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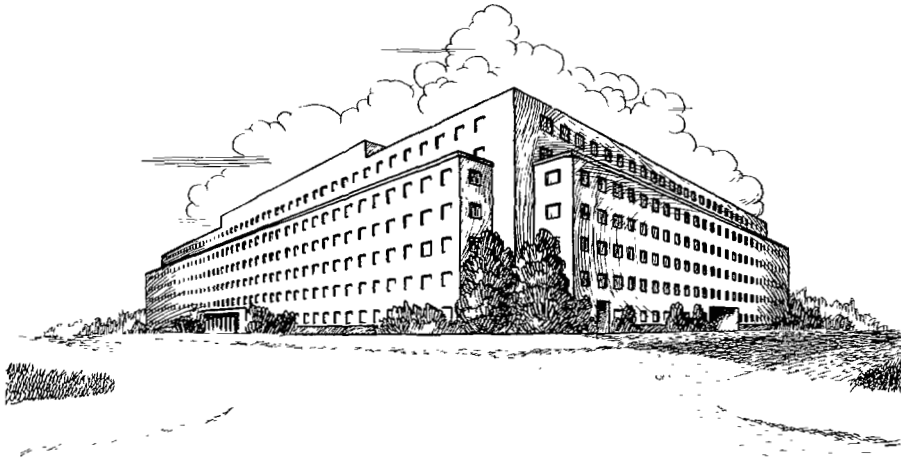


THE GAO REVIEW



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The United States General Accounting Office, established in 1921, is an independent, non-political, nonpartisan audit organization in the legislative branch of the Federal Government. Directed by the Comptroller General of the United States, it is responsible solely to the Congress and serves a key role in the Federal system of checks and balances. One of its major functions is to review the performance of management and recommend improvements in the operation of the various departments and agencies of the executive branch.



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The Challenges to Creativity

The following address was delivered on June 24, 1971, by Mr. Keller at the commencement exercises of Benjamin Franklin University, Washington, D.C. Mr. Keller's address was printed in the Congressional Record for July 27, 1971.

A few days ago at one of our universities here in Washington, the commencement address was given by a newspaper columnist whose specialty is humor. I understand his remarks drew a good many laughs. Let me state at the outset: I am neither a columnist nor a humorist. You cannot look forward this evening to a searing commentary in the guise of humor on those who occupy positions of responsibility in the present administration. Neither am I a Bob Hope. Some of you may recall the occasion a few years ago when Hope, speaking to a graduating class, said: "My advice to those of you who are anxious to go out into the world is—reconsider, and don't do it." But Bob Hope has had a change of heart. This year in speaking at a college graduation he had this advice: "To you people who are graduating—who are about to go out and make this a better world—all I can say is: HURRY! There is a lot of work to be done." And there is.

Not long ago I read in the papers about a new and big machine that can chew up a large tree into chips, from trunk to branch tips, in a matter of

minutes. This example of modern technology and its threat to the environment is said to be the answer to the developer who has a heavily wooded area to clear so that he can build new houses. It takes 30- 50- 70 years to grow trees, depending on the size and kind; yet here is a machine that can make an entire tree *disappear* in minutes. Obviously, a machine of such devastating power must be used with extreme care.

Since we, in this country, often seem too ready to poke fun at our leaders and institutions, thereby chipping away at the public's confidence in society, this is another area where extreme care is always needed. Not that political and other leaders should be immune from ribbing and criticism. But there is a time and place for everything.

I have spent most of my working life in the Federal service, at the General Accounting Office—where we work closely with the Congress, its committees, and Members, year in and year out—and I know how fragile and precious a thing public confidence is. Like the trees, it takes generations to

build a viable society. Just because someone does not like a particular administration or a particular public figure does not excuse those who—in that time-worn but apt phrase—seem all too ready to throw out the baby along with the bath water.

I came into the job market in the 1930's. This was at the bottom of what was rightfully called the Great Depression. The ratio of unemployed to the total available work force was far higher than today's 6 percent. The economics of the depression pushed my generation off the campus and into all kinds of experiences, few of our own choosing. Perhaps it was a good thing. We were forced to learn to swim even if the water was frigid.

Then along came World War II and most of us were directly affected. World War II was different from our involvement in Vietnam. But that is not the point; the point is that then, as today, forces were at play which drastically altered our personal lives and our career aims.

But these events had their plus side. They forced us to grow and develop. We wouldn't have planned it that way but, given those circumstances, most of us managed and emerged the better for it all. And that is why I do encourage you today to go out into the world with conviction, courage, and with one other quality that is indispensable—as much common sense as you can bring to bear upon your experiences and adventures.

I am seconded in these thoughts by one of our great scientists, now a senior citizen, Dr. Vannevar Bush, who for 60 years participated in, and

helped to shape, the events of his lifetime. In a book of reminiscences published this year called "Pieces of the Action," Dr. Bush has something of importance to say to us here today.

In every civilization, at some time, there has been confusion, with young men doing foolish things, with the great body of the public inert or yearning to be led somewhere, anywhere. . . . Yet always there has been a small minority, intelligent, comprehending the current political system, scorning both the flighty radical and the protesting reactionary groups. . . . It is this central core that ruled our last generation, its business, its churches, its government. Amid the tumult, we have today a group that understands and that will rule in the next generation. I am not saying that this outstanding group has always ruled us well in the past, or will rule as well in the future—I merely say there is a group that will rule. We do not need to worry too much about the ones that harass us with their insanities; as they become older they will be controlled. But we need to think more about the solid, keen, presently undemonstrative youths who will build our system of government and industry of the future, and who will build it not as we dictate, but as we transmit to them, as best we may, the wisdom to do it well.

Looking Ahead to the Year 2000

What kind of a world are you going out into? Today's generation knows a lot more about the world than mine did when we were where you are now, so I hesitate to answer that question. Instead I suggest a sort of quantum jump to some 29 years ahead. Why 29 years? Because we are that close to a new century, the year 2000 A.D.

This gets me to some extent into the business of making predictions on se-

rious matters. Perhaps you have heard the nuclear physicist's definition of an optimist—"someone who still believes the future is uncertain"?

Toward the close of Thomas Jefferson's life—I am going back many generations now to 1825—about 10 percent of our people lived in cities and towns. By 1960—some 135 years later—some 70 percent of the population lived on 1 percent of the land—in cities and towns. The remaining 30 percent lived on 99 percent of the land. By 2000 A.D. 90 percent of the American people will live in urban areas on less than 2 percent of the land (excluding the new State of Alaska). Fortunately, much of the Nation will still be relatively open area. The chief effect of these changes will continue to be, as it is now, the necessity to adjust to mass living in large urban areas.

In 1935 the population of the United States was approximately 127 million. Now we are a nation of some 200 million. In the year 2000—if present trends continue—we may have a population of more than 340 million. The economic and social consequences of our population growth will multiply our responsibilities for providing food and shelter by geometric progression.

There will be heavy concentrations of people on the Atlantic and Pacific coasts within 50 to 100 miles of the oceans. The population of the Atlantic seaboard today from Boston through Washington is upwards of 27 million. Bureau of Census projections show an increase to over 60 million along this 400-mile strip by 1990. An equally massive metropolitan area is foreseen for the 200-mile Pacific coast zone

from Santa Barbara to Los Angeles to San Diego and the Mexican Border. The area from Chicago to Pittsburgh and north to include Detroit, Toledo, Cleveland, Akron, Buffalo, and Rochester will likely contain more than one eighth of the U.S. population.

These three areas will contain nearly one half of the total U.S. population, including the overwhelming majority of the most technologically and scientifically advanced, and the most prosperous and creative elements.

Increased Productivity and Some of Its Effects

Accompanying and contributing to the expansion in population and urbanization have been spectacular increases in productivity—on the farm and in the factory, in transportation and communication, and in health and recreation. We have contrived to produce the products required to meet the needs of our society through the skillful application of resources and inventions and through the liberal use of the raw materials of the world. Today 5 percent of our people grow more than enough food for all the rest.

Much of the society that we know is a product of the scientific revolution which is in full tide over much of the world: in communications, nuclear power, medical care, increased production of food, and a seemingly limitless number of additional achievements.

In the United States the number of professional manpower made up of scientists, engineers, and technicians is larger than ever before. In the 1960's they numbered nearly 2 million; in the

1970's their number will climb to 4 million or more.

But these figures do not tell the whole story. It is, and will be, the role of the scientists and engineers to discover and develop; it is, and will be, the role of others—no doubt most of you in this room—to understand the implications of these developments for both public and private benefit.

That is the challenge, as Dr. Jerome B. Weisner of the Massachusetts Institute of Technology has said and I quote:

Although most of us appreciate the individual creations of science for what they permit us to do, we do not fully comprehend the fundamental change that the scientific revolution has brought about. . . . Our only hope lies in understanding the forces at work, and then trying to guide the evolutionary process more to our liking.

In commenting on today's high standard of life in the United States and in words singularly appropriate to this occasion, Dr. Weisner has also said:

I'm not sure we're all that much happy for having this degree of affluence. It may very well be that the young will teach us something about this; it is one of their sermons to us. There are other things in life.

If I were asked—what is the central aspect of concern today and tomorrow—I would say it is the change in the scale of movements and the sweep of events. This change of scale goes right across the board: from the pace of population growth to the increase of new inventions and new products to communications to weaponry.

Unfortunately, the relentless drive to improve our material standard of living at a time of rapid growth in our

population accelerates the depletion of our natural resources and increases the pollution of our environment. Resource depletion and pollution, in turn, have been important factors in increasing business costs.

The most careful planning; the highest degree of cooperation between business, government, and labor; and the greatest ingenuity of our scientists and engineers will be necessary to resolve these and the many related social, environmental, and economic problems.

Defining National Purposes and Goals

Our future will turn on reassessing and redefining our national priorities. You will live increasingly in an economy of priorities and of agonizing choices between public purposes and private preferences. Unless some magic step is taken to achieve a national consensus as to our paramount purposes and goals the challenge of priorities will be one of the greater historical tests of our political machinery.

We must close the gap between the two cultures, the scientific and the humanistic. We can no more leave science entirely to the scientists than we can leave government entirely to the politicians. We must comprehend the scientific environment. We must find ways to make science and public policy compatible, not merely as to national purpose, but particularly as to a working compatibility.

How else shall we make a contribution in the fields of weapons control and disarmament? In eliminating envi-

ronmental pollution? In harnessing our energy sources for both human and industrial needs? In understanding the requirements of education and vocational motivation? In meeting the requirements of an exploding population at home and abroad? In providing the rising nations of the world with gifts of technology?

These are the questions that face you now as well as in the next 29 years and probably beyond. But I believe that no problem is more directly related to the future of our democratic society than the necessity of attracting the best talent available for the public service. That is where you come in.

While a democratic society's government is not expected to have a monopoly of the most able people produced by that society, it can ill afford to provide for the public service an iota less than its full share of talent. And this applies to all our governments: Federal, State, and local.

Challenges for Accountants

High on the list of the requirement for unusual talent is the accountant. As some of you may know, my organization in government—the General Accounting Office—is observing its 50th anniversary this month. The law creating GAO came into being June 10, 1921, and GAO opened for business the following July 1. Between the time that GAO started and World War II, many circumstances profoundly affected the environment in which the accounting profession developed. The depression of the 1930's had forced the Federal Government out of its more

neutral role in American society of earlier years. It began to grow. Its policies now began to affect economic, social, scientific, and other forces for improvement.

With World War II, the discovery of nuclear fission, and the cold war, the Federal Government grew even more rapidly. The policies of the Federal agencies as they became more involved with the private sector gave impetus to the accounting profession for developing higher standards of accounting, auditing, and reporting, and the development of expertise in related fields. Someone said recently: "The accountant should bow to Washington three times each morning because its laws and regulations have made the profession what it is." I don't buy that completely but it has had its effect.

Having become the biggest business in the world, the Federal Government looks at accounting as a great deal more than just recordkeeping. Today the needs of the Congress, agency heads, and the public require that accounting be used not only as a tool for recordkeeping and for the evaluation of recordkeeping, but also as a tool for management and for the evaluation of management. Top management in the Government, including the Congress, had previously emphasized how well the agencies controlled and spent their appropriations. It is now equally, or even more, interested in knowing how efficiently the managers perform. Are programs achieving their objectives? Are better alternatives available? Because of this emphasis on more efficient management and pro-

gram evaluation, staff members of the GAO have increasingly developed their capability in these fields.

I believe that there will be even greater challenges to creativity in the future than there have been in the past and that these challenges will include a need by the accountant for a greatly expanded body of knowledge. This will be true for all accountants—those in the Federal Government, in State and local governments, in private industry, in public accounting, and in the teaching profession.

The accountant is no longer a book-keeper, a writeup man, or a tax preparer; he is a professional evaluator of and an adviser to management. As a professional, he must first obtain, usually from a formal educational process, a common body of knowledge. You have reached this point. But, throughout his life, he must—like doctors, engineers, scientists, and lawyers—continually learn and apply new knowledge as it is discovered.

In a society that is moving more and more toward placing human values above the physical and material; in a profession that increasingly uses automation and electronics in a great deal

of its physical work; in organizations that now use teams of specialists to measure and evaluate performance in rapidly shifting circumstances, it seems clear that you will be called upon to be far more innovative and far more creative than those who have come before. It seems clear, in short, that the challenges to your creativity will be almost endless.

We are standing on the outer edge of that new world of auditing. You will soon be deep within it. Do you need any further encouragement from me? I don't think so. I think most of you are prepared to cope with the unforeseen and the unforeseeable.

I was concerned in preparing for this occasion. I wondered if I could communicate a message to you. In case I have not let me try once more. Appropriate to all I have said—and much more concise—are these words by the writer Elting Morison:

How to give individual men the evidence they need to make sensible judgments about the kind of world they want to live in, and
How to give them the power to make their judgments stick,
That is the unfinished business of the next third of a century.

