge of planning PSAD operations for the General Procurement Subdivision, which is responsible for Government-wide review and evaluation of Federal procurement.

In 1953 Mr. Chemery joined GAO as a member of the Philadelphia regional office. He transferred to the Defense Division in Washington, D.C., in 1956. In 1965 he was designated assistant director of the Defense Accounting and Auditing Division, and in August 1971 he was designated assistant director in charge of special projects for the Defense Division.

Mr. Chemery received his Bachelor of Business Administration degree from St. John's University. He is a graduate of the National War College, a top-level interservice school for selected senior military officers and civilian career officials, and he received a Master of Science degree in international affairs from The George Washington University. He is a certified public accountant in the District of Columbia and is a member of the American Institute of CPAs, the District of Columbia Institute of CPAs, the Society for Advancement of Management, the American Management Association, and the Federal Government Accountants Association.

**Harry F. Coffman**



Harry F. Coffman was designated an assistant director in the General Government Division, effective October 29, 1972.

Mr. Coffman, assigned to the Department of the Treasury, is responsible for the audit of the Internal Revenue Service. His experience in the General Accounting Office includes assignments at the Department of Housing and Urban Development, the Department of Labor, the Department of the Interior, the Corps of Engineers, and the Department of Agriculture.

Mr. Coffman served in the U.S. Army from 1954 to 1956. He joined GAO in 1959 after receiving a Bachelor of Science degree in business administration with a major in accounting from West Virginia University. Mr. Coffman is a certified public accountant (West Virginia) and a member of the National Association of Accountants, the American Institute of CPAs, and the District of Columbia Institute of CPAs, in which he is a member of the Taxation Committee.

Mr. Coffman received the GAO Meritorious Service Award in 1970.





**Howard G. Cohen**

Howard G. Cohen was designated assistant manager in the Washington regional office, effective November 12, 1972.

Mr. Cohen joined the General Accounting Office in 1956 and served in the Civil Accounting and Auditing Division until he entered military service with the U.S. Army in 1957. After completion of his tour of duty, he joined the New York regional office in 1959 and served there until 1962 when he transferred to the Boston regional office.

Mr. Cohen received a Bachelor of Science degree in accounting from the University of Connecticut and completed the Program of Management Development at the Harvard University Graduate School of Business Administration in 1966. In 1971 he participated in The Brookings Institution and the U.S. Civil Service Commission sponsored Intergovernmental Affairs Fellowship Program studying the impact of grants-in-aid at the State and local levels of government.

Mr. Cohen is an active member of the Federal Government Accountants Association, having served in several offices including president of the Hartford chapter and national vice president of the northeastern region. For several years he has been a part-time instructor at the University of Connecticut.

**Brian P. Crowley**



Brian P. Crowley was designated an assistant director in the Resources and Economic Development Division, effective October 29, 1972.

Mr. Crowley, assigned to the audit of the Environmental Protection Agency, is responsible for the audits of the air and water pollution control programs. Mr. Crowley's experience in the General Accounting Office includes assignments at the Coast Guard; the Veterans Administration; the Legislative Branch, Capitol Accounts; the Federal Housing Administration; the District of Columbia Government; and the General Services Administration.

He graduated *cum laude* from Fairfield University in Connecticut in 1962 and received a Bachelor of Business Administration degree in accounting. He is a certified public accountant (Virginia) and a member of the American Institute of Certified Public Accountants and the National Association of Accountants.

Mr. Crowley received the Wall Street Journal Award (1962) for scholastic achievement, the Virginia Society of Certified Public Accountants Gold Medal Award (1964), and the GAO Career Development Award (1970). In 1971 he participated in the Brookings Institution Intergovernmental Affairs Fellowship Program.



**Seymour Efros**

Seymour Efros was designated an assistant general counsel in the Office of the General Counsel in September 1972.

Mr. Efros graduated *cum laude* from City University of New York in 1952, majoring in accounting. He attended Harvard Law School from 1952 to 1955 and served in the U.S. Army from 1956 to 1958. He joined the General Accounting Office in March 1959 and has had varied experience in procurement law. He has spoken before numerous professional groups on procurement law matters.

Mr. Efros is a member of the New York Bar Association.

**Jack L. Green**



Jack L. Green was appointed an assistant director in the Financial and General Management Studies Division, effective December 10, 1972. He has been assigned to the Office of Administrative Planning and Services as project leader with responsibility to update, automate, and integrate the General Accounting Office internal planning, budgeting, and accounting systems.

Since 1959 and prior to joining GAO, Mr. Green served with the Forest Service, U.S. Department of Agriculture. He participated in the design of the Forest Service accounting system and served on several Department of Agriculture task forces concerned with the design of centralized departmental payment and accounting centers. His Forest Service assignments included forest administrative assistant, regional budget analyst, industrial cost accountant, systems accountant, and systems branch chief.

Mr. Green received a B.S. degree in accounting from Brigham Young University in 1962. In 1966 he completed a year's graduate study in public administration at the University of Southern California.



**Albert M. Hair, Jr.**

Albert M. Hair, Jr., has been designated assistant director-in-charge of the General Government Division's Intergovernmental Relations and Revenue Sharing Unit.

Mr. Hair brings to the General Accounting Office broad experience in local government and private business. Over a period of 15 years he has served as city manager of Alexandria, Virginia; county manager of Charleston County, South Carolina; and assistant city manager of Anaheim, California. He has also served as general manager of one of the Nation's largest residential real estate firms.

Mr. Hair received a Bachelor of Science degree from the College of Charleston in 1951 and subsequently spent about 2 years in the U.S. Navy as a legal officer. He also completed coursework for a Master's degree in Public Administration at the University of Southern California.

Mr. Hair has been active in numerous professional organizations, such as the International City Management Association, the American Society for Public Administration, and the National Association of County Administrators. He has served on the New Communities Advisory Committee to the Secretary of HUD, the Advisory Committee to the Secretary of HUD on Departmental Organization, and numerous committees on State government in South Carolina and Virginia.

**James T. Hall**



James T. Hall was designated an associate director in the Federal Personnel and Compensation Division, effective September 17, 1972. In this position he is responsible for review and evaluation relating to training and education, personnel management, and compensation of the Federal work force.

Mr. Hall has a Bachelor of Science degree in accounting from the University of Southern California. He also attended the University of Idaho. In 1962 he completed the Executive Development Program at Stanford University. He is a CPA (California) and a member of the American Institute of CPAs, the California Society of CPAs, and the Federal Government Accountants Association.

He first joined the staff of the General Accounting Office in 1952. Mr. Hall accepted a position with the Department of the Interior in April 1968. Prior to holding this position he was responsible for the planning and direction of GAO work in the Department of the Interior.