GAO Auditors Help Save a Life

Sometimes in the course of our work people ask us to help them in ways which may be called above and beyond the line of duty. The following is such a story about four New York Region auditors who helped a 6-year old Cuban refugee get the medical attention needed to save her life. This is a true story. However, names and places have been changed to protect the privacy of a minor.

In April 1971, we were reviewing the Cuban Refugee Program (CRP)¹ in a small New Jersey city located on the crest of the fortress-like rocks of the Palisades. Over the past decade the town has become a stronghold of freedom for the Cubans in exile.

One of the review segments involved interviewing Cuban refugees to learn the problems they faced in being resettled and the assistance they needed in

building new lives for themselves and their families in exile. Thus on the night of April 27, 1971, with the aid of interpreters, we were interviewing several Cuban refugees at the local community action center. At about 9 o'clock that night, Mrs. Jose Gomez (as we will refer to her), the young mother of a 6-year old girl, said that she came to talk to "the men who work for Congress." She said that she had a serious problem and was desperate for a solution.

Clutching her young daughter in her arms, she sobbingly told us that 6 months earlier she came to Miami on

¹The CRP provides needy refugees with services which include cash assistance and welfare services to those in need; education and health services; and assistance in planning and undertaking resettlement opportunities. The program is administered by the Social and Rehabilitation Service of the Department of Health, Education, and Welfare.

Robert Taylor joined the GAO in 1968. He received his Bachelor of Arts degree from Transylvania College, and his Master of Business Administration degree from the University of Kentucky, both with majors in economics.

Ronald Fekete joined the GAO in August 1970. He received his Bachelor of Arts degree from Long Island University where he majored in business administration.

Eric Krebs joined the GAO in October 1970. He received his Bachelor of Science degree from Union College where he majored in accounting.

Anthony Salvemini joined GAO in May 1970. He received his Bachelor of Science—Business Administration (B.S.B.A.) degree from Manhattan College where he majored in economics.

the Cuban airlift without her husband. He had been detained in Cuba. At that time she and her daughter registered with the Cuban Refugee Program which immediately relocated them to a large city on the west coast of the United States near relatives. She was advised to take her daughter to see a physician for treatment of a heart condition. West coast physicians told Mrs. Gomez that her daughter's condition was serious and required immediate treatment. However, because the excitement caused by any recurrence of the recent earthquake could overtax the girl's weak heart, the doctors also advised her to take her daughter out of the area. Consequently, Mrs. Gomez borrowed money from her relatives so that she and her daughter could fly to the east coast.

After they arrived there, Mrs. Gomez tried to enroll her daughter in a local public school. As a prerequisite, the little girl was sent to the local health clinic for inoculations and a health examination. The physicians refused to inoculate her since this might endanger her heart. They recommended that she go to a large, well-known medical center, located in the area, for treatment of the heart condition.

Mrs. Gomez told us that the medical center refused to admit her daughter because she had no money. Instead, they sent her to another hospital in the area with the same result. She was advised to return to the city health clinic which again sent her to the medical center which still refused to admit the child. Finally, in desperation, she came

to us for help. We assured her that we would try to help her daughter.

The next morning, two of us set out for city hall, where we asked the mayor's bilingual secretary to help us find out why the girl could not get the proper medical attention. The mayor's secretary called city, school, and health officials and confirmed the fact that the girl had been referred to the medical center. Next, she called the county welfare office and found out that under the Cuban Refugee Program both mother and child were entitled to the medical assistance which they had been refused. As a bewildered and frightened refugee who had in a short time entered and traversed a strange land, Mrs. Gomez had not presented the medical center with the medical card which would have entitled the hospital to reimbursement for the medical services provided to the child.

That same morning we went back to the community action center and arranged to have a bilingual social worker accompany Mrs. Gomez, her daughter, and medical card to the medical center. We felt that Mrs. Gomez, who did not speak or understand English, should have an interpreter accompany her to make sure the hospital officials fully understood her situation. Later that afternoon the three of them went to the medical center which agreed to admit the child after she was examined by a group of hospital specialists.

On May 24, 1971, the girl underwent a successful open heart operation and is now on the mend.

We consider our review a success.

Effective Surveys: Key to Productive Audits

Preliminary survey work is a vital phase of all GAO audit work. This article presents a step by step description of the survey phase of a review of a complex scientific research program of the Atomic Energy Commission.

A large part of the work of the General Accounting Office consists of making reviews of the programs of Federal agencies. Whether initiated by GAO or the Congress, such reviews often include evaluations of the effectiveness of management in administering rather complex programs that are difficult to assess or measure in terms of end results.

The GAO staff assigned to the audit of activities of the Atomic Energy Commission (AEC), Germantown, Md., enjoy a somewhat unusual challenge in an area with diversified and complex work assignments. They also enjoy a rather close working relationship with the congressional oversight

committee, the Joint Committee on Atomic Energy. The pressures of congressional requests with tight deadlines, together with dealing with a highly technical and scientific subject matter managed by competent managers in both financial and scientific fields, creates, in part, an illustration of the challenge of such an assignment.

AEC program management has responsibility for administering and controlling about \$2.5 billion of public funds each year. The programs are diverse and involve both the military and civilian sides of the Government. The programs also involve research and production activities carried out in-house and under contract. Such a

Mr. Crowther is an associate director of the Civil Division responsible for the coordination of health reviews performed by GAO. He joined GAO in 1955 and holds B.C.S. and M.C.S. degrees from Benjamin Franklin University. He is a CPA (District of Columbia).

Mr. Gadsby is a supervisory auditor in the Civil Division and is currently assigned to the House Committee on Interstate and Foreign Commerce. He joined GAO in July 1963 after graduation from the University of Rhode Island.

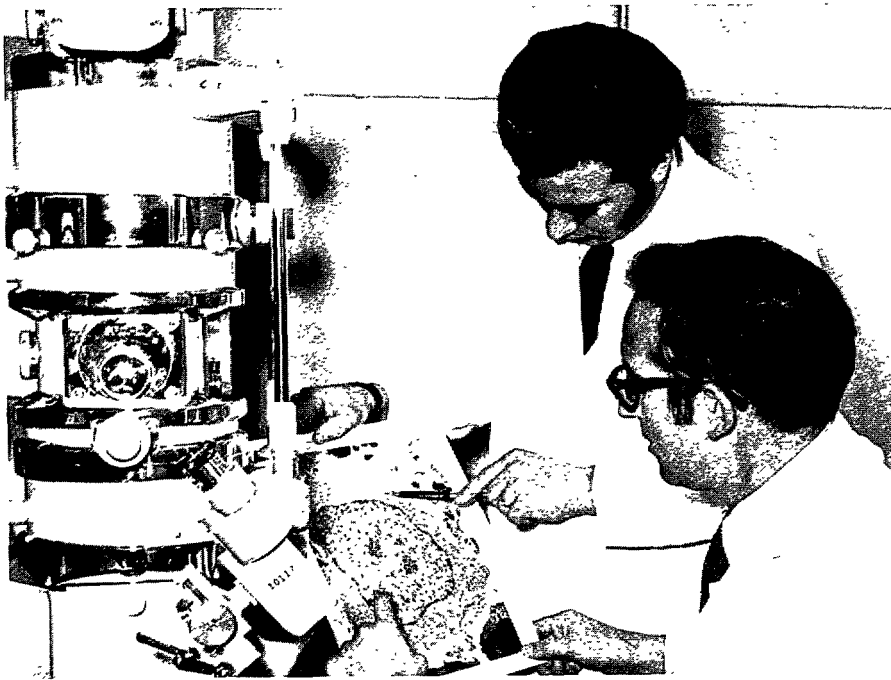
Both Messrs. Gadsby and Crowther were assigned to the review of AEC operations prior to their current assignments.

challenge requires the development of creative new ideas and audit techniques.

This case history was prepared in full recognition of the value of a survey and the inherent requirements for performing it well so that the results will provide a basis for sound judgments of areas to be reviewed. While this survey has certain unique features regarding subject matter, timing, and organizational relationships with AEC and the Joint Committee, it probably has all the salient features needed to demonstrate a successful survey.

The Biology and Medicine Review at AEC

On April 16, 1969, the Comptroller General issued a report to the Joint Committee on Atomic Energy entitled "Administration and Management of the Biology and Medicine Research Program" by the Atomic Energy Commission. The review was carried out at six AEC contractor-operated laboratories and included an examination of several broad activities related to the conduct of the program. An extensive amount of coordination was required to insure that similar information was developed at all locations.



AEC Photo

Staff members of AEC's ultrastructural anatomy laboratory, operated by Oak Ridge Associated Universities, Inc., study an electron microscope autoradiograph for human body tumors.

A discussion follows of the team effort of the GAO staff at the AEC audit site and members of the GAO regional office staffs from Chicago, Cincinnati, Los Angeles, New York, and San Francisco.

Initiating the Survey

The AEC has broad and diversified responsibility which places a heavy burden upon the Joint Committee in its congressional oversight role. Consequently, with limited time each year for program reviews during authorization hearings, the Joint Committee holds hearings only on selected programs of importance during a given year.

During a meeting with the staff of the Joint Committee on Atomic Energy on May 28, 1968, John T. Conway, the staff director, asked GAO to review the overall management of AEC's biology and medicine research program, including the coordination with other Government agencies supporting similar research. Mr. Conway indicated that he would like a report for use during the hearings planned in connection with the authorization of AEC's fiscal year 1970 budget to be held early in calendar year 1969.

The Joint Committee had been concerned about the biology and medicine program since its budget had been increasing for the past several years and the fiscal year 1969 level was about \$90 million. Also, the Joint Committee had been concerned about certain aspects of the program's management.

Our job was to provide the Joint Committee with the information which

would enable them to make a judgment regarding the adequacy of the program's management and provide a basis for determining to what extent the program should be examined during the authorization hearings.

Obviously the time available for performing the review and preparing the report was limited in comparison to the amount of work involved. Therefore, we immediately established some milestone dates to give us an indication of how much time could be made available for the different phases of the work. During the first month and a half, from June 15 to August 1, 1968, the Washington staff was to (1) perform survey work at AEC Headquarters to establish its role in managing the program and (2) determine at one contractor-operated laboratory how the program was being managed at that level. Also, survey work was to be performed at the National Institutes of Health and the National Science Foundation to establish how their biology and medicine programs related to AEC's program.

The next 3½ months, from August 1 to November 15, would be devoted to conducting the necessary field work to complete both the survey and the detailed review phases of our work. The decision was made that the survey should be comprehensive, but that it had to be completed in September. Immediately following completion of the survey, a meeting would be held during the first week of October between the Washington staff and the field supervisors from the participating regional offices to discuss and evaluate the survey and determine the areas to

be included in the detailed review. On June 13 a letter was sent to the managers of the participating regional offices informing them of our plans.

From June 15 through July 20 the biology and medicine program was surveyed at AEC Headquarters. The Washington staff met with officials responsible for the various aspects of the program and discussed the organization as well as the specific policies and procedures used to manage the program. We also met with representatives of the National Institutes of Health and the National Science Foundation to discuss the nature of their programs and the coordination which existed between them and the AEC. Also, we viewed a number of AEC films which showed highlights of the biology and medicine program at several laboratories. This provided familiarity with the types of facilities used in the program and the terminology used by the scientists.

At the end of this 5-week period, we had a good understanding of the manner in which the program was administered from the AEC Headquarters level and how it was coordinated with similar programs of other Government agencies.

Argonne National Laboratory, located near Chicago, Ill., was selected as the site for the laboratory phase of our survey. From July 22-26, the Washington staff together with the Chicago Regional Office staff discussed the management of the biology and medicine program with various laboratory officials. At the conclusion of the laboratory phase, we had gathered a sufficient amount of background infor-

mation to enable us to prepare meaningful survey guidelines.

We learned that the AEC biology and medicine program is very comprehensive and includes both basic and applied research, primarily in the areas of the effects of radiation on man and his environment. Generally, each laboratory has one or more radiation sources, considerable equipment, and many animals raised under controlled conditions for use in performing experiments.

Early in the survey, we recognized the challenge and the complexity of reviewing the organization and management of such a scientific program, and therefore, it was necessary to establish survey objectives and parameters before initiating the field survey.

On August 1, *Dean Crowther*, the assistant director, advised the participating regional offices that we had completed the survey at Headquarters and preliminary guidelines would be sent out shortly to assist the regional office staffs in initiating their part of the survey. Also, he discussed the problems which might be encountered as a result of the limited time available and indicated that the final survey guidelines would be sent out as soon as they were completed.

One of the problems encountered in the early stages of the survey was that each laboratory was organized and managed differently. Some laboratories had structured organizations while others were quite unstructured. Although the stated lines of responsibility in structured organizations were clear, we soon found that scientists tend to operate independently of the formal organ-

ization to a large extent, particularly in those cases where there was an eminent scientist at a laboratory.

The absence of actual authority within the organization and management structure seemed to exist to the greatest extent in the areas where there was a predominance of basic research.

Recognition of these kinds of problems was helpful in understanding the need for close communication with regional offices performing the work in order to obtain uniformity in a review of such diverse organizations and management.

On August 22, the final survey

guidelines were sent to the participating regional offices. The accompanying transmittal letter indicated when the Washington staff would make its first site visit and stressed that as much work as possible should be done in each survey area prior to that date. It also indicated that a meeting would be held in Washington during the first week of October for the staffs of the participating regional offices to discuss the progress of the survey and to determine which survey areas should be examined during the detailed review.

Separate guidelines were also prepared for use in performing further



AEC Photo

In Brookhaven National Laboratory's plant radiobiology laboratory the effects of varying doses of radiation on plant materials are studied both on the macroscopic and microscopic scales. Such studies can lead to an increase of our knowledge of plant genetics and the mechanisms of mutation production.

survey work at AEC Headquarters, the National Institutes of Health, and the National Science Foundation.

With the preparation of the survey guidelines, we believed that we had laid the groundwork for a successful survey.

Conducting the Survey

From September 4-25, representatives of the Washington staff visited each audit site to discuss the survey guidelines, review the progress of the work, and reach agreement on the objectives and approach for the work to be performed before the October meeting.

Throughout the conducting phase of the survey, detailed progress reports were received and frequent telephone conversations were held with representatives of each field staff to resolve minor problems and provide the necessary coordination to insure that the various staffs were approaching each survey area on a consistent basis.

Site visits together with the detailed progress reports and telephone contacts provided excellent mechanisms for controlling and coordinating the survey so that all the objectives could be accomplished.

Of all the factors which influenced the survey the one which greatly enhanced its conduct was the close personal working relationship with the various audit groups working at each location which resulted in motivation and interest on the part of all participants. We were fortunate in having good staff, but in any complex review carried out in several locations, com-

munications and high motivation are always a challenge to be mastered in order to get the most out of a job.

Terminating the Survey

The Washington staff contacted the regional office staffs during September 24-26 and made a determination as to how much progress had been made in covering each of the survey areas. Considering the time restrictions, it was decided that sufficient work had been performed to permit an adequate evaluation of each survey area requested by the Joint Committee.

On September 27, we discussed the progress of the survey and our planned approach to the detailed review with the staff of the Joint Committee. The committee staff made several suggestions concerning the areas to be investigated which we incorporated into our guidelines. Agreements with congressional committees are often compromises in terms of both scope of work and the time to be devoted to the job since it is impossible to review a broad area in detail in a short period of time as is quite often requested.

We informed the committee staff of the planned meeting with our regional office staffs and invited them to speak to the group. We indicated that this would give our staff better insight into the committee's specific interests and the personal contact would provide additional motivation in performing the review. The staff members accepted our invitation.

After our discussions with the regional office staffs and the staff of the

Joint Committee, we were ready to evaluate our survey work.

Evaluating the Survey

From October 1-4 we met with representatives of each participating regional office. Because of the time limitations confronting us, we did not ask the regional office staffs to prepare a survey report or summary to serve as a basis for discussion. In situations where time permits, however, such a document could serve as an effective basis for discussion.

During the meeting we discussed and evaluated each survey area by having the responsible regional office staff member present the results of his work and give his evaluation of its potential for detailed review. The questions raised and the observations made by each regional office staff member, based on his own experiences, generated considerable discussion and contributed significantly to a better understanding of each survey area. The discussions also provided insight into many of the problems that might be encountered during the detailed review and enabled us to discard inappropriate audit approaches.

After the discussion of each survey area, we jointly established our objectives for the detailed review and developed a detailed audit program to accomplish these objectives. Also, we showed several AEC films pertaining to the conduct of its biology and medicine program at several laboratories so that the regional office staffs could become familiar with the programs at different locations.

The regional office staff heard presentations from and had discussions with Dr. Spofford G. English, AEC's assistant general manager for research and development, and representatives from the Division of Biology and Medicine. AEC's controller, John P. Abbadesa, also presented information regarding budgeting for various programs and activities.

As indicated earlier, the regional office staffs had discussions with William T. England, staff counsel, and John B. Radcliffe, technical consultant, to the Joint Committee regarding their opinions on problems in the biology and medicine program and the role of the committee in overseeing the program.

The discussions with both the AEC and Joint Committee representatives provided positive motivation for all staff members attending the meeting since it enabled them to obtain a firsthand impression of the manner in which the program was managed from AEC Headquarters and evaluated by the Joint Committee.

By October 4, decisions had been made regarding the areas to be covered during the detailed review, the objectives of the work in each area and the approach to be taken to accomplish these objectives. At the conclusion of the meeting the regional offices were provided with copies of the detailed audit guidelines developed during the meeting with the understanding that the finalized guidelines would follow soon after.

The desirability of such a conference under the circumstances cannot be emphasized too strongly. If prop-

erly planned and executed such a meeting will assist in molding the group into a team with uniform objectives. It serves to motivate each staff member to think creatively and use his own initiative to a greater degree. Also, it provides for a mutual understanding of the nature of the job, a personal acquaintance and identification with the staff of the cognizant congressional committee, and exposure to the agency program managers.

Subsequent Events

Subsequently, all areas agreed upon during the October meeting were examined during a very detailed and elaborate review which resulted in a report to the Joint Committee on Atomic Energy on April 16, 1969. Because we believed that the report would be of general interest, we requested and obtained permission of the committee to distribute the report to the Congress as a whole and the general public.

Many of the areas discussed in the report were used by the Joint Committee as a basis for questioning officials of AEC's Division of Biology and Medicine during the hearings on AEC's budget request for fiscal year 1970, which were held in April 1969.

The chairman of the committee,

Congressman Chet Holifield of California, discussed several of the matters presented in the report with AEC officials. Also, he stated that because of the importance he attached to the report, he had written to the Chairman of the AEC and asked him to give personal attention to the matters discussed in the report.

Since the report was published, AEC has implemented our recommendations which were directed toward areas such as improving the system for establishing priorities for the selection of specific research projects. In a letter to the Joint Committee dated March 2, 1971, AEC indicated that the GAO recommendations had served to focus increased emphasis on areas important to the management of the program, and the cooperative efforts of AEC and laboratory management in implementing these recommendations should result in improved management.

Whether our work and the agency's actions that follow to improve the management of a program can be properly considered a success is a matter of judgment. However, the basic issue here is that any success in terms of reporting or achieving corrective action in a complicated research area is attributable in a large part to the effective management and timely completion of a survey.

HERE TO HELP



Often cited, by auditors anyway, is the identity of two of the world's biggest liars. One is the auditor who upon arrival informs a management official that he is there to help him. The other is the same management official who responds that he is glad to see the auditor.

In this drawing, staff members Marvin Doyal and Mark Ables of the Dallas Regional Office depict their version of a Federal agency official's view of the GAO auditor who has just arrived and advised that he is there to help him.

721527

GAO's Role in the C-5A Saga

The following paper discusses the origin of GAO's present reviews of major weapons acquisitions and summarizes the results of several major reviews of the controversial C-5A aircraft program.

The acquisition of weapons for military forces is one of the most complex technical-economic-political processes ever evolved. The sheer size and complexity of the system boggles the mind. Changes and refinements have been going on since the Continental Congress first provided money to buy rifles for Washington's troops. But recent economic and political pressures have increased national interest in the defense acquisition process.

At the behest of the Congress, GAO has embarked on a program to better identify and report problems in the acquisition process and to recommend improvements. In so doing, reviews are being made of a host of major weapons acquisitions, including the controversial C-5A aircraft.

The Year of the Cost Overrun

In the first half of 1969 a series of

congressional hearings by the Subcommittee on Economy in Government of the Joint Economic Committee, under the chairmanship of Senator William Proxmire of Wisconsin, focused attention on a large cost overrun in the C-5A aircraft program and on cost overruns in all weapon systems. These hearings and others like them received a great deal of public attention and quickened the interest of the Congress in dealing more effectively with rising expenditures for weapon systems procurement because they represent such a large chunk of the national budget.

The problems of the new C-5A cargo plane and its cost history were well publicized in the news media. The giant transport became a *cause celebre* for congressional and public critics. The cost of the program was expected to overrun the original estimate by more than \$1 billion; prominent Defense Department officials were

Mr. Geier is an audit manager in the Atlanta Regional Office. He has been with GAO 20 years and has served in Europe and South America as well as in Atlanta. Mr. Geier was educated at the University of Alabama, Georgia State University, and Harvard University. He is a member of the Federal Government Accountants Association, the American Society for Public Administration, and the National Contract Management Association.

accused of suppressing information about the C-5A cost overrun; and the main contract was found to have a repricing clause providing a "reverse incentive" for cost reduction in certain circumstances.

This case had considerable impact on the rising demand for more and better information on defense procurement for all Members of the Congress as well as the public. Congressional committees and individual Members asked GAO to do more checking and reporting on costs and performance of defense weapon systems, particularly the C-5A.

In June 1969 GAO reported to certain key congressional committees on the causes of cost increases in the C-5A. GAO found that a major redesign effort to control weight, reduce drag, and beef up the wing had impacted heavily on all elements of cost; the initial cost estimates were overly optimistic; and inflation in the aerospace industry, due largely to the backlog of orders created by the war in Southeast Asia, increased costs across the board. GAO noted that Air Force studies as early as May 1968 showed that C-5A contract costs at completion would be in excess of ceiling prices.

Later, in May 1969, Air Force studies showed that Lockheed would incur a loss of about \$285 million on the program but Lockheed estimated its loss to be only \$13 million.

New Role for the GAO

The Joint Economic Committee recommended that GAO develop a weapon systems acquisition status re-

port to be made periodically to the Congress. The report would include information such as estimated and actual costs, underruns and overruns, delivery data, progress payments, performance standards, and impact of contract changes. The committee went even further and recommended that GAO explore the feasibility of making its own independent estimates of what contractors' costs should be.

The Comptroller General's response was to advise the chairmen of the Committees on Armed Services and the Joint Economic Committee that GAO would increase its review of defense procurement by adding more employees in this area. A major new operating group within the GAO was created to review major weapon systems acquisitions. It is headed by a senior associate director within the Defense Division and is staffed by some of GAO's best, most experienced men.

The Comptroller General established three objectives for the new group:

- Furnish data on individual weapon systems to the Congress that will be useful in its authorization and appropriation processes.
- Provide an annual report on the status of major acquisitions.
- Evaluate the fundamental management concepts and processes used by DOD in determining the need for and in acquiring major weapon systems.

GAO's first report, a summary and 10 supplements with classified information on specific systems, was issued in February 1970. Essentially, it was a

status report as of June 30, 1969, on over 50 weapon systems and was based mainly on the selected acquisition reporting system of the Department of Defense. It showed that cost growth had occurred on most systems—averaging about 50 percent higher than original planning estimates; performance objectives were not being attained on a large number of the systems; and, schedule slippages of from 6 months to 3 years were being experienced on many systems. This work paved the way for a more penetrating review of the underlying causes of these conditions and a look at the acquisition process employed at all levels of the Department of Defense.

The C-5A Acquisition Process

In 1970 we examined into how well the system managers on the C-5A had complied with the Department's criteria in advancing the system from one phase to another. The Department has prescribed criteria that should be met before a system is allowed to proceed from concept formulation to validation, or from development into production and so on. The five phases are:

- Concept formulation.
- Validation and ratification.
- Development.
- Production.
- Deployment.

We identified some of the major problems that had occurred at various phases of the C-5A life cycle and examined into their causes. These problems were also analyzed in terms of their effect on cost, schedule, and per-

formance. We also reviewed some of the key decisions made by the system managers and tested the quality of the data on which these decisions were based.

The production phase of the C-5A acquisition cycle started in December 1969. General Electric Company builds the engines and Lockheed builds the airframe and produces the integrated system, including support and spare parts.

Generally, we found that the C-5A has experienced shortfalls in all three principal indicators—cost, schedule, and performance—mostly on Lockheed's part of the program.

Cost-wise, the original Air Force estimate in 1964 for 120 planes and spare parts, the one used to sell the program to the Congress during the concept formulation phase, was \$3.4 billion. At June 30, 1970, 6 years later, the Air Force estimated the C-5A system to cost \$4.6 billion, but for only 81 planes. Thirty-nine planes were cut from the program as an economy measure. More significant is the difference between the 1965 estimate of \$31.8 million a plane and the February 1971 estimate of \$61 million a plane.

Schedule-wise, the C-5A has not met certain key milestones. For example, the first operational aircraft was to have been delivered in June 1969; it was actually delivered in December 1969. The last production aircraft, No. 120, was to have been delivered in April 1972; now the last production aircraft, No. 81, is expected to be delivered in February 1973. The testing

program is far behind schedule. Two aircraft have been lost due to fire.

Performance-wise, the C-5A has fared somewhat better. Speed, engine thrust, and takeoff and landing distances are within initial target estimates, but the plane is somewhat overweight and this has reduced its range slightly. Cracks have occurred in the wings. While these are being fixed and the wing design is being completely tested, certain limitations have been placed on operational use of the aircraft. Problems have also been encountered in certain important subsystems, particularly in the avionics area. For example, serious problems have been encountered in the multimode radar and in certain navigation equipment that have caused development work to be extended although the plane itself is now in full-scale production and some have been delivered for operational use.

Some Big Decisions

We looked at a few of the key management decisions that have had such a profound effect on the C-5A program. Some of the key decisions were:

- Use of the total package procurement concept.
- Exercising of a contract option in January 1969 to buy the second production lot, referred to as run B.
- Reduction in the contract buy in November 1969 from 120 to 81 planes.
- Recent restructuring of the contract from fixed-price-incentive to cost-type with extraordinary financial relief.

The big decision during the contract formulation phase was to use the total package procurement concept; that is, separate fixed-price-incentive contracts with Lockheed and General Electric for the entire program covering over 8 years of work and including all development, testing, production, and substantial system support, such as spare parts and equipment. This was the largest aircraft "package" ever awarded by the Air Force.

The theme for contract administration under the total package concept was disengagement; that is, the customary Air Force approvals were reduced and greater reliance was placed on arm's-length surveillance over contractor activities.

The concept, embodied in the contract, provided for Lockheed to design, develop, and build the plane in accordance with certain firm performance commitments; that is, it would weigh so much, fly so far, at a certain speed, with a specified payload, and so on. Although the plane was very large and included many sophisticated features and subsystems, the plane was supposed to be within the "state of the art" but the design was not firm. The contractor was expected to manage the program as he saw fit, with minimum involvement by the Air Force, as long as the contractor met the performance requirements and delivered on time.

Subsequent events have shown that the main weakness in the total package procurement concept used on the C-5A was its application on too big a finan-

cial package, over too long a period of time, with insufficient provision for trade-offs of cost, schedule, and performance when problems arose. Lockheed lays much of the blame for its near financial disaster on the C-5A program to the total package procurement concept.