At the Department of the Interior, Mr. Hall was the director of survey and review—responsible at the departmental level for contract policies, contract review, financial policies and systems, investigations, auditing, automatic data processing policies and applications, ethical compliance, and related activities.



**John J. Higgins**

John J. Higgins was designated an assistant general counsel (General Government Matters) in the Office of the General Counsel effective November 11, 1972.

Mr. Higgins attended The George Washington University in 1947 and received a Special Certificate in Law from Columbus University (now merged with Catholic University) in 1951. He was admitted to the Bar of the District of Columbia in 1952 and is a member of the Federal Bar Association.

Mr. Higgins entered the Federal service on August 26, 1940, with the Federal Bureau of Investigation and served mostly in the Identification Division. He began his General Accounting Office service in September 1952 as an attorney in the Office of the General Counsel and was designated a deputy assistant general counsel on April 5, 1970. He received the GAO Meritorious Service Award in 1963, 1966, 1968, and 1970.



**William W. Parsons**

William W. Parsons was appointed special consultant to the Comptroller General, effective December 4, 1972. Mr. Parsons will undertake special assignments for the Comptroller General and his top staff, working out of the San Francisco regional office.

Mr. Parsons served in the Bureau of the Budget and the Treasury Department during the 1940s. From 1950 to 1959 Mr. Parsons was the Administrative Assistant Secretary of the Treasury, and from 1959 to 1970 he was vice president of the System Development Corporation, Santa Monica, California. From 1970 to the present he was vice president for business affairs for the University of Hawaii.

A native of Los Angeles, Mr. Parsons was graduated from the University of Southern California with a B.S. degree in business administration. He later received a Master's degree in public administration from Syracuse University and holds an honorary Doctor of Laws degree from Southeastern University.

In 1969 Syracuse University honored Mr. Parsons with the Maxwell Distinguished Service Award for outstanding contributions to public administration.

Mr. Parsons has been active in the American Society for Public Administration, having served as president of the Washington chapter, as national vice president, and as national president. He is a founding member of the National Academy of Public Administration and served as a member of the Academy's executive committee.





**Robert A. Peterson**

Robert A. Peterson was designated an assistant director in the General Government Division, effective October 29, 1972. In this position he is responsible for the audits of seven independent regulatory agencies.

Mr. Peterson has had diverse experience with the General Accounting Office including assignments at the Department of Housing and Urban Development, the Department of State, the Department of the Interior, and the National Aeronautics and Space Administration.

Mr. Peterson joined GAO in 1964 after receiving a Bachelor of Science degree in business administration from the University of South Carolina. He received a Master of Science degree in financial management from the George Washington University in 1971. He is a certified public accountant (Virginia) and a member of the American Institute of CPAs and the Washington Chapter of the National Association of Accountants. He also serves on the faculty of the Department of Agriculture Graduate School.

Mr. Peterson received the GAO Meritorious Service Award in 1966 and the GAO Career Development Award in 1970.

**Paul Shnitzer**



Paul Shnitzer was designated an associate general counsel in the Office of the General Counsel, effective November 26, 1972.

Mr. Shnitzer served in the U.S. Army Air Corps from 1943 to 1946. In 1948 he received a B.A. degree from Upsala College, and during 1948-49 he completed a year of graduate work at the Maxwell School of Citizenship and Public Affairs, Syracuse University. On June 4, 1954, he received a J.D. degree from The George Washington University. He attended the Judge Advocate General's School in Charlottesville, Virginia, in 1955.

Mr. Shnitzer entered civilian Government service in 1949 as a junior management assistant, serving with the Air Force until joining GAO on November 8, 1954, as an attorney in the Office of the General Counsel. He received the GAO Meritorious Service Award in 1961 and 1963.

In 1954 he was admitted to the District of Columbia Bar. He has written a number of articles and has lectured extensively on Federal procurement matters. He is coauthor of the second edition of West's Federal Practice Manual and is currently the deputy chairman of the Federal Bar Association's Government Contracts Council and the editor of the *Public Contract Newsletter* published by the American Bar Association. He has also served as a member of the House Office Building Commission Contract Appeals Board.



**Carmen E. Smarrelli**

Carmen E. Smarrelli was designated assistant director in the Logistics and Communications Division, effective November 26, 1972. In this capacity he is responsible for audits of logistics support services such as industrial preparedness, Government printing, food services, public affairs, and industrial plant equipment.

Mr. Smarrelli served in the U.S. Army from 1944 to 1946. He is a graduate of the Robert Morris School of Accountancy. Prior to joining the General Accounting Office in 1957, he was employed by the Internal Revenue Service. He also was in public accounting from 1948 to 1956.

Since joining GAO, Mr. Smarrelli has had a wide variety of assignments and responsibilities in the Dayton regional office, Dayton, Ohio, and with the Defense Division in Washington, D.C.

He is a CPA (Ohio) and he is a member of the Ohio Society of Certified Public Accountants and the Federal Government Accountants Association.

**Frederic H. Smith**

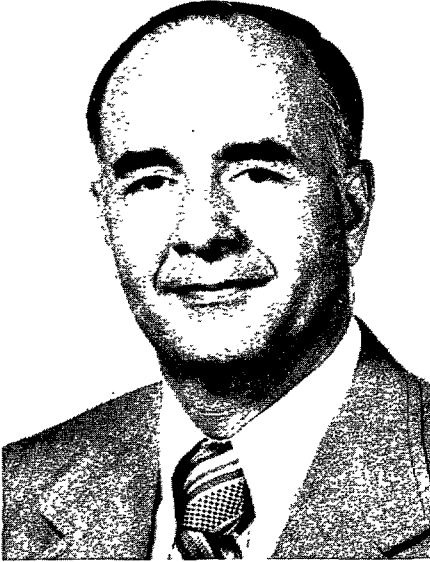


Frederic H. Smith, deputy director of the Financial and General Management Studies Division, retired from active service in the General Accounting Office on January 19, 1973, after 33 years of Federal service.

Mr. Smith joined GAO in 1946 as a member of the staff of the newly formed Corporation Audits Division. His first major assignment was to supervise the audit of the Defense Supplies Corporation, a subsidiary of the Reconstruction Finance Corporation. In August 1949 he was made an assistant director of audits. In July 1956 he became associate director in the former Division of Audits and continued to serve in that capacity in the former Accounting and Auditing Policy Staff until November 1959 when he was designated deputy director.

Mr. Smith is a native of Kansas City, Missouri. He attended the University of Missouri and studied accounting at the Kansas City College of Commerce. He is a CPA (Missouri and Iowa) and practiced public accounting in Kansas City and St. Louis for about 20 years prior to World War II. For several years during this time, he was a partner in a local firm of certified public accountants. He served in the Navy during World War II, from 1941 to 1946, as budget officer for the Naval Communication Service.

Mr. Smith was the GAO representative on the steering committee of the Joint Financial Management Improvement Program for 10 years (1962-71). In 1968 he received the GAO Distinguished Service Award. He is a member of the American Institute of CPAs, the District of Columbia Institute of CPAs, the Missouri Society of CPAs, the Federal Government Accountants Association, the National Association of Accountants, and the American Accounting Association.



**George P. Sotos**

George P. Sotos was designated assistant director for automatic data processing, Financial and General Management Studies Division, effective September 11, 1972, with basic responsibilities in the education and training areas.

As a captain in the U.S. Navy, Mr. Sotos was an assistant deputy director in the Defense Communications Agency from 1965 to 1970. In that capacity, he had systems analysis, planning, design, and financial management responsibilities for the automatic data processing component of the National Military Command System used by the Joint Chiefs of Staff. For the 22 months immediately prior to his joining the General Accounting Office, he was director of the Department of Defense Computer Institute, Washington, D.C.

Mr. Sotos is a graduate of the Naval War College. He has a Bachelor of Science degree in business administration from The George Washington University and is currently a candidate for a Master's degree in business administration.

Mr. Sotos is a member of the Association for Systems Management.

**James N. Stafford**



James N. Stafford was designated an assistant director of the Procurement and Systems Acquisition Division, effective December 24, 1972. In this capacity he is responsible for planning, programming, and directing reviews of procurement-related functions of assigned agencies.

Mr. Stafford graduated *cum laude* with a Bachelor of Business Administration degree in accounting from Midwestern University, Wichita Falls, Texas. Since joining the General Accounting Office in 1961, he has had responsibilities in a wide variety of assignments in Defense, International, and Procurement and Systems Acquisition Divisions.

Mr. Stafford is a certified public accountant (Texas) and a member of the American Institute of CPAs and the Texas Society of CPAs.



**Robert M. Strong**

Robert M. Strong was designated deputy assistant general counsel, procurement law, in the Office of the General Counsel, effective October 22, 1972.

Mr. Strong attended The American University and received his LL.B degree in 1961 from the School of Law of the University of Missouri. Prior to joining GAO, he was engaged in private law practice in Missouri.

In 1964 he joined the General Accounting Office and was assigned to contract work in the Office of the General Counsel. He attended the Judge Advocate General's School, Procurement Law Division, in 1965. He received letters of commendation from the Office of Staff Management for conducting the law sessions of CPA courses from 1966-68. In 1971 he was designated senior attorney in the Office of the General Counsel.

**Donald J. Vande Sand**



Donald J. Vande Sand was designated an assistant director in the Resources and Economic Development Division, effective October 29, 1972. He is assigned to the audit of the Department of Agriculture with responsibility for the reporting phase of assignments carried out by the audit group.

Mr. Vande Sand joined GAO in 1961, after receiving a Bachelor of Business Education degree from Wisconsin State College, Whitewater. He was a member of the Air Force Reserve from 1962 to 1968. He is a CPA (Virginia) and a member of the American Institute of CPAs.

Mr. Vande Sand received GAO Superior Performance Awards in 1962 and 1966 and the Career Development Award in 1971. He attended the Brookings Institution Intergovernmental Affairs Fellowship Program from December 1969 to March 1970.





**Earl M. Wysong, Jr.**

Earl M. Wysong, Jr., was designated assistant director for financial management in the Financial and General Management Studies Division, effective October 29, 1972. In this position he is responsible for the review and approval of the automatic data processing aspects of Federal agencies' financial management systems.

Mr. Wysong came to the General Accounting Office in August 1962 after service as a pilot in the Air Force. He also worked for Eastern Air Lines as an accountant. His assignments with GAO began in the Defense Division until his transfer to the Office of Policy and Special Studies in January 1970. He transferred to his present division upon its establishment in July 1971. For 2 years he was on loan to the Civil Service Commission where he participated in the development and instruction of the ADP course for auditors.

Mr. Wysong received his Doctor's and Master's degrees from The George Washington University and his undergraduate degree from Eastern Washington State College. He is also a CPA (Maryland).

He is a frequent contributor to *The GAO Review* and received the "Best Article" award in 1968. Other GAO awards include the Career Development Award in 1967 and the Meritorious Service Award in 1965. He is listed in *Who's Who in Computers and Data Processing*. Mr. Wysong is a member of the American Institute of CPAs, the District of Columbia Institute of CPAs, the Federal Government Accountants Association, the American Accounting Association, the Academy of Management, the Association for Systems Management, the Society for Management Information Systems, and the Society for General Systems Research.

**Irving Zuckerman**



Irving Zuckerman, assistant director, Division of Financial and General Management Studies, retired from the General Accounting Office on January 19, 1973, after over 31 years of Federal service. He began his career with GAO in 1951 in the Accounting Systems Division. Prior to this he was employed by the Department of Defense and served in the U.S. Army from 1944 to 1945.

During his career at GAO, Mr. Zuckerman spent many years on GAO's staff at the Pentagon. At the time of his retirement the Assistant Secretary of Defense (Comptroller), Robert C. Moot, forwarded a letter to the Comptroller General expressing his appreciation for Mr. Zuckerman's invaluable assistance to the Department. Mr. Moot stated in his letter that Mr. Zuckerman, through his advice and counsel, had made a lasting and significant impact on the financial management improvement programs of the Department.

Mr. Zuckerman received the GAO Meritorious Service Award in 1960 and has received outstanding performance ratings and letters of commendation several times in his career with GAO. He is a member of the Federal Government Accountants Association.

# PROFESSIONAL ACTIVITIES

## Office of the Comptroller General

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

Rockefeller Public Service Awards Program Luncheon, Washington, D.C., on behalf of the 150 Rockefeller Public Service Award winners, 1952-72, "Twenty Years of Rockefeller Public Service Awards," December 6.

Washington Chapter of the National Security Industrial Association, on the work of the Cost Accounting Standards Board, December 14.

National War College, Washington, D.C., on General Accounting Office activities in the national security area, December 18.

Civil Service Commission's ceremony commemorating the 90th anniversary of the Civil Service Act, Washington, D.C., on "The Public Service—90 Years Later," January 16.

National Capital Area Chapter, American Society for Public Administration, Washington, D.C., on "Evaluating the Effectiveness of Federal Social Programs," January 17.

The American University Student Chapter of the Association for Com-

puting Machinery, Washington, D.C., on "Management Information System Needs—An Overview," February 8.