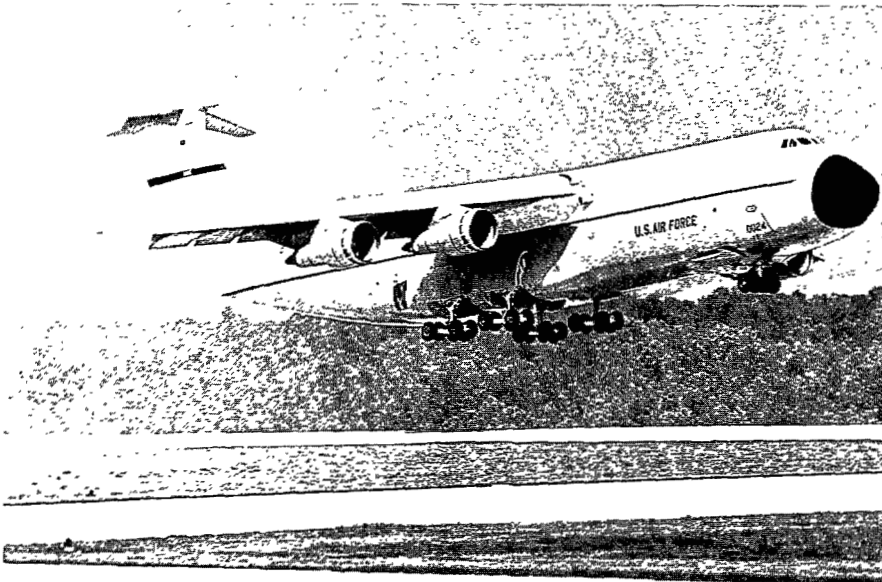
Another big decision was made in January 1969 when the Air Force exercised the option under the contract to buy the second production lot, known as run B. At that point in time both the Air Force and Lockheed knew that the C-5A program was in big trouble, cost-wise. In fact, in hearings before the House Armed Services Committee in June 1969 concerning the C-5A program, the Comptroller General testified that an Air Force study in October 1968 showed that the

cost of the increment then on contract—five development and test airplanes and 53 production airplanes referred to as run A—was estimated to cost \$2.4 billion, or almost \$1 billion over the contract target cost.

But the Air Force exercised the contract option for run B anyway, because

- It needed the planes.
- Time was about to expire under the option.
- If it did *not* exercise the option, Lockheed faced the prospect of financial disaster.

Congressional and public interest in the C-5A cost overruns continued to mount in mid-1969. Attempts to cut the C-5A program back were debated in the House and the Senate and were unsuccessful. The majority apparently



Lockheed-Georgia Company Photo

With a length of 248 feet, a wingspan of 223 feet, and a height of 65 feet over the tail, the C-5A is the world's largest airplane.

viewed the C-5A as essential to national defense.

Nevertheless, cuts in the defense budget for fiscal year 1970 forced the Air Force to reduce the program. Consequently, in November 1969, the contract was amended and the total buy was limited to 81 airplanes.

The effect of the reduction on Lockheed was most severe. Lockheed was already in trouble on some of its other Government programs and large amounts of funds were tied up in pending claims. Also, several large items were in dispute on the C-5A program. These disputed items involved repricing provisions of the contract concerning the exercising of the option for run B, the decision to purchase only 23 of run B planes, the effect of economic escalation, and correction of deficiencies.

Lockheed's board chairman, D. J. Houghton, placed the value of the disputed items on the C-5A program alone at over \$400 million. In March 1970 he appealed to the Department for special financial relief. He said that, since prompt negotiated settlement of the disputed claims was not likely, there was a critical need for interim financing if Lockheed was to continue performing. Negotiations led to agreement in January 1971 to convert the C-5A contract to cost-type with the Air Force providing all the funds necessary to complete the program. We estimated that this action added about \$496 million to program costs based on the assumption that all disputes and disagreements existing between the Air Force and Lockheed

would otherwise have been decided in favor of the Air Force.

What caused these problems and shortfalls in the C-5A system? Were they the fault of the acquisition process? We believe they were, in large measure. This is so because we have found that similar problems have occurred on other programs of comparable size and complexity—as, for example, the F-111 aircraft.

A GAO staff study on the C-5A acquisition process, issued in March 1971, stated that the system shortfalls occurred because of failure of the Department of Defense and the Air Force to observe and satisfy certain fundamental criteria before proceeding from one acquisition phase to another. Some of the major areas of weakness noted and discussed in the report were:

- Underestimation of costs and development risks accompanied by the application of a new and untested procurement system which restricted trade-offs in cost, schedule, or performance.
- A compressed schedule which was further tightened causing concurrency in development and production.
- Lack of cost-effectiveness studies at critical decision points.
- Procurement of a larger aircraft than required.
- Insufficient testing of aircraft design prior to award of contract.

The staff study also showed that the Air Force was accepting C-5A aircraft with major deficiencies in the wings, landing gear, and avionics. We found that numerous deficiencies in the first

15 operational aircraft restricted their performance to basic cargo operations only; the C-5A cannot perform its tactical mission until certain deficiencies are corrected. We also observed that the contract required Lockheed to correct the deficiencies at no cost to the Government. But to delay acceptance of the planes to correct the deficiencies would have had an unfavorable financial impact on Lockheed, at a time when Lockheed's financial ability to complete the program was in jeopardy.

More Money but Tighter Controls

In its fiscal year 1971 budget request, Defense was faced with the embarrassing prospect of having to ask the Congress for additional funds to cover the massive cost overrun. The Air Force was faced with the prospect that the ceiling price of the contract would be reached in early 1971, yet only 30-plus planes would have been delivered. Additional funds were requested to permit uninterrupted performance while contract disputes were being settled and the contract was being restructured.

After considerable debate over the merits of the request, on October 7, 1970, the Congress authorized, in Public Law 91-441, a special \$200 million contingency fund to augment procurement in fiscal year 1971, but imposed certain restrictions and controls on its use. An additional increment, variously estimated at between \$500 million and \$600 million is expected to be required in fiscal year

1972 in order to complete the program.

Public Law 91-441 stated that no part of the contingency fund could be used for:

- Direct costs of other contracts.
- Interdivisional profits.
- Bid and proposal, independent research and development, and similar costs.
- Depreciation and amortization costs.

It required that a special bank account be established from which the contractor may withdraw funds subject to approval by the contracting officer. It also empowered Defense to make such other restrictions as it saw fit.

But more significantly, from GAO's standpoint, the public law required audits of payments from the special bank account by both the Defense Contract Audit Agency (DCAA) and the GAO. The Comptroller General was required to submit quarterly audit reports to the Congress. GAO has been working closely with DCAA in structuring an audit program that minimizes duplicate effort, yet is mutually satisfactory.

GAO Looks at Lockheed's Financial Capability

In September 1970 Senator Proxmire and Senator Richard S. Schweiker of Pennsylvania asked GAO to examine into Lockheed's financial capability to complete the C-5A aircraft program. Congressman William S. Moorhead of Pennsylvania also asked GAO for information regarding the legality of the use of Public Law 85-804

which authorized extraordinary financial relief in the settlement of defense contracts. In December 1970, the Deputy Secretary of Defense requested GAO to participate in a review of the financial data submitted to Defense by Lockheed in support of its request for financial assistance.

GAO responded on April 12, 1971, with a special report entitled "Financial Capability of Lockheed Aircraft Corporation to Produce C-5A Aircraft" (B-169300). Special constraints were placed on our review of Lockheed's financial data because it embraced all activities, including commercial, and not just C-5A.

We found that, based upon review and evaluation of the financial information submitted by Lockheed to the Office of the Secretary of Defense, Lockheed did not have the financial capability to complete performance under its C-5A contract without financial assistance from the Government. Large financial commitments to other programs, notably the L-1011 commercial aircraft, had impaired Lockheed's ability to add additional funds to cover the loss on the C-5A contract.

GAO also reviewed the legislative history of Public Law 85-804 and found nothing to preclude its use as the basic authority for Defense to modify the C-5A contract. The authority is quite broad and permits contract modification without regard to other provisions of the law relating to contracts whenever such action is deemed to facilitate the national defense.

GAO agreed with the Department of Defense conclusion that conversion of the C-5A contract to cost-type would

not guarantee that bankruptcy of Lockheed would be precluded. We stated that, because the full effect of Lockheed's financial problems associated with the L-1011 could not be determined, action should be taken to insure that additional funds made available for the C-5A will continue to be used on that program even in the event of bankruptcy.

We recommended that Defense establish close surveillance over Lockheed's activities to insure that conditions which resulted in previous cost growth and financial difficulties have, to the extent possible, been corrected and are not likely to recur. We recommended also that the Department conduct a review of the "should cost" type of Lockheed's operations concerning the production of C-5A aircraft. The purpose of these recommendations was to give the Government greater assurance that Lockheed's future operations are conducted in an efficient and economical manner and that only necessary costs are incurred in completing the C-5A aircraft.

A New Ball Game— Cost-Minus-Fixed-Loss Contract

Under the plan of assistance adopted by Defense, the existing C-5A contract was converted on May 31, 1971, to cost-minus-fixed-loss-type — something relatively new on the defense procurement scene. The converted contract provides that the Government will furnish all funds necessary to complete the contract and that Lockheed will absorb a fixed loss in excess of \$200 million. Lockheed will forfeit \$100

million already invested in C-5A costs which would otherwise have been allowed; Lockheed is required to repay to the Government \$100 million, with interest, starting in 1974; Lockheed is also required to absorb disallowed costs associated with the contingency fund authorized by Public Law 91-441—estimated to be an additional \$4.8 million.

The new cost-minus-fixed-loss contract gave the Government a much greater role in management and control of C-5A contract activities. The concept of disengagement originally employed in administering the C-5A contract has been abandoned. The Air Force staff at the plant has been increased; new, more sophisticated financial management control systems have been adopted. Lockheed has taken extraordinary management actions to make its operations more economical and to otherwise conserve cash.

Summary

Because of increased public interest and a congressional mandate, precipitated in large measure by the problems of the C-5A, GAO has undertaken a large-scale review of how the Department of Defense acquires major weapon systems. The scope of the work is broad as well as deep. It deals with the status reporting system and shortfalls that have occurred in cost, schedule, and performance. It deals with the broad concepts and principles of the acquisition process at the Defense and military department levels.

The C-5A saga occupies a promi-

nent place in defense procurement history. Most will agree that while the end product itself—the C-5A aircraft—has been generally satisfactory thus far (except for some deficiencies, which probably can be corrected with enough time and money), the cost has been monumental. Public disclosure of the C-5A cost overrun, the advent of cost-minus-fixed-loss contracting, and the financial plight of Lockheed—our Nation's largest defense contractor—have been landmark events. From these experiences it seems appropriate that we sum up the more important lessons learned.

- The concept of disengagement in contract administration has no place in extremely long, complex, and costly system procurements. In such circumstances the Government has no choice but to become involved with the contractor in key decisions that significantly impact cost, schedule, and performance of the system.
- The procurement package must not exceed the contractor's financial capability. Smaller contractual increments, such as separate development and production phases, require less financial risk to both the Government and contractor.
- The contract should be structured to facilitate trade-offs of cost, schedule, and performance when the need arises.

Several useful reports have come out of this work, dealing with families of systems, specific systems such as the C-5A, and functional areas within sys-

tems, that have been well received by the Congress, key committees, and Members. Hopefully, as this work continues it will produce some fundamental improvements in the acquisition process and will provide Congress with greater visibility and surveillance over defense spending.

GAO's Reputation for Objectivity

Since the Congress does not always speak with one voice, the GAO has to serve many masters. There is always the danger of being hurt in the crossfires of political conflict. The GAO practice has been to stick to the facts and stay neutral in politics. Despite occasional carping and criticism, which every public agency is exposed to, and Congressmen are used to, the GAO has built a reputation for objectivity. This reputation should be jealously guarded.

*Representative Chet Holifield of
California*

Speaking at 1971 Annual GAO Awards
Ceremony, June 11, 1971.

721578

Using Computer-Aided Techniques in Financial Audit Work

This article identifies and describes the computer-aided techniques used during a recent audit. It also illustrates how the techniques were combined with regular audit procedures to obtain greater confidence and other benefits during the financial audit work.

Today computers are being used for an ever-increasing variety of business applications. As each generation of computers becomes larger and faster than the preceding one, very complex and technical programs are needed to operate the huge devices. These complicated programs represent a substantial change in the nature of the normal paper trail and present a formidable challenge to the auditor with limited experience in data processing operations. However, recent disclosures in the press of the misuse of the computer by employees of private concerns reveal a dramatic but practical case for the serious involvement of auditors in the development of new techniques and

procedures for the analysis of automated data processing systems.

Management is currently confronted with a staggering increase in the amount of paper records and reports produced by computer systems. Simultaneously, it is being told that those records and reports may not accurately reflect the financial condition of the company producing them. As one burly programmer stated in the *Wall Street Journal*, by using the company's computer, he could steal the company blind and leave its books balanced. In other instances, systems and programming personnel, versed in company operations and the data processing system, have juggled stock purchase

Mr. Smith is an audit manager in the Washington Regional Office. He holds a B.S. degree in accounting from Fresno State College and has been a previous contributor to *The GAO Review* ("Useful Techniques for Examining Automated Data Processing Systems"—Fall 1969).

Miss Jasper is a supervisory auditor in the Washington Regional Office and holds a B.S. degree in accounting from The Pennsylvania State University.

Both Mr. Smith and Miss Jasper are working on master's degrees in ADP at The American University and both are active members of the Federal Government Accountants Association.

accounts, extracted corporate cash, and shorted inventory accounts without the knowledge of either management or the auditor.

For these as well as other reasons, the auditor must develop new techniques and procedures that will help him determine whether the computer-oriented internal controls are effective and efficient. These new methods should help to assure both management and the auditor that financial records and reports are accurate. For example, during the 1970 GAO audit of the Government Services, Inc. (GSI), we wanted to use new and revised procedures to achieve greater confidence in the audit. In this instance, we desired to develop an audit method that could be used to establish the reliability of the financial records, reduce the number of financial transactions to be audited, and improve the audit program. These objectives were not easily accomplished.