The following articles were recently published by the Comptroller General.

"A Perspective on Intergovernmental Fiscal Relations," in *State Government*, Winter 1973.

"Auditing the Federal Funds," in *Public Management*, January 1973.

"Objectives of the General Accounting Office," in *The GAO Review*, Winter 1973.

"Weighing Comparability in Federal Pay," in the Tax Foundation's *Tax Review*, January 1973.

"The Public Service—90 Years Later," (address on January 16 at Civil Service Commission ceremony) in the *Congressional Record*, January 20.

"Public Confidence in Government and the Need for Accountability," (address on October 5, 1972, before the Executives' Club of Chicago) in *The Conference Board Record*, January 1973.

"The Relationship of Budgeting, Program Planning, and Evaluation" from *The GAO Review*, Winter 1970, published as chapter 12 of the Harper & Row book, "Accounting: Socially Responsible and Socially Relevant," edited by Richard G. J.

Vangermeersch, assistant professor of accounting, University of Rhode Island, 1972.

*E. H. Morse, Jr.*, Assistant Comptroller General, has been appointed a member of the Financial Accounting Standards Advisory Council of the Financial Accounting Foundation.

Mr. Morse has an article entitled "Comments on Survey of Attitudes of Management Auditing" in the January 1973 issue of *The Accounting Review*.

*Thomas D. Morris*, Assistant Comptroller General, led a discussion on "How GAO Operates" at a December 6 luncheon meeting of the Executive Associates of the Los Angeles Chapter, National Security Industrial Association.

Mr. Morris participated in workshops sponsored by the President's Advisory Council on Management Improvement at Airlie House, Virginia, on February 4-6. The topic was "Process Control in a Service Industry: The Federal Potential."

*A. T. Samuelson*, Assistant Comptroller General, spoke on "The General Accounting Office—Watchdog for the Congress" before the Wilmington, North Carolina, Chapter, National Associations of Accountants, February 15.

### Office of the General Counsel

*Paul G. Dembling*, general counsel:

Addressed the Procurement and Finance Council, Aerospace Industries Association of America on "Recent Developments in Contract Award Protest Cases" at Washington, D.C., December 12.

Addressed the Executive Committee, National Security Industrial Association, on "Trends in Bid Protest Cases" at Washington, D.C., December 13.

Addressed the American Bar Association Fidelity and Surety Committee meeting on "GAO's Study of the Application of the Government's Policy on Self-Insurance" at New York City, January 26.

*Milton J. Socolar*, deputy general counsel, spoke before the Institute for New Government Attorneys sponsored by the Civil Service Commission on "Controlling Agency Policies and Programs" at Washington, D.C., February 7.

*Paul Shnitzer*, associate general counsel, spoke before the Briefing Conference on Government Contracts sponsored by the Bureau of National Affairs and the Federal Bar Association on "GAO Bid Protests" at New Orleans, December 5 and 6.

### Office of Legislative Liaison

*Roger L. Sperry* addressed the Civil Service Commission's Institute in the Legislative Function on February 1 on "Congressional Operations: The Role of the General Accounting Office."

### Office of Federal Elections

*Phillip S. Hughes*, director, was guest speaker at a joint luncheon meeting of the Capitol Hill and Pentagon Chapters of the Federal Bar Association on December 12. The topic of his speech: "The Federal Election Campaign Act of 1970."

*L. Fred Thompson*, deputy director:

Spoke on "The Role of the GAO as Clearinghouse of Information on the Administration of Elections," before The National Association of Secretaries of State at New Orleans Conference, February 1.

Spoke on "The Administration of the Federal Election Campaign Act, 1971" before Kappa Beta Pi Legal Sorority (International) at the National Lawyers Club, Washington, D.C., February 6.

### Office of Personnel Management

*Leo Herbert*, director:

Spoke before the meeting of the Southern Association of Business Schools at the Washington Hilton Hotel, November 8. He addressed the association on "Educating for Business and Public Management."

Spoke before the National Association of Accountants on "Accounting Training Programs" at a seminar, Washington University Faculty Club, November 15.

Spoke on "The Role of the University in Educating for Public Accountability" at the Accounting Conference of the University of Southwestern Louisiana, December 5.

*Harold Fine*, staff manager, spoke to the Colorado State Audit Group, November 27-30, on "Effectiveness Audits and Communication."

### Federal Personnel and Compensation Division

*Joseph J. Kline*, assistant director,

spoke before Moravian College students on how GAO conducts audits of Government activities, January 22 and 23.

*Donald G. Boegehold*, assistant director, spoke before the Washington Chapter of the National Association of Accountants on November 15 on "Lease or Buy Decisions."

### Financial and General Management Studies Division

*D. L. Scantlebury*, director, spoke at the Eighth Annual New Mexico Accounting and Management Seminar which was held in Albuquerque on November 17. Mr. Scantlebury's topic was the Government audit standards issued by the General Accounting Office in June.

*Edward J. Mahoney*, deputy director for automatic data processing, spoke before the Fall Joint Computer Conference on December 6 and presented a white paper on "Can Concepts Be Identified to Enhance the Productivity of Automatic Data Processing Systems?"

*Harry C. Kensky*, associate director:

Accepted a position as assistant professorial lecturer in accounting in the evening program of the College of General Studies, The George Washington University, for the semester starting in January.

Conducted a study as chairman, Ad Hoc Committee, Federal Government Accountants Association, on the Association's Annual National Symposium dates. He is also a member of the 22d Annual National

Symposium Committee, participating in the formulation of the plenary session programs for the Symposium to be held June 13-15.

*Mortimer A. Dittenhofer*, assistant director, was a panel speaker at a 3-day seminar on "New Challenges in Financial Management for State and Local Government Officials," sponsored by the American Management Association in New York City from January 31 to February 2. His topic was "Implications of the New GAO Audit Standards for the Government Auditor and the Independent Accountant."

*Robert Farabaugh*, assistant director, hosted a seminar on January 17, entitled "Systems Analysis Support to Auditors and Management Analysts" at the monthly meeting of The Washington Chapter of the National Accounting Association.

*Earl M. Wyson, Jr.*, assistant director, conducted a training session for employees of the Department of Health, Education, and Welfare on internal controls for automated payroll systems on February 1.

*Rodney E. Espe*, audit manager:

Spoke on "Audit Standards for Governments" as the dinner speaker at the 1972 Legislative Conference of the National Society of Public Accountants held in Dallas, Texas, on December 1. Highlights from the Conference were published in the January issue of *The National Public Accountant*, and the complete text of Mr. Espe's presentation is being published in the February issue.