The Problem

During past years, the annual audit had primarily relied on the effectiveness of manual procedures and controls, whereas the GSI accounts were processed and summarized by computer equipment. A recent consideration of the audit program indicated that it had become out of date and required the staff to make a large number of onsite revisions to make it usable. Specifically, much of the prior audit program required the staff to audit around the computer rather than through it. To resolve this problem, we wanted to improve the prior audit pro-

gram by providing a method for auditing through the computer. For these reasons, it was our desire, as the regional ADP specialists, to assist the audit staff in using the computer's capabilities to their advantage and to minimize the amount of clerical checking and verification work that had been performed previously. We also wanted the new techniques to have broad application so they could be used on other audits.

Audit Objectives and Responsibilities

The basic objective of the audit was the examination of the corporation's financial statements and the expression of an opinion on the fairness with which they presented the financial position and results of operations at the end of the calendar year.

To perform this work we assumed, among other things, that the auditor's knowledge of the transactions reflected in the accounts and in the financial statements would be limited to that acquired through the audit examination. Therefore, the problem was to devise an audit plan or program that would allow the auditor to establish the reliability of the financial records while at the same time substantially limit the number of transactions to be examined.

The Audit Plan

We first divided the work into three phases: a review of the internal controls, an audit of transactions, and the verification of the existence of assets

and liabilities. The division into three phases was considered to be important because it assisted in the planning and direction of the work, allowed each staff member to readily understand how his assigned work was related to the entire audit, and allowed the staff to take maximum advantage of the computer's capabilities.

In practice, the review of internal control differed from regular audit procedure because we had to consider not only the usual manual internal controls but also those built into the data processing system by the manufacturer and those included in the computer programs.

However, the real difference in our program came in the phase involving the audit of transactions. Here we departed from the traditional audit-by-account method. Instead, we decided to have the staff audit a random selection of all the transactions processed during the year, a procedure which we called the audit-by-transaction method.

In the final phase of our audit we used traditional verification procedures and only used the computer to save the audit staff time in clerical and verification functions like preparing lists of assets or liabilities or checking inventory extensions.

Evaluation of the System of Internal Control

Where automated data processing systems are involved, the need for strong and effective internal controls is just as great, if not greater, than where the work is performed manually. Recent disclosures of the misuse of the

computer by employees and the capability of the computer to quickly produce numerous errors amply illustrate ineffective and inefficient systems of internal control.

Recognizing the need for good internal control, we classified GSI's accounting operations into five functions: management control, data collection and recording, data conversion, operation monitoring, and information and/or check distribution. This technique helped to serve as a basis for organizing the work so that no important aspect of it would be overlooked. During the audit each function was analyzed to the extent necessary to ascertain whether the internal controls were effective for their intended purpose.

The Management Control Function

This function includes all the manual and computer control procedures necessary to assure management that the system performs in the desired manner and achieves the desired and necessary level of reliability. It is the most important single function in any system.

To effectively evaluate this function we first identified the flow of financial data through the automated accounting system. This was accomplished by reviewing the updating system flowcharts. The updated charts identified all the sources of financial data origination and recording; the procedures used to transmit the data to the GSI main office; the manual procedures used to prepare the data for computer processing; the procedures used to convert the data into machine-readable

form; the methods used to process the data using the computer; and the nature and disposition of all computer-produced documents, records, or reports. Thus, the updated charts gave us an overview of the entire accounting system and its operations and served as a basis for our evaluation of GSI's system of internal control.

The Data Collection and Recording Function

This function includes the initial collection of financial data, the recording of the data on a source document, the procedures and devices used to transmit the data from its point of origination to the Accounting Division, and the procedures used to convert the data into machine-readable form.

Generally, source data represents the weakest link in the chain of computer processing events. The reliability of computer equipment is very high and a computer program can usually be successfully debugged over a short interval of time, but the problem of the source data is a continuing one.

Source data may be in error for one of four general reasons:

- It may be incorrectly recorded at the point of origination.
- It may be incorrectly converted to machine-readable form.
- It may be lost in handling.
- It may be incorrectly read when entered into the computer.

Therefore, to ascertain the reliability of this function at GSI we tested the



GSI employees and the authors review source program listing. From the left: William Melera, Assistant to the Comptroller, GSI; Tamara Orebaugh, Assistant Data Processing Manager, GSI; and Clarence Smith and Geraldine Jasper of GAO.

effectiveness of internal controls at three different points in the system:

- The point where the data was originated.
- The points where the data was manually handled within the organization and converted into machine-readable form.
- The point where the data entered the computer.

The Data Conversion Function

This function includes the receipt of data to be processed from the Accounting Division and the computer processing of the data, including the preparation of various reports to be distributed to management.

During the conversion function a record could be lost or errors could be made (1) in reading the data by the input device, (2) in transmitting the electronic signal from one computer device to another, (3) because data was not processed, or (4) in wholesale quantities by using the wrong computer programs or the wrong master file. We tested the GSI accounting system to determine whether these types of errors occurred in their system.

The Operation Monitoring Function

This function includes a wide variety of reports directed to various operating and managerial levels of responsibility within the corporation. These reports are designed to tell them the accuracy of the data recording and data conversion functions. Thus, the monitoring function represents a surveillance-type function intended to

alert operating and managerial officials to any data processing problems or errors occurring in the system so they can initiate the appropriate corrective action.

Our tests of selected reports showed they were quite reliable for their intended purpose and that operating level officials generally initiated quick and appropriate corrective action when these reports brought processing errors to their attention.

The Information and/or Check Distribution Function

The information distribution function represents the purpose for which a system is designed and operated and consists of all reports, documents, and records, including checks, resulting from the conversion function. Such information may be in the form of printed reports or listings, or may be in machine-readable form such as magnetic tapes or discs.

To ascertain the degree of reliability that could be placed on the distribution function, we thoroughly tested the management controls over the data recording, data conversion, and operation monitoring functions. It was our view that if these other functions were reliable, the records, reports, and documents produced by the system had to be equally reliable.

Auditing Financial Transactions

Following our evaluation of GSI's system of internal control we began the preparation of a plan for the selec-

tion of the financial transactions to be audited in detail.

The prior year's financial statements served as our starting point.¹ If the transactions processed subsequent to the prior year's audited balances were processed accurately, it seemed reasonable that the ending balances the following year would also be accurate.

This audit-by-transaction method permitted more efficient use of statistical sampling than would have been possible under the traditional audit-by-account concept. In prior years, the auditors selected from certain accounts judgment samples of transactions to be audited. The samples were based on such factors as the dollar balance in the account and the account activity. Hence, the proportion of transactions audited varied from account to account. Although this was an acceptable audit procedure, the audit staff believed it could be improved upon because such samples are usually less reliable for estimation and prediction purposes than a statistical sample. Under the audit-by-transaction technique, the probability (or likelihood) that a transaction will be audited does not depend upon the dollar balance in the account(s) or the account activity.

The use of statistical sampling instead of judgment sampling provides the auditor with a more independent and objective basis for his opinion. He is able to estimate the percentage of transactions in error and the dollar amount of errors for all transactions

processed during the year. Furthermore, the reliability of the estimate can be measured in numerical terms.

Another advantage of statistical sampling is the possibility of obtaining better results from examining fewer financial transactions. When judgment sampling was used the number of transactions examined varied depending upon the auditor rather than upon the characteristics of the data. However, statistical sampling enables the auditor to calculate the number of transactions that must be examined in order to obtain the precision required to meet the audit objective. In the case of GSI, the auditor now examines fewer transactions but audits each transaction thoroughly.

The audit staff wanted to be 95 percent confident that the true error rate did not exceed 5 percent of the transactions and that the average error did not exceed \$25. If the audit of the sample transactions disclosed conditions greatly exceeding these tolerances, the audit work must be extended and possibly it would be necessary to qualify the opinion on the financial statements.

With the assistance of statisticians in the GAO Office of Policy and Special Studies, a plan for selecting the sample transactions was developed. This plan required us to develop estimates of the following information:

1. The number of financial transactions processed by GSI during a 1-year period.
2. The range (difference) between the dollar amounts of the largest and the smallest transactions.
3. The distribution of transactions

¹ An unqualified opinion had been given in the report "Audits of Government Services, Inc., its Employee Retirement and Benefit Trust Fund and its Supplemental Pension Plan, year ended Dec. 31, 1969" (B-114820, Apr. 1, 1970).

between these two extremes (e.g., proportion of transactions that could be classified as small, medium, and large).

After analysis of the prior year's data, we decided to group the transactions into seven nonoverlapping groups, or "strata." Thus, transactions

of approximately similar dollar amounts would be grouped into the same stratum. Independent random samples of transactions were selected from the entire group of transactions in each stratum. Shown below are the strata used, the number of transactions in each stratum, and the number of transactions audited.

<i>Stratum</i>	<i>Number of transactions in stratum</i>	<i>Number of transactions audited</i>
\$50,000.00 or more	537	537
10,000.00 to 49,999.99	1,538	149
1,000.00 to 9,999.99	24,755	241
100.00 to 999.99	89,806	88
10.00 to 99.99	175,697	20
1.00 to 9.99	94,937	2
Less than \$1.00	34,770	0
Totals	422,040	1,037

Since the transactions were recorded on magnetic tape, a sampling interval with a random start was the most efficient method of selecting the sample transactions. Each year new sampling intervals must be calculated and new random starting points determined since the number of transactions will vary from year to year. To insure control over the selection process, the sampling intervals and the starting points should not be given to GSI personnel until just prior to processing of the computer programs to select the sample.

After the sampling plan was prepared there was one additional problem that had to be solved. How do we prepare the computer programs necessary to implement it? Although we could prepare programs in several different computer languages (i.e., BASIC, COBOL, FORTRAN, MAD, ALGOL, and APL/360), we did not have the capability to write them in

the assembly language used on the computer at GSI.

We discussed this problem with GSI personnel who agreed to write the programs for us. However, it was necessary for us to take special precautions so that their preparation of the computer programs would not violate the principles of good internal control. We wanted to be certain that any improper or unauthorized financial transactions had an equal opportunity to be selected in the sample and that the GSI personnel could not write the special programs in such a way as to prevent us from detecting such transactions if they existed. Accordingly, we included the following procedures in the programs so that the audit staff would always retain control over the processing of the programs and the files of financial transactions.

First, we examined the program documentation to ascertain its compliance with the sampling plan and also

to be certain that no computer instructions had been added or deleted which would tend to minimize the statistical reliability of the results.

Next, we obtained a source program listing showing the actual computer instructions stored in the computer's memory and the sequence in which these instructions are executed by the computer. The regional ADP specialists compared this listing with the system documentation to make certain that there were no differences between the two. The audit staff was of the opinion that such comparisons should be made by a specialist because of the complex nature of the computer instructions and the system documentation.

The processing of these special computer programs provided the audit staff three different printouts:

1. A statistical summary which included the total number of transactions that were processed by GSI during the calendar year and dollar amounts for each stratum. This summary also included comparable data for the sample and was used to make certain that all transactions processed during the year were subject to selection in the sample.
2. A detailed listing of sample transactions by stratum. This listing also included appropriate control totals by stratum.
3. A detailed listing of sample transactions sorted first by accounting period, then by book of original entry, and finally by voucher number. This listing facilitated the audit work because

it placed the sample transactions in the same sequence as they were filed.

Following the selection of the sample it was necessary to develop only four sets of audit procedures, one set of procedures for each book of original entry, instead of separate procedures for each major financial statement account classification. This was possible because the four books of original entry (cash, inventory, vouchers payable, and general journal) served as the primary connecting link between last year's financial statements and the current year's statements. Thus, all transactions affecting GSI's account balances were recorded in one of these four books.

When performing the work for the period ending December 31, 1970, the staff audited 1,037 transactions with a monetary value of \$104,332,738 (\$56,003,259 in debits and \$48,329,479 in credits). The number of transactions audited represented only 0.25 percent of those processed during the calendar year. However, their monetary value represented 46 percent of the value of all the transactions.

When the audit work was completed, the statistical evaluation of the results was quite encouraging. As would be expected the audit staff did detect some errors in the recording of transactions on the financial records. The statistical evaluation of these errors disclosed their effect on the financial statements as follows:

1. The staff could be 95 percent confident that the net error could

range from a \$30,792 overstatement of net worth to a \$24,476 understatement of net worth.

2. The staff could be 95 percent confident that the corporation's net worth at December 31, 1970, lay between \$4,682,893 and \$4,738,161 (net worth per balance sheet at December 31, 1970, was reported by the corporation to be \$4,713,685). Thus, there was only a 1-in-20 chance that the results of a complete audit of all transactions would be outside the interval shown.
3. The probability was 97.5 percent that the rate of occurrence of all types of errors affecting net worth did not exceed 0.8 percent.
4. The probability was 97.5 percent that the average dollar value of all types of errors did not exceed 2 cents.

Thus, the results of the audit were well within the tolerances specified by the audit staff.

Although our audit of the financial transactions disclosed that we could place a high level of reliance on them, we still had to assure ourselves of the existence of the indicated assets and liabilities as recorded in the accounts.

Ascertaining the Existence of Assets and Liabilities

In addition to ascertaining the reliability of the financial transactions processed by GSI, the audit staff desired to obtain sufficient competent evidential matter through inspection, ob-

servations, inquiries, and confirmations to afford a reasonable basis for rendering an opinion as to the existence of the recorded assets and liabilities. It was their view that where these inspections, observations, inquiries, and confirmations could not be performed this fact would have to be disclosed in the audit report and, if the amounts involved were material, the audit report would be appropriately qualified. For these reasons the staff performed the work normally required for each of the major asset and liability accounts listed in GSI's general ledger. When this work was completed, it was their view that the existence of the assets and liabilities recorded in the general ledger was reasonably assured.

Summary

Following the completion of this work a new audit program was prepared which provided the audit staff an improved basis to obtain substantially greater confidence in the financial audit work. The new audit program was based on dividing the work into three segments: an evaluation of GSI's system of internal control, the detailed audit of financial transactions, and the verification of the existence of corporate assets and liabilities. Recognizing the need for good internal control, we further divided the GSI automated accounting system into five distinct functions. Each function was then analyzed to the extent considered necessary. Thus, each staff member performed a more thorough analysis in a smaller and more clearly defined audit area than was previously possible.

During the detailed audit we quickly learned that the computer could perform checking and verification routines much quicker and more reliably than they could be performed manually, and we used it to the maximum extent possible.

In regard to the procedures used to verify the existence of the corporate assets and liabilities, we were not able to make significant improvements in them by the use of the computer. Generally, these procedures include the reconciliation of bank accounts, surprise cash counts, confirmation of re-

ceivables, physical observation of inventories, and the confirmation of liabilities. As a matter of necessity, this work must be performed primarily without the aid of the computer.

Overall, the work resulted in increased confidence in the reliability of the statements, while at the same time substantially reducing the number of transactions audited. Finally, this work eliminated the need for the audit staff to judge intuitively the reliability of their work by providing a much more independent and objective basis for such evaluation.

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Reflections on a Congressional Committee Assignment

One of the ways in which the GAO carries out its responsibilities to the Congress is by assigning some of its staff members from time to time to work temporarily on congressional committee staffs. Each congressional committee has its own modus operandi. In this article, the author relates his recent experiences with the House Appropriations Committee staff.

Management and Organization of the Committee Staff

The Surveys and Investigations Staff operates at the direction of, but physically apart from, the House Appropriations Committee. The staff is managed by a director and an assistant director located at the Health, Education, and Welfare building and a second assistant director for work in the Department of Defense located at the Pentagon. A group leader is in charge of a part of the staff that works on civil agency assignments. This group is housed in the Department of Agriculture building. Staff directors are usually appointed for 3 years. Each year they move to the next higher position, serving as staff director during their final year.

The staff is composed of Government personnel, most of whom have extensive experience in auditing, law, or investigative work. Government employees who are experts in other fields are also used to assist the committee in complex or technical aspects of its studies. GAO staff members are loaned to the committee on a temporary basis. Consequently there are periodic turnovers and fluctuations in the total number assigned throughout the year. The size of the staff ranges from about 25 to 35.

Committee staff personnel represent a variety of Government agencies from both the Washington, D.C., area and cities outside the Washington area. The committee desires to keep the identity of its staff members' agencies confidential because, while assigned to

Mr. Zeunges is a supervisory auditor in the Research and Development Group, Defense Division. He is a graduate of St. Francis College, Loretto, Pa., and has been with GAO since 1965. He was assigned to the Surveys and Investigations Staff of the House Appropriations Committee from July 1969 to March 1971.

the staff, these staff members represent the House Appropriations Committee and not their respective agencies.

How the Committee Staff Functions

The House Appropriations Committee designates its areas of interest to its staff through brief letters called directives. A directive states, in general terms, the various aspects of programs that the committee wants investigated and reported on. These programs may have received considerable attention in recent congressional hearings or they may be scheduled for discussion in future hearings. The reasons surrounding the issuance of the directives are not always apparent to the committee staff. In some instances, the director will meet with a member of the permanent committee staff for clarification of the directives.

The staff is usually divided into teams in order to efficiently perform the work called for in the directives. The size of the teams varies according to the complexity of the job, the degree of urgency required to complete the work, and the availability of staff members. The ideal team has four members, one of which is designated team leader. The team leader is responsible for the conduct of his study and the resulting report.

The length of job assignments may vary from 3 weeks for such programs as reviews of military construction to over a year for jobs of greater complexity. As many as a dozen or more studies may be in process at any given

time. New teams are usually formed for new assignments.

Work assignments usually begin by researching recent congressional hearings and any other available material for background information on the subject matter and for some indication of the committee's interest in the topic of the directive. An investigative outline which lists the areas that the staff intends to pursue is then prepared. The investigative outline serves as a broadly defined audit program for the assignment. Notification letters are then sent to appropriate agency officials when the new job is started. After initial briefings have been held the staff begins its detailed work.

Experiences with the Committee Staff

During my tenure with the committee staff, I participated in four assignments which individually and collectively provided me with valuable insight into current programs in the Department of Defense of interest to the committee. My first assignment involved a review of the policies, practices, and procedures of the Department of Defense with respect to small purchases (items costing less than \$2,500). As a result of this assignment I obtained a better picture of the interrelationships of the functions of procurement and supply in the Department of Defense.

A subsequent study of the Department's air-to-ground weapons systems was interrupted so that a review of the proposed Defense office building at Bolling Air Force Base, Washington,

D.C., could be performed and reported on in time for the fiscal year 1971 hearings. The Congress subsequently canceled this project, the second time it has done so. However, the project was included in the budget submitted for the following year.

My final assignment with the committee involved a review of the overall Army truck program. Like the weapons systems study, the truck program study required crossing several functional areas such as research and development, procurement, supply, inventory control, and requirements determinations. Individual weapons and vehicles have received considerable attention in recent congressional hearings. The truck study and the weapons systems study provided an insight into how individual systems are considered in light of overall defense goals.

The Reporting Process

The results of the staff's studies are set forth in reports to the House Appropriations Committee. There is no standard reporting format prescribed for the reports which vary in length, some exceeding 100 pages. The staff reports are largely informative in nature and worded very informally. No conclusions or recommendations are made.

The preparation of the report usually begins after a reporting deadline has been set by the director. The staff is given about 4 to 6 weeks in advance of the deadline date to begin preparation of the report draft. The establishment of a reporting deadline many times prevents the full develop-

ment of findings made in the course of the study. The urgency of the report deadline often necessitates deferring the referencing of the facts in the report to supporting documentation until after the report has been issued.

One of the principal differences between GAO and committee reports is that agency officials do not have an opportunity to review or comment on the committee's reports. A limited number of copies of the reports are printed for the committee's use. Copies of the reports are made available to interested parties only by authority of the committee.

Advantages and Disadvantages of Congressional Committee Assignments

Any listing of the pros and cons of a congressional committee assignment must be an arbitrary one based on an individual's particular experiences. I feel that a significant advantage of such an assignment is furthering one's career development. A congressional committee staff is a step closer to working more directly with the Congress, a step not everyone is able to take. There is also the attendant better treatment from agency personnel than is normally experienced as a GAO auditor.

Staff members can achieve job satisfaction quickly because of the tight time schedule of the assignment and the fact that there are only three report review officials. In addition, some staff members consider the opportunity for travel an important advantage of

committee staff work. Almost every assignment requires a certain amount of travel since the committee has no regional offices to perform its field work. Some assignments require overseas travel.

The major disadvantage of congressional assignments is that a staff member is frequently away from his agency for a period longer than anticipated. As an example my "6-month" assignment lasted almost 20 months. The Legislative Reorganization Act of 1970 now limits the assignment of GAO personnel to congressional committees to 1 year.

Conclusion

In the past many congressional committee assignments were given to the older and more experienced GAO staff

members. Many of these same people were frequently selected for congressional assignments on a recurring basis. As a result, some of the younger staff members were suspicious of congressional committee assignments and considered them undesirable.

There has been a noticeable trend in recent years toward assigning more of the younger staff members to congressional committee work. As more staff members become exposed to such assignments, a change in attitude regarding such assignments is gradually evolving. By participating in congressional assignments at an early stage in his GAO career, a staff member can develop a better appreciation of the role that GAO plays in furnishing staff members for congressional committee work.

Dictating—An Important and Underutilized Management Tool

Dictating skill is an important aid to efficient managers, including accountants and auditors, in conserving time and energy. This article provides some encouragement for developing such a skill.

The conference with the agency officials is over, much information has been obtained, and a number of important agreements have been reached. On the return to the office an awkward silence comes over the participants. The silence is finally broken by those familiar words, "OK, who will write the memorandum?" At this point the junior man, unable to make himself invisible, heads for his office and his pencil and paper, receiving suggestions until out of earshot, such as:

Don't forget what Mr. Smith said.

Don't forget to include my comments on Mr. Carver's suggestion.

Be sure to see that Jones and Davis get copies.

Sound familiar? You bet. It involves the age-old problem of delegating seemingly unpleasant tasks to the junior staff member and is a scene often repeated. It is not only a prob-

lem to us in GAO but also to other Government agencies and private companies as well. The saddest part of all is that in many cases the junior staff member does not have the complete picture because the meeting covered areas outside the scope of his assigned tasks, and, therefore, it is likely that any documentation prepared by him will be deficient. While this practice creates a problem for the junior staff member, it creates a bigger problem for the organization.

Now that we have defined the problem, let's discuss its solution. On the return to the office after the meeting, one of the senior men should spend 10 to 15 minutes dictating his comments to either a stenographer or a dictaphone rather than spending that time or longer reviewing what took the junior staff member several hours to prepare.

Mr. Cronin is a supervisory auditor in the Civil Division. He holds a B.B.A. degree in accounting from Manhattan College and has attended the Center for Advanced Organizational Science at the University of Wisconsin. He is a certified public accountant in Maryland and a member of the American Institute of CPAs and the National Association of Accountants.

My own experience with dictating has been somewhat different than the above example. Because of extremely poor penmanship (due in part to a childhood mishap) I was forced to use dictation long before I reached the level of a manager. After acquiring some basic skills and confidence through trial and error with a dictating machine, it was easy for me to recognize the fear of dictating that is present in so many of us.

I could have a supervisor stuttering excuses for 5 minutes if after a meeting I would say, "Want to borrow my dictaphone? I'd be glad to have your memorandum transcribed for you." Or later, as a manager I could make a newly assigned supervisor very nervous by saying, "You did a good job at the meeting and covered a lot of territory. Dictate the memorandum to my secretary so we can get it out in a hurry."

The sink-or-swim philosophy which I admit to having used is not always the best. It can have a lasting negative effect on an individual. I prefer the soft-sell approach to dictating by starting an individual off using a machine and gradually building up his dictating skills to a point where he can be at ease dictating to a stenographer. I cannot overemphasize the value of developing these skills because of the countless hours of pushing the pencil that are saved. Those who have worked with me, I am sure, remember my usual statement to my secretary after returning to our office from a meeting, "Vickie, come in and bring your book."

With a stenographer capable of tak-

ing 120 words per minute, it would not take much time to have a typed draft of the memorandum as well as drafts of any related memoranda going to our regional offices. In cases where we are working under time pressures, for example, preparing memoranda relating to agreements reached at meetings with Members of Congress, the value of dictating cannot be overemphasized. With a good stenographer the data can even be dictated over the phone and the draft of the memorandum will be waiting on your desk when you return. With experience and training it is even possible to have a good stenographer edit your material and have the final memorandum ready for your signature on your return.

Now, if I have whetted the appetite of the reader, let's explore how we go about developing the management skill of dictating.

When and How To Start

In my opinion, our professional staff members should start dictating at the GS-11 and GS-12 levels by using a machine. Of course, it should be remembered that we cannot forget the secretary in all this since she too is an essential part. If the secretary can take dictation, then the chances are she can use a transcriber (the playback machine from the dictaphone that allows the secretary to slow down the recording to an acceptable speed for typing). If she is not a stenographer and has never used a machine it might take a bit of selling, but if your penmanship is as bad as mine it does not take much.

The next step is pure logistics—get the machines.

Using the Machine

It is considerably easier to familiarize the secretary with the transcriber than it is to make a good recording. The most difficult adjustment is for the dictator. For some reason the first attempt at pushing a button and speaking into a live microphone that is recording seems to be a traumatic experience. A few simple hints may help.

1. Become familiar with the machine, including the location and use of its controls.
2. Make a test record by reading a memo you wrote by hand. Remember to speak *slowly* and *clearly*. Record a few sentences at a time and play them back to determine the proper control settings.
3. Try the real thing but remember to speak *slowly* and *clearly*. Always prepare a brief outline of the memo so you can keep your thoughts organized in a logical flow. This will pay off when you edit the draft.

Avoid Bad Habits

When you play back your first recording you probably won't recognize yourself. Most people don't. You might also think you sound like Donald Duck. Most people do. The machine records in such a manner that the secretary can slow the record down without distortion. However, if extreme

distortion is noted at normal playback speed, try speaking a little slower and enunciating more clearly.

Always remember to enunciate clearly since the secretary will transcribe what she *hears*. This is particularly true for the last syllable of words. When a little of my New York accent slips in every now and then, words like "in depth" are typed "in debi" and so on. Bad habits in enunciation will be quite clear when a typed draft is returned. Remember, if it is the wrong word, it's your fault and not the secretary's.

The Move to a Stenographer

A good stenographer can be an invaluable asset to a manager. Frankly, even in the accounting profession, I can't understand how some managers can get along without them. I shudder every time I think of having to write a memorandum by hand; yet we all know many managers who still do, probably because they fear that "baptism of fire" that makes a soldier a veteran.

I can say from experience that it is not that difficult when a new dictator and stenographer first work together. It is probably a tossup as to who is more nervous. The most difficult part of live dictation, in my view, is for the dictator to speak at a speed within the limitations of the stenographer. Once this is accomplished the speed of both can be increased.

Again, as with the machine, when working with a stenographer for the

first time, start out with a short memorandum. Don't forget to encourage the stenographer to interrupt if she does not understand. If you are not sure of the correctness of something just dictated, ask her to read it back. Don't be afraid to edit while dictating.

After you have used live dictation three or four times, you will find you

have become an expert—recognizing of course that some individuals adapt more quickly than others. Then the next time you attend a meeting, if one of your associates or superiors says, "Use my secretary if you want to speed up this memorandum," you can reply, "Thanks. Send her over and tell her to bring her book."

Good Advice

If an ordinary word fits, use it. Write short sentences. Don't look for original ways to repeat yourself. Don't use words that send people running to the dictionary or out on a coffee break. Don't assume everyone knows exactly what you're talking about. The purpose is to inform, not impress.

Robert A. Podesta

Assistant Secretary of Commerce for
Economic Development.

Quoted in *The Sunday Star*, Washington,
D.C., April 26, 1970.

As We Look to Others

The GAO review of the Federal Government's Indian education program led to the assignment of three GAO auditors from the Los Angeles Regional Office to do work at the Sherman Indian High School at Riverside, Calif. Their appearance there aroused some curiosity among the students. Ultimately, the school paper Sherman Highlights (January-February 1971) printed the story which follows.