Spoke on Government audit standards to a group of councilmen, mayors, city managers, and financial administrators from the state of Oklahoma in Oklahoma City on January 22.

Spoke to members of the Oklahoma State Society of Certified Public Accountants in Oklahoma City on January 22. His topic was "The Audit Standards and Their Impact on the Practicing CPA."

*Dennis R. Chastain*, computer systems analyst, spoke on October 19 to the Federal Government's Computer Performance Evaluation Users Group on "GAO's Activities Concerning Computer Performance Monitors."

#### **Regional Conference on Audit Standards**

The Financial and General Management Studies Division, assisted by respective regional offices of the Field Operations Division, conducted a series of 2-day conferences on the development and impact of the audit standards for governmental operations issued in June 1972 by the Comptroller General. The conferences were attended by personnel from units of State and local governments, regional offices of Federal agencies and practicing CPAs. Between 5,000 and 6,000 people attended the conferences held in Denver, Kansas City, and Atlanta in November; in Philadelphia, New York City, and Boston in December; and in San Francisco, Seattle, and Chicago in January.

Presentations at these conferences were made by: *Mortimer A. Dittenho-*

*fer*, assistant director; *Rodney E. Espe*, audit manager; and *Ralph Guokas*, supervisory auditor, from the Intergovernmental Audit Standards Group; and *James L. Hedrick*, assistant director; *James P. Wright*, operations research analyst; and *Heber D. Bowland*, operations research analyst, from the Systems Analysis Group. Presentations were also made by staff members from some of the regional offices involved, particularly the San Francisco and Seattle regional offices. These regional participants are identified in the Field Operations Division section.

### General Government Division

*Thomas M. Kalinyak*, supervisory auditor, was admitted to the Pennsylvania State Bar on November 8.

### International Division

*James Kurihara*, assistant director, and *Joseph Ferri*, audit manager, together with *Larry Peters* and *Charles Novak* of the Seattle regional office, participated as panel members of the International Engineering Workshop Seminar of the Consulting Engineers Council of the United States at the International Club in Washington, D.C., on January 23. They discussed the role of GAO in reviews of international trade, with emphasis on means of increasing involvement of United States firms in major development projects overseas.

*Edward Gale*y, audit manager, and *James R. Darlington*, supervisory audi-

tor, spoke on January 31 on the role and functions of GAO at the basic administrative course conducted by the Foreign Service Institute for State Department personnel.

*Joseph DiGiorgio*, assistant director, a member of the AICPA Subcommittee on the Effect of EDP on Audit Practice, participated in the semiannual conference of the AICPA's Computer and Information Systems Committee held in Ft. Lauderdale, Florida, February 1 and 2.

### Logistics and Communications Division

*B. W. Sewell*, assistant director, addressed a meeting of assistant regional directors for surplus property utilization at the invitation of the HEW Washington Director's Office on February 12. Mr. Sewell informed the officials of GAO's role and potential use of the audit as a management tool. *Gerald L. Payne* and *James R. Reifsnnyder* also participated in the program.

### Manpower and Welfare Division

*Gregory J. Ahart*, director, was appointed to the Committee on Accounting for Corporate Social Performance of the National Association of Accountants.

Mr. Ahart and *James D. Martin*, assistant director, and *Robert Tice*, supervisory auditor, gave briefings and participated in a question and answer

period December 19, before the Association of Health Care Administrators of the National Capital Area on the results of the GAO study on the cost of constructing health facilities.

*Harold L. Stugart*, assistant director, was honored by the Washington Chapter, National Association of Accountants at its November meeting as one of the top 10 members during chapter year 1971-1972. He is serving as the Chapter's director of professional development for chapter year 1972-1973.

### **Procurement and Systems Acquisition Division**

*John G. Barmby*, assistant director of the operations research analysis staff, presented the Summary of General Sessions at the 30th Military Operations Research Symposium held December 12-14 at Fort Lee, Virginia. The Summary was published in the "Proceedings" of the 30th MORS as a part of the closing general session. *Charles A. Kezar*, operations research analyst, presented a paper at the 30th MORS entitled "Management Indicators and the Measurement of Air Force Support Performance."

*Donald E. Day*, assistant director, spoke at the annual joint conference of the Greater Philadelphia Chapter of the National Contract Management Association and the Philadelphia Chapter of the Federal Government Accountants Association on November 28. His subject was "Acquisitions and Cost Estimating."

### **Resources and Economic Development Division**

*J. Dexter Peach*, assistant director, participated in the Brookings Institution Conference on Business in Contemporary Society in San Francisco, California, February 4-9.

### **Transportation and Claims Division**

*T. E. Sullivan*, director, and *Lowell W. James*, supervisory management auditor, attended the meeting of the Government Liaison Subcommittee of the Association of American Railroads in San Francisco, California, December 11 and 12. They discussed Public Law 92-550, approved October 25, 1972, and problems of mutual concern regarding the requirements and responsibilities in preparing for the cutover to new procedures governing the handling of Government bills of lading, effective July 1, 1973.

*T. E. Sullivan* and *Lowell W. James* attended the Revenue Accounting Committee of the Association of American Railroads, Mobile, Alabama, February 14-16. They addressed the Committee regarding the new procedures on the handling of Government bills of lading, effective July 1, 1973, and discussed problems of mutual concern in the settlement of rail carriers' accounts with the Government.

*Gregory R. Donnellon*, management auditor, attended the University of Wisconsin Seminar on Transportation Costing and Pricing at Madison, Wisconsin, December 11 and 12. Mr. Don-



nellon also participated in the Transportation Management Program at Harriman Campus, Columbia University Graduate School of Business, Arden, New York, February 4-8.

*W. F. McDade*, supervisory transportation specialist, participated in the seminar on Management of Organizations held at the Executive Seminar Center, Kings Point, New York, January 7-19.

### Field Operations Division

*Louis Lucas*, assistant regional manager, Boston, was the guest speaker at the January 1973 meeting of the New England Chapter of the Institute of Internal Auditors. His subject was "Operational Auditing Updated and Recent Trends in Program Auditing."

*Robert W. Hanlon*, regional manager, Cincinnati, served as a guest lecturer at the Public Program Management Seminar sponsored by the Civil Service Commission's Executive Seminar Center at Oak Ridge, Tennessee, on January 18. The topic of his discussion was "The Role of GAO in Program Management."

*Elmer Taylor, Jr.*, assistant regional manager, Cincinnati, addressed the Cincinnati and Indianapolis Chapters of FGAA on various activities underway and planned by the FGAA National Office. Mr. Taylor also spoke at the Advanced Officer Finance Course at the U.S. Army Finance Support Agency on January 31 on the relationship of GAO to the Army Finance Manager.