The piece was written by Roselyn Duwyenie, a Hopi Indian girl from Hotevilla, Ariz. Miss Duwyenie, an outstanding student, had such creditable achievements on her record as valedictorian, 1971 graduating class; recipient of DAR Citizenship Award to Outstanding Senior Girl and Most Successful in Business Award; editor of school paper; and participant in numerous other school activities.

General Accounting Auditors

We kept seeing these strangers visiting on campus. They seemed to be everywhere, in and out of classrooms, dining hall, other offices, etc. Then we found they were located in an office next to our Highlights room.

We decided if we could find out who they were and what they were doing at Sherman, it would be a good article for our newspaper, so we went next door and asked for an interview, and to "investigate." We the "interviewer-investigators" found out quickly that they were "investigators," or, auditors from the *General Accounting Office*. When we left their office, we felt that we had been "interviewed" instead of being the "interviewers," but we did find out many interesting things.

These auditors, Mr. Dave Zylks, Mr. Larry Bridges, and Mr. George Gaway, work out of the Los Angeles General Accounting Office which is directly under the GAO in Washington, D.C.

Actually, they work for Congress, and they said they are sometimes referred to as the "Watch Dogs" for Congress. There are many teams of these auditors who go all over the country, and sometimes into far corners of the world to check on many different kinds of problems; or make a study and survey of how the money appropriated by our Government is being spent, or being used to the best advantage. The reports of their findings, good or bad, are taken to the Washington Head Officer who reports

to Congress. If any problems are encountered, they set about to improve the situation.

These auditors are now looking into Indian Education to see if they can find any problems, and then try to help solve any problems they might find. They will also write up any good points they find because these might be used by other agencies of the government. They will also make recommendations to Congress of the needs of the school.

When these auditors left here, one was going with another team to Phoenix, and one to Washington. They will travel all over the U.S. to take a look

at all Indian boarding and reservation schools.

They described their jobs to us, and told us about the type of studying we might take if we were interested in being GAO auditors. These jobs pay very good salaries, and the promotions are fast and good. Besides a good salary which they make, they also get all their traveling expenses paid. The starting salary is good, and at the end of each year they get a raise for the first four years. After that, one gets a raise every two years, so you see, one could get to the top in no time. To me it would be interesting to travel all over our country. It sounds to me like a good position to train for.

We Agree

If the General Accounting Office did not exist, it would have to be invented. The necessity for an independent agency to examine how the Government spends public funds in the discharge of its responsibilities was obvious from the very beginning of constitutional government in this country.

Management Accounting, April 1970.

Approval of Department of Commerce Accounting Systems

President Nixon commended the Department of Commerce in May 1971 for becoming the first Cabinet agency whose complete accounting system designs have been approved by the Comptroller General, as required by law. His letter of commendation appears on the next page.

The Comptroller General, *Elmer B. Staats*, also wrote to the Secretary of Commerce noting that "the design of all seven of the accounting systems of the Department of Commerce, including appropriate ADP documentations, have been approved" and commending

the Secretary and his associates for this "significant accomplishment."

Immediately after his appointment to the Cabinet in January 1969, Secretary of Commerce Maurice Stans established as a priority task the modernization of the Department's accounting systems and their approval by the Comptroller General.

In addition to Mr. Stans' personal interest, top Department leadership for this work was provided by Larry A. Jobe, Assistant Secretary of Commerce for Administration.



Larry A. Jobe, Assistant Secretary of Commerce for Administration, accepts congratulations for his leadership role in improving and obtaining GAO approval of the designs of the Department of Commerce accounting systems. An informal celebration of this accomplishment was held at the Department of Commerce on June 18, 1971. From the left: Comptroller General Elmer B. Staats; Secretary of Commerce Maurice H. Stans, Mr. Jobe; and E. H. Morse, Jr., Director, Office of Policy and Special Studies.

THE WHITE HOUSE
WASHINGTON

May 7, 1971

Dear Maury:

It was interesting to learn that the Department of Commerce has passed a significant milestone in becoming the first Cabinet Department whose complete accounting system design has been approved by the Comptroller General as required by law.

You and Assistant Secretary Jobe deserve a special word of appreciation for the leadership responsible for this accomplishment. I know that both of you are keenly aware of the significant contribution that accurate, intelligible and timely financial data can make to the efficiency and the economy of execution of our programs. This is what I tried to convey in my August 12, 1969 memorandum. We must indeed have "financial systems that illuminate every level and stage of decision-making: from the first-line supervisor to the President and the Congress, from the long-range forecast to the critical post-audit."

I am confident that you will move ahead with the same quick responsiveness in putting these accounting systems into operation. Your accomplishments should serve to demonstrate to all Federal agencies how progress can be made in strengthening administrative practices.

With warmest regards,

Sincerely,



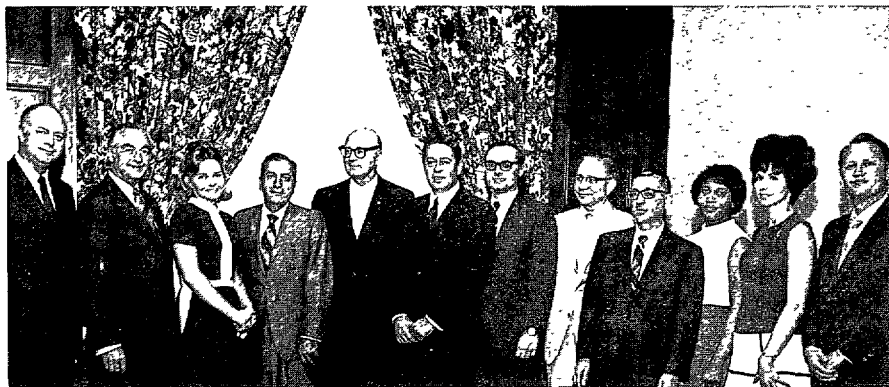
Honorable Maurice H. Stans
Secretary of Commerce
Washington, D. C. 20230

Mr. Jobe's leadership was recognized not only by President Nixon and Secretary of Commerce Stans, but by the Federal Government Accountants Association. This organization presented Mr. Jobe with one of its Distinguished Leadership Awards for this work during its 20th Annual National Symposium in Washington, D.C., June 30, 1971.

The Department of Commerce accomplishment was not without a strong assist from GAO under its coop-

erative accounting systems development program. Under the leadership of *Daniel Borth*, deputy director, and *Richard Maycock*, assistant director, of the Office of Policy and Special Studies, the following GAO staff members assisted the Department's agencies in their systems work since 1969:

- Ernest R. Porter*
- Jack Ell*
- Arthur Martin*
- Earl Wysong*
- Frankie Schlender*

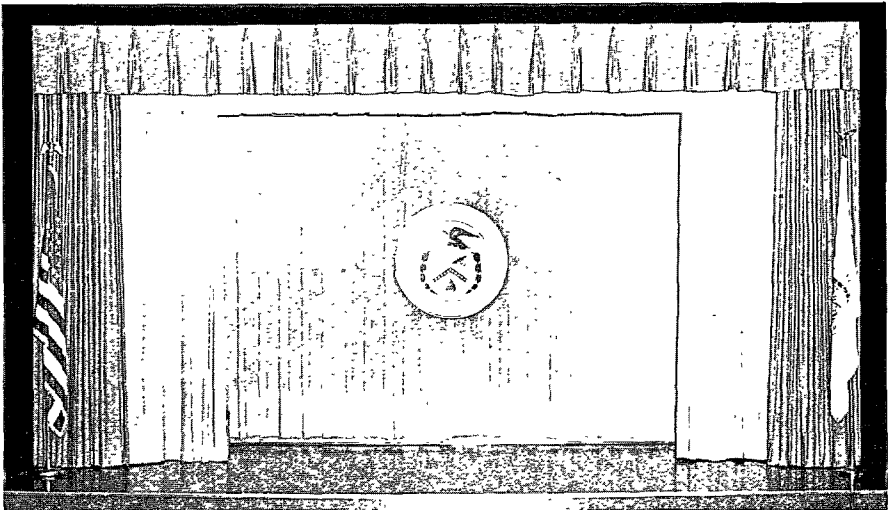


Department of Commerce financial systems staff with top departmental officials and the Comptroller General at informal celebration on June 18. From the left: Elmer B. Staats, Comptroller General; Maurice H. Stans, Secretary of Commerce; Eleanor Clark; Meir S. Gabbay, Chief, Financial Systems Staff; C. L. Harvill; Ben L. Brown; John J. Zych; Harry Kirst; W. R. Kuttner; June Williams; Joyce Cicala; and Larry A. Jobe, Assistant Secretary for Administration.

More on GAO's First 50 Years

The Summer 1971 issue of the *Review* was devoted completely to commemorating GAO's 50th anniversary. It contains numerous items relating to the history and evolution of the Office.

In this issue, a number of additional items in this vein are included in further recognition of 1971 as the year when GAO completed its first 50 years.



GAO Watchdog Photo

50th Anniversary Activities

In recognition of the 50th anniversary of the Budget and Accounting Act, 1921, which created the General Accounting Office, a variety of activities and events took place during the month of June 1971.

June 11 Activities

On this date the principal observance of the anniversary was held in Washington with the following events:

—Presentation of three of the 50th anniversary year series of lectures on improving management for more effective government. These lectures were delivered during the morning in the West Auditorium of the New State Department Building to an audience of about 800 people, consisting of GAO officials, employees, and guests. The lecturers were:

George P. Shultz, Director, Office of Management and Budget

Russell E. Train, Chairman, Council on Environmental Quality

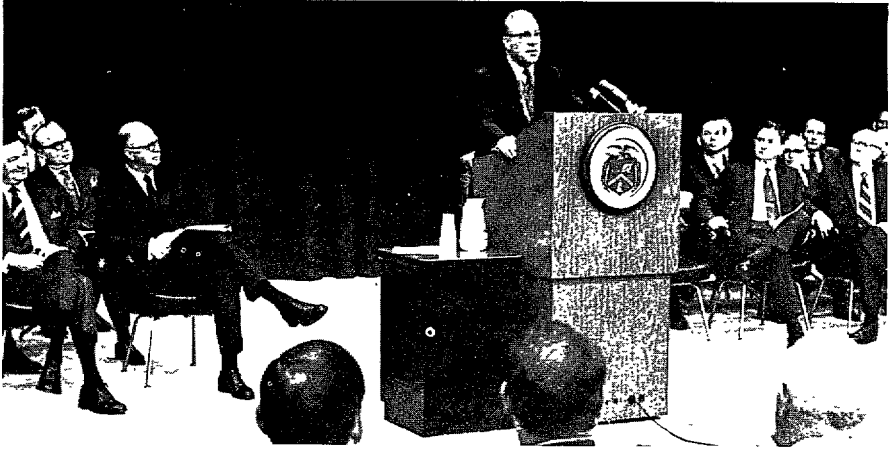
Dr. Robert C. Weaver, Professor of Economics, City University of New York

—The annual honor awards ceremonies of the General Accounting Office with the Honorable Chet Holifield, Representative from California, as the guest speaker (see p. 84).



GAO Watchdog Photo

Comptroller General Elmer B. Staats opens the morning session on June 11 at the West Auditorium, New State Department Building, by greeting GAO officials, employees and guests.



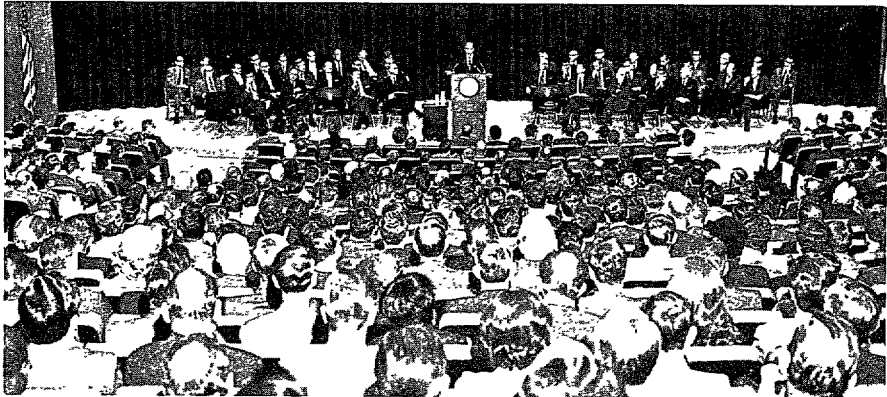
GAO Watchdog Photo

Leadoff speaker on June 11 in the State Department Auditorium was George P. Shultz, Director, Office of Management and Budget.

—An evening reception sponsored by the GAO Employees Association in the Ben Franklin Room of the New State Department Building. About 600 guests attended.

All of the lectures delivered on June

11 were video-taped and are being made available in this form to all GAO regional offices for presentation to their staffs. These lectures are part of a year-long series of 15 lectures which will be compiled into book form for distribution early next year.



GAO Watchdog Photo

A portion of the audience listening to Mr. Shultz. Seated on the platform are the Comptroller General, Elmer B. Staats; the Assistant Comptroller General, Robert F. Keller; and GAO division and office heads and their deputies.



GAO Watchdog Photo

Speakers. Robert C. Weaver, Professor of Economics, City University of New York, and Russell E. Train, Chairman, Council on Environmental Quality, participated in the morning lecture program, a segment of the GAO's 50th Anniversary Ceremonies on June 11. From the left: Mr. Weaver; Elmer B. Staats, Comptroller General; Mr. Train; and Robert F. Keller, Assistant Comptroller General.

Congratulatory Speeches by Members of Congress

Numerous speeches by Members of Congress congratulating and commending GAO on its 50th anniversary were printed in the *Congressional Record* during June 1971.

Congressional Resolution

The House of Representatives approved the following concurrent resolution on August 3, 1971. (The Senate had not acted on it up to the time of the August 1971 recess.)