*Walter C. Herrmann, Jr.*, assistant

regional manager, Cincinnati, completed requirements for an MBA degree from Xavier University, Cincinnati, Ohio, in December.

*David P. Wilton*, assistant regional manager, Cincinnati, addressed the Ohio State University Accounting Association on January 16 on career opportunities with GAO.

*Daniel V. Loesch*, auditor in charge, Indianapolis, spoke to the Evansville, Indiana, CPA organization at its weekly breakfast meeting November 27.

*Ronald A. Vieregge*, supervisory auditor, Detroit, addressed about 50 faculty and students of the University of Michigan at a Corporate and Government Accounting Forum on November 30. Mr. Vieregge and other speakers from Government and industry presented the career opportunities of their organizations, after which the audience asked questions.

*K. L. Weary, Jr.*, regional manager, Kansas City, has been appointed to the Government Accounting Committee of the Missouri Society of CPAs.

*Earl J. Ogolin*, audit manager, St. Louis, spoke before the Air Capital Chapter, National Contract Management Association, on January 31. His subject was GAO's objectives in the procurement area.

*Irwin M. D'Addario*, regional manager, Denver, conducted a seminar at the University of Colorado for a graduate class in business administration on December 7. The topic was "GAO and Government Accountability."

*Irwin M. D'Addario*, regional manager, *John E. Murphy*, assistant regional manager, and *Edgar L. Hessek*,

audit manager, Denver, spoke to a group of students in government accounting, public finance, and public administration at the University of Denver on February 7. The topic was "GAO's Role in This Age of Accountability."

*Duane A. Lownsberry*, audit manager, Denver, gave a talk and slide presentation before Delta Sigma Pi, professional accounting fraternity at the University of South Dakota, on November 15. His topic was "GAO Organization and Responsibilities."

*B. J. North* and *Edward Braun*, Denver, made a presentation at Riverton, Wyoming, on January 23, to HEW and local school personnel and parents on impressions gained during a review of the Follow Through Program.

*George J. Anthony*, audit manager, and *John T. Raliffe*, supervisory auditor, Norfolk, addressed the Wayne F. Gibbs Accounting Society of the College of William and Mary on November 16. They discussed careers for accountants in GAO.

*David A. Gray*, audit manager, spoke on "A Productivity Investment Program" and participated in a panel discussion on "Better Methods of Financing Productivity and Improving Capital Investments" at the Second Financial Management Conference in Washington, D.C., on January 31.

*Jack R. Stuart*, audit manager, Philadelphia, in his capacity as first vice president, Philadelphia Chapter, FGAA, is serving as chairman for that chapter's symposium on "Performance

Measurement," scheduled for May 11, 1973.

*William P. Touey* and *James S. Rodgers*, supervisory auditors, Philadelphia, have been participating as instructors in the U.S. Civil Service Commission's Institute of Management Sciences. The Institute is concerned with educating Federal, State, and municipal personnel on the principles of accrual accounting and Federal budget procedures.

*Morey J. Chick*, supervisory auditor, Philadelphia, wrote two chapters that are contained in a manual entitled "A CPA Coaching Course Notebook," being published and disseminated by FGAA. Mr. Chick, a CPA, wrote chapters on foreign exchange and uncompleted contract accounting. The notebook is designed to assist Federal accountants in preparing for the CPA examination.

*Larry J. Peters* and *Charles M. Novak*, supervisory auditors, Seattle, participated in the International Engineering Workshop Seminar of Consulting Engineers Council of the United States, at the International Club in Washington, D.C., January 23.

Their discussion centered around the topic of their recently completed survey draft—Ways to Increase U.S. Companies' Involvement in Major Development Projects Overseas.

*Roger Hayman*, supervisory auditor, Seattle, addressed the Federal Government Accountants Association in Seattle, February 6. He discussed the new Standards for Audit of Governmental Organizations, Programs, Activities, and Functions.

## Second Annual Financial Management Conference

The Comptroller General and a number of GAO staff members participated in this conference sponsored by the Joint Financial Management Improvement Program, on January 31, 1973.

- Comptroller General *Elmer B. Staats* served as master of ceremonies at the Maurice H. Stans awards luncheon.
- D. L. Scantlebury*, director, FGMS, served as conference coordinator and chaired a seminar on capital investments.
- Assistant Comptroller General *Thomas D. Morris* spoke on measuring and enhancing Government productivity.
- Kenneth Hunter*, assistant director, FGMS, spoke on “Meeting Congressional Needs for Financial Information.”
- John Moundalexis*, assistant director, FGMS, chaired a seminar on the “Meaning, Development, and Implications of Productivity Measures.”
- Bertram Rosen*, assistant director, FGMS, planned the conference in his role as executive secretary of the JFMIP.
- Ronell B. Raaum* and *Edwin J. Soniat*, FGMS, assisted in conducting the seminars.
- William Parsons*, project productivity consultant, San Francisco region, was a panelist in the seminar on “Environmental Conditions Affecting Federal Productivity Management.”
- David A. Gray*, audit manager, Norfolk region, presented a paper on “A Productivity Investment Program” at the seminar on “Capital Investments.”

## Successful Candidates May 1972 CPA Examination

Listed below are the employees who passed the May 1972 CPA examination.

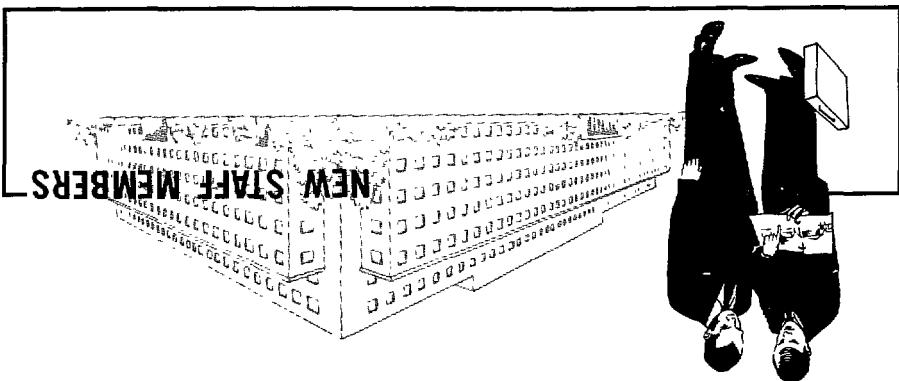
### REGIONAL OFFICE

<i>Name</i>	<i>Regional Office</i>	<i>State</i>
Victor F. Bouril, Jr.	Washington	Virginia
Jimmy L. Bowden	Los Angeles	California
William P. Brown	Denver	Colorado
Frank E. Ditmore	Dallas	Texas
Francis M. Doyal	Dallas	Texas
Larry D. Everson	Seattle	Oregon
David L. Gandrud	Chicago	Minnesota
John A. Geraghty	Philadelphia	Pennsylvania
Patrick Kalk	Norfolk	Virginia
Dieter M. Kiefer	Denver	Colorado
Martin M. Mortimer	Philadelphia	Pennsylvania
Stewart O. Seman	Chicago	Illinois
Robert B. Smith	Denver	Colorado
John T. Stuart	Philadelphia	Pennsylvania
William M. Zimmerling	San Francisco	California