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States extends its congratulations to the former and present officers and employees of the General Accounting Office on the occasion of the fiftieth anniversary of

that Office; and be it further

Resolved, That as it is fitting and proper to commemorate the fifty-year history of the General Accounting Office, the month of June 1971 is designated for ceremonies appropriate to such commemoration.

Published Articles on GAO

A number of articles relating to GAO appeared in the publications of professional associations. Those published during January-August 1971 were:

The Journal of Accountancy
(June 1971)

Profile on Comptroller General *Elmer B. Staats* written by James Nolan, managing editor, plus an editorial entitled "GAO Is Fifty Years Old."

Management Accounting
(May 1971)

An NAA salute to GAO on its 50th anniversary which also refers to the April 1970 issue of the same journal containing an article describing GAO activities and problems.

The Accounting Review
(July 1971)

"A Perspective of Accounting" by *Leo Herbert*, director, Office of Personnel Management.

The Office
(January 1971)

"Accountants Evaluate Federal Management" by *E. H. Morse, Jr.*

The Federal Accountant
(June 1971)

"Outline of History of the U.S. General Accounting Office 1789-1971" accompanying message from FGAA national president (*E. H. Morse, Jr.*), entitled "What About the Next Fifty Years?"

Army Finance Journal
(May-June 1971)

"The United States General Accounting Office—A Half-Century of Service to the Public."

Washington/The Sunday Star
(August 22, 1971)

"Sniff, Sniff, the GAO" by *Miriam Ottenberg*.



GAO Watchdog Photo

Attentive listeners in the State Department Auditorium, June 11.

Special GAO Publications

The following publications were devoted to GAO history and development:

The GAO Review, Summer 1971
GAO Newsletter, June 11, 1971

Special Displays in GAO Building in Washington

North Lobby, main floor—

Pictures and facsimiles of docu-

ments relating to GAO's predecessor organizations, 1789-1921.

South Lobby, main floor—

Pictures and facsimiles of documents pertaining to GAO's first 50 years.

Seventh floor—

Pictures of Comptrollers of the Treasury, 1789-1921; and Comptrollers General, Assistant Comptrollers General, and General Counsels, 1921-1971.

The General Accounting Office is a great office and you can be proud to be a part of it, and of the contributions the Office has made to better government. If I may say so modestly, together we have revolutionized the Office, raised its stature and made its influence felt for good throughout the Federal Government. This has only been accomplished by constant recognition that an organization is only as strong as its members. The General Accounting Office is no one group or individual, but a team with every one of you playing a vital part. I know you will give the next Comptroller General the same teamwork and loyalty you have given to me.

Lindsay C. Warren

In letter to GAO employees at time of his retirement in 1954.

Personalities Contributing to the Enactment of the Budget and Accounting Act, 1921

The question "What is he really like?" is posed frequently about people in the public eye. At this special time in the history of the General Accounting Office, it is of more than passing interest to learn something about those individuals who were instrumental in the enactment of the Budget and Accounting Act, 1921. The biographical abstracts that follow help to humanize this part of GAO's history and make more meaningful the words and actions of the individuals who were so important in the conception and birth of the General Accounting Office.

The Cleveland Commission

In 1911 President William Howard Taft appointed a Commission on Economy and Efficiency to look into ways and means to improve the Federal Government. The Commission was chaired by Frederick A. Cleveland who had been instrumental in updating the accounting procedures in New York State.

The Congress was interested in the makeup of this Commission and pursuant to a Senate resolution approved January 25, 1912, President Taft was

required to furnish the Senate with the names, qualifications, and salaries of the members of the Commission. As a result of this senatorial request for information, we have the following biographical sketches of the members of the Commission.

Frederick A. Cleveland, chairman: Age 46; salary as chairman of the President's Commission on Economy and Efficiency, \$10,000 per annum; appointed March 8, 1911. Official positions previously held: Instructor of finance, University of Pennsylvania, 1900 to 1902; professor of finance, School of Commerce, Accounts, and Finance, New York University, 1903 to 1905; member

Mrs. Macfarlane was chief of the Legal Reference Services, Office of the General Counsel, until her retirement June 24, 1971. She holds an A.B. degree from National University and an LL.B. degree from National University Law School. She is a member of the Bar of the District of Columbia.

Miss Hatter is assistant chief of the Legislative Digest Section, Office of the General Counsel. She has been with the General Accounting Office since 1957.



From Library of Congress collections

Frederick A. Cleveland, Chairman of the President's Commission on Economy and Efficiency, appointed by President Taft in 1911.

of commission on finance and taxation appointed by Mayor McClellan, of the city of New York, 1905 to 1906; member of committee appointed by Comptroller Metz for the revision of accounts and administrative methods of New York, 1907 to 1908; member of committee on office methods and practices, appointed by Controller Prendergast,

city of New York; director, bureau of municipal research, Philadelphia; director, bureau of municipal research, New York City.

William F. Willoughby: Age 44; salary as member of the President's Commission on Economy and Efficiency, \$6,000 per annum; appointed March 8, 1911. Official positions previously held: Expert, Department of

Labor, 1890 to 1901; treasurer of Porto Rico, 1901 to 1907; secretary of Porto Rico and president of the Executive Council of Porto Rico, 1907 to 1909; Assistant Director of the Census, 1909 to 1911.

Walter W. Warwick: Age 43; salary as member of the President's Commission on Economy and Efficiency, \$6,000 per annum; appointed April 20, 1911. Official positions previously held: Clerk to United States circuit judge, 1892 to 1893; confidential clerk, law clerk, and chief law clerk, Treasury Department, 1893 to 1898, and 1905 to 1908; deputy auditor Isthmian Canal Commission (Washington office), 1904 to 1905; examiner of accounts of the Isthmian Canal Commission and auditor of the government of the Canal Zone (on duty on the Isthmus), 1908 to 1911; appointed associate justice of the supreme court of the Canal Zone, 1911. (Did not enter on duties of office last named because of appointment as member of the commission.)

Frank J. Goodnow: Age 53; salary as member of the President's Commission on Economy and Efficiency, \$6,000 per annum; appointed April 20, 1911. Official positions previously held: Professor of law, Columbia University, New York, since 1883; member of commission appointed by Gov. Roosevelt in 1900 to revise the charter of the city of New York; member of commission on finance and taxation appointed by Mayor McClellan of the city of New York, 1905; member of commission appointed by Mayor Gaynor to inquire into the causes of congestion of population in New York, 1910; delegate of the United States Government to the first Congress of Administrative Science at Brussels, 1910.

Harvey S. Chase: Age 50; salary as member of the President's Commission on Economy and Efficiency, \$40 per day while on duty at Washington, without cost to the Government for traveling and personal expenses, the total cost per annum not to exceed \$6,000; appointed June 30, 1911. Official positions previously held: Consulting expert in the installation of uniform systems of accounting for the State of Ohio, 1902; expert for finance commission of the city of Boston, 1908 to 1910; expert for governor of State

of Massachusetts, 1910 to 1911; president of Massachusetts Society of Public Accountants; trustee and member of executive committee of American Association of Public Accountants.

Merritt O. Chance, secretary: Age 42; salary as secretary of the President's Commission on Economy and Efficiency, \$6,000 per annum; appointed March 8, 1911. Official positions previously held: Assistant messenger, Post Office Department, 1888; clerk, War Department, 1890; clerk, Post Office Department, 1891 to 1894; clerk and private secretary to Fourth Assistant Postmaster General, 1895 to 1899; chief clerk, Fourth Assistant Postmaster General, 1899 to 1901; private secretary to the Secretary of War, 1901 to 1904; superintendent of post-office supplies, Post Office Department, 1904; chief clerk, Post Office Department, 1905 to 1908; auditor for the Post Office Department, 1908 to 1911.¹

Of the 26 reports issued by the Commission, two dealt with the National Budget System and contained recommendations that were ultimately incorporated in legislation that became the Budget and Accounting Act, 1921. These reports were "The Need for a National Budget System" (issued June 27, 1912, 62d Cong., H. Doc. 851) and "A Budget for the Fiscal Year 1914" (submitted as an example of the type of budget that would be proper, 62d Cong., S. Doc. 113).

Walter W. Warwick

One of the members of the Commission, Walter W. Warwick of Ohio, was appointed by President Wilson on September 1, 1915, to be Comptroller of the Treasury. Comptroller Warwick served in this capacity until June 30, 1921, when the GAO and the Office of

¹ *Congressional Record*, Vol. 48 (1912), p. 1834.

the Comptroller General went into operation.

Several days before President Wilson vetoed the Budget and Accounting Act bill on June 4, 1920, Comptroller Warwick wrote a memorandum to the principal members of his staff inviting comments on steps to implement what he termed "the most important and far reaching law with reference to the financial and accounting work of the Government that has been enacted since the original Treasury Act of 1789."

To make the transition as smooth and effective as possible he stated, "I conceive it to be a duty of the present office of the Comptroller of the Treasury to do all of the preliminary work on organization lines that it is possible to accomplish before July 1, in order that the Comptroller General when appointed may have the benefit of the knowledge and suggestions of those persons who have been responsible for many years for the operations of the accounting offices of the Treasury." He further elaborated that "the assignment to organization units of definite duties and the fixing of responsibility for planning and executing those duties are vital. Organization in this sense is a separate and distinct subject from that of personnel. Organization should not be built around qualifications or peculiarities of individuals whether the head of the office or others." He added, "Believing that the question of organization is distinct from that of personnel I am anxious that the best plan of organization for immediate operation be worked out."

He considered his memorandum "as a call to aid the new office to make it a model of efficiency among Government establishments."

Medill McCormick

Senator Medill McCormick of Illinois, chairman of the Senate Committee on Expenditures in the Executive Departments, introduced the bill which ultimately became the Budget and Accounting Act, 1921.

Medill McCormick was born on May 16, 1877, in Chicago, Ill., the son of Robert S. and Katherine Medill McCormick. He was educated in the public schools of Chicago, a preparatory school at Groton, Mass., and graduated from Yale University in 1900. During his career as a journalist, Mr. McCormick covered the war in the Philippine Islands in 1901. He was the publisher and owner of the *Chicago Daily Tribune* and later purchased an interest in the *Cleveland Leader* and *Cleveland News*.

Mr. McCormick was a delegate to the Republican National Convention at Chicago in 1916 which nominated Charles Evans Hughes and Charles W. Fairbanks.

His political career began with service in the Illinois General Assembly to which he was twice elected. Mr. McCormick was subsequently elected to the 65th Congress as Representative at Large from Illinois and to the U.S. Senate where he served from November 5, 1918, until his death on February 25, 1925.

If the comptroller and auditor general of the British House of Commons is the "real guardian, on behalf of the House of Commons, of the purse of the nation," the comptroller general provided for under this bill will become the real guardian of the Treasury of the United States. He will become one of the most powerful and useful Government

During the debate on the Budget and Accounting Act, 1921, Representative James William Good of Iowa was prophetic in his assessment of the future of GAO:

James William Good

James W. Good, Representative from Iowa, who chaired the House Select Committee on the Budget which considered the proposal that became the Budget and Accounting Act of 1921.

From Library of Congress collections



ENACTMENT OF THE BUDGET AND ACCOUNTING ACT, 1921

officials, and, in my opinion, more real economy and efficiency will result through the creation of this office than any other single step we could possibly take.

The creation of an independent auditing department will produce a wonderful change. The officers and employees of this department will at all times be going into the separate departments in the examination of their accounts. They will discover the very facts that Congress ought to be in possession of and can fearlessly and without fear of removal present these facts to Congress and its committees.***²

Representative Good served as chairman of the House Select Committee on the Budget which considered the legislation.

Mr. Good was born September 24, 1866, in Lenn County, Iowa. He was a graduate of Coe College (Cedar Rapids). A lawyer, Mr. Good received a bachelor of laws degree from the University of Michigan in 1893. Mr. Good served in the House of Representatives from March 4, 1909, until June 15, 1921. President Hoover appointed Good as Secretary of War. He served from March 5, 1929, until his death, November 18, 1929.

John Nance Garner

Former Vice President of the United States John Nance Garner was a member of the House Select Committee on the Budget. During his tenure in the House of Representatives he served as minority floor leader and in the 72d Congress as Speaker of the House.

Mr. Garner was born November 22, 1868, in Red River County, Tex. He had a limited elementary education, studied law in Clarksville, Tex., and

was admitted to the bar in 1890. He served his State as judge of Uvalde County and as a member of the Texas House of Representatives. He was delegate to three Democratic National Conventions, 1900, 1904, and 1916.

Mr. Garner died at Uvalde, Tex., in 1967, at age 98.

James W. Wadsworth, Jr.

Another Member of Congress who deserves a significant place in the roster of those instrumental in the establishment of the Office of the Comptroller General as an independent agency responsible to the Congress was James Wolcott Wadsworth, Jr.

Mr. Wadsworth was born in Geneseo, N.Y., August 12, 1877; received his preparatory education at St. Mark's School, Southboro, Mass.; and was graduated from Yale University in 1898. After the Spanish American War he engaged in livestock and agricultural pursuits near Geneseo. He was elected to the New York State Assembly 1905-1910 and to the U.S. Senate in 1914 where he served until 1927. He was an unsuccessful candidate for reelection in 1926. In 1933 he was elected to the 73d and seven succeeding Congresses and he died in 1952.

While Mr. Wadsworth served in the Senate during the time that the Budget and Accounting Act was going through the legislative process, it was his extensive speech on the floor of the House of Representatives on February 1, 1937, that saved the GAO from abolition. In this speech Congressman Wadsworth provides us with a personal résumé of the legislative history

² *Congressional Record*, Vol. 58 (1919), p. 7085.

of the Budget and Accounting Act, 1921. Excerpts from the speech and the related discussion on the House floor follow.³

Mr. WADSWORTH. Mr. Chairman, we have before us in Committee of the Whole House the annual appropriation bill for the support of the so-called independent offices. One of the items in the bill is the appropriation for the support of the office known as the General Accounting Office and the Comptroller General and his assistant. If my recollection serves me right, that appropriation calls for the expenditure of approximately \$5,300,000. The fact that this item of appropriation