### WASHINGTON

<i>Name</i>	<i>Division</i>	<i>State</i>
Daniel Blades	Resources and Economic Development	D.C.
Ronal B. Boothe	Financial and General Management Studies	Virginia
John C. Boyd, Jr.	General Government	Maryland
John J. Butler	Procurement and Systems Acquisition	Maryland
Marvin Casterline	Logistics and Communication	Virginia
William R. Faustman	Financial and General Management Studies	Maryland
J. William Gadsby	Manpower and Welfare	D.C.
Linda L. Harmon	Manpower and Welfare	Maryland
Michael J. Klein	General Government	Virginia
John A. Kunzler	Manpower and Welfare	Virginia
John M. Lovelady	General Government	Virginia
John T. Noto	General Government	Virginia

The following new professional staff members reported for work during the period November 16, 1972, through February 15, 1973.



Department of the Interior

Frank, Jeffrey B.

Office of  
Federal Elections

U.S. Senate  
Department of the Army  
Department of Agriculture  
Advisory Commission on  
Intergovernmental Relations  
Department of the Navy  
University of Hawaii  
Department of Justice

Armstrong, Paul E.  
Gainer, William J.  
Green, Jack L.  
Lincoln, Roy  
Meyer, Robert L.  
Parsons, William W.  
Thomas, James K.

Financial and General  
Management Studies  
Division

National Commission on State  
Workers' Loans  
U.S. Civil Service Commission

Pitts, Marion L.  
Seifert, David L.

Federal Personnel and  
Compensation Division

Attorney—self employed  
Duke Law School  
Commission on Government  
Procurement  
Howard University School  
of Law  
Boston College Law School  
Selective Service System

Durrah, Fred D.  
Kingsley, George M.  
Pierson, Richard R.  
Pride, Douglas J.  
Saltman, Alan I.  
Stillman, James A. C.

Office of the General  
Counsel

Main LaFrenz & Co.

Lee, Darryl L. K.

International Division—  
Far East Branch

Department of the Navy  
U.S. Civil Service Commission

Ammann, Wilbert H.  
Lit, Judith H.

Manpower and Welfare  
Division

Department of the Navy  
University of Michigan

Kreitzman, Horace  
Tobin, Harry

Procurement and Systems  
Acquisition Division

**NEW STAFF MEMBERS**

**General Government  
Division**

Hair, Albert M., Jr.

Routh Robbins Real Estate  
Corporation

Wild, Jacob

U.S. Department of State

**Logistics and  
Communications Division**

Boykin, Carl W.

Department of Defense

Keefe, Christopher

Pan American Airways

Leitch, John A.

Department of the Air Force

**Washington Headquarters  
Divisions Career Group**

Bolding, Corenthis

Alabama State University

Bowen, Frank

Arthur Young and Company

Crandlemire, Bruce N.

Creighton University

Davis, Millie B.

Norfolk State College

Dix, Vernon R., Jr.

Virginia Polytechnic Institute

Dungan, Robert E.

Thunderbird Graduate School

Enneking, Bonnie J.

University of Kentucky

Ford, Jess T.

Fletcher School of Law and  
Diplomacy

Foster, William H.

Department of Agriculture

Gillespie, John R.

Virginia Polytechnic Institute

Haynes, Patricia A.

Florida A&M University

Huntzinger, Michael L.

Shippensburg State College

Kai, Thomas A. K.

U.S. Navy

Kurz, Kenneth

University of South Dakota

Lavigne, Donna M.

University of Baltimore

Leigh, James W., Jr.

Middle Tennessee State  
University

McCarthy, Rosellen

University of Maryland

Milan, Thomas J.

Thunderbird Graduate School

O'Donnell, Edward C., Jr.

Bloomsburg State College

Phillips, MacDonald R.

Kent State University

Pitts, Frank L., Jr.

Atlanta University

Price, Linda M.

Fairfield University

Reese, Katrina C.

Lincoln University

Rutar, Phillip E.

Virginia Polytechnic Institute

Sawyer, Susan V.

University of New Haven

Sklarski, William J.

University of California  
at Berkeley

Springer, Edward, Jr.

University of Georgia

Stefani, Alexis M.

Pennsylvania State University

Walter, Earl F.

University of South Carolina

Wiggins, James F.

University of South Carolina

Wilson, Luther R., Jr.

Lincoln University

Wolter, Hugo W.

Thunderbird Graduate School

**REGIONAL OFFICES**

**Atlanta**

Alexander, John C.

Florence State University

Bromley, Claude T., III

University of Alabama

Justen, Michael E.

Florida Atlantic University

Pugh, Danny F.

Jacksonville State University

## REGIONAL OFFICES—Continued

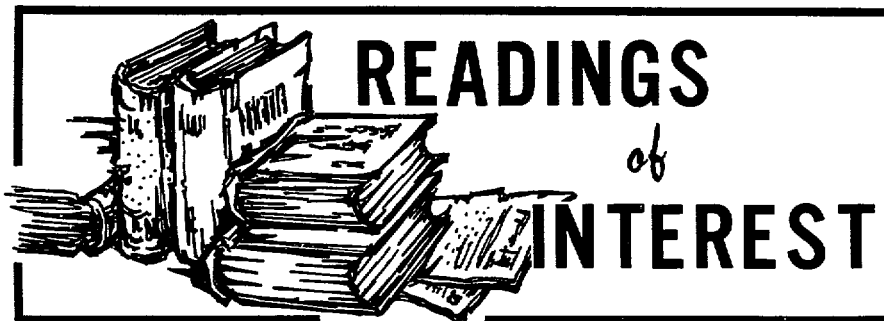
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*The reviews of books, articles, and other documents in this section represent the views and opinions of the individual reviewers, and their publication should not be construed as an endorsement by GAO of either the reviewers' comments or the books, articles, and other documents reviewed.*

**The Dilemma of Accountability  
in Modern Government  
Independence Versus Control**

Edited by Bruce L. R. Smith and D. C. Hague; St. Martin's Press, New York, 1971; 391 pp.

"This book is the record of an Anglo-American expedition into terrain that has hitherto for the most part been *terra incognita*."

With these words the president of the Carnegie Corporation of New York, Alan Pifer, introduces this book, which is largely a collection of British and American originated papers on accountability in Government operations. The papers, which were prepared for presentation and discussion at a British-American conference at Ditchley Park in England in 1969, are devoted to exploring a subject which many people find somewhat inscruta-

ble. Particular emphasis is placed on the growth in the number of private nonprofit organizations carrying out Government operations. This phenomenon particularly in the United States is referred to as a "devolution of responsibility by the federal government to private organizations on a contractual basis."

The variety of papers presented at the conference, as revised for publication, presents many interesting viewpoints on the subject of accountability in modern Government but not very much that is conclusive. In fact, in the preface Mr. Pifer identifies himself among those who had somewhat mixed feelings about publishing these materials at such an early stage. However, he recognizes that it is a tentative venture into a new field and that further material remains to be published on the subject.

Papers are included on such subjects as accountability and independence in the contract state; Government contracting for academic research; management of laboratories by universities; defense contractors and other Government-oriented private corporations; and Government contracts with nonprofit social welfare corporations. Also included are useful discussions of public accountability in relation to national legislatures.

Of particular interest to GAO staff members is the material included representing an exchange of letters between Don K. Price, Dean of the John F. Kennedy School of Government at Harvard University, and *Elmer B. Staats*, the Comptroller General. This exchange grew out of the Comptroller General's report to the Congress in 1969 on the need for improved guidelines in contracting for research with Government-sponsored nonprofit contractors. These letters are included because of the viewpoints represented which explore "a critical dimension in the relationship between government and the contractor."

Those interested in thoughtful discourses on problems of accountability as they pertain to private organiza-

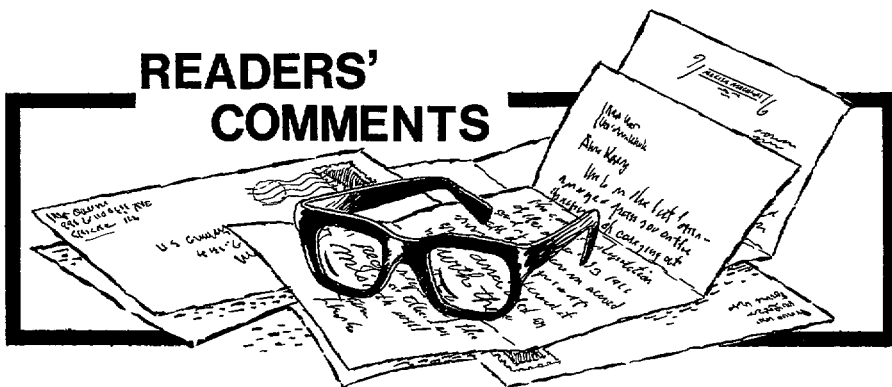
tions carrying out operations under contract with Government agencies will find much to ponder over in this book.

Another source of information on this general subject is the Comptroller General's paper on "New Problems of Accountability for Federal Programs," included in the book of GAO's 50th anniversary lectures on "Improving Management for More Effective Government," published in 1972. This paper, originally delivered before the annual conference of the American Society for Public Administration in Denver, Colorado, in April 1971, delves into the questions of accountability for results raised by the increasing involvement of external groups in carrying out Government programs and operations. The paper brings out that as concern for accountability increases, new ways must be sought to evaluate the management and effectiveness of government programs. However, the reader is reminded that the primary responsibility for an adequate accountability system lies in the executive branch and in the performing agencies.

*E. H. Morse, Jr.*

Assistant Comptroller General

## READERS' COMMENTS



*Excerpts from recent letters from auditors of other countries concerning The GAO Review:*

\* \* \* I found your leading article on objectives [Winter 1973] of much interest, both as a continuing observer of the Washington scene, and also because we have not entirely dissimilar problems between the Executive and Parliament. Although I have not as wide responsibilities as you for helping to keep Parliament informed, nor the duty or resources for full analysis whether programmes are achieving their objectives, what we do in some of the areas has its analogue with GAO's work.

*David Pitblado*

Comptroller and Auditor General,  
Great Britain

\* \* \* a quarterly publication such as this would be of considerable interest to me personally and, I am sure, could also prove to be most helpful in my work \* \* \*.

*G. B. Brandford*

Auditor General of Barbados

The reading of the different techni-

cal articles was \* \* \* very interesting indeed.

*Edouard Lehmann*

Directeur, Contrôle Fédéral  
des Finances

I have found the technical articles in the publication of considerable interest \* \* \*.

*T. Bhim*

Auditor-General of Fiji

\* \* \* The part that I so far covered turned out to be most interesting and am eagerly looking forward to see the last page read so that I can pass it on to my Senior staff to read.

*Mohammed Aboud*

Controller and Auditor-General,  
Tanzania

The Review is most interesting and will assuredly be very useful to my staff who, although not yet familiar with certain modern, sophisticated audit techniques, are always willing to learn from the vast experience of their counterparts in other progressive countries like the United States of America.

*Jos. Carabott*

Director of Audit,  
Malta

## **Annual Awards for Articles Published in The GAO Review**

Cash awards are available each year for the best articles written by GAO staff members and published originally in *The GAO Review*. Each award is known as the Award for the Best Article Published in The GAO Review and is presented during the GAO awards program held annually in June in Washington.

One award of \$250 is available to contributing staff members 35 years of age or under at the date of publication. Another award of \$250 is available to staff members over 35 years of age at that date.

Staff members through grade GS-15 at the time of publication are eligible for these awards.

The awards are based on recommendations of a panel of judges designated by the Comptroller General. The judges will evaluate articles from the standpoint of the excellence of their overall contribution to the knowledge and professional development of the GAO staff, with particular concern for:

- Originality of concepts.
- Quality and effectiveness of written expression.
- Evidence of individual research performed.
- Relevancy to GAO operations and performance.

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1. This publication is prepared for use by the professional staff members of the General Accounting Office.
2. Except where otherwise indicated, the articles and other submissions generally express the views of the authors, and they do not necessarily reflect an official position of the General Accounting Office.
3. Articles, technical memorandums, and other information may be submitted for publication by any professional staff members. Submissions may be made directly to liaison staff members who are responsible for representing their offices in obtaining and screening contributions to this publication.
4. Articles submitted for publication should be typed (double-spaced) and range in length between 5 and 14 pages. The subject matter of articles appropriate for publication is not restricted but should be determined on the basis of presumed interest to GAO professional staff members. Articles may be submitted on subjects that are highly technical in nature or on subjects of a more general nature.

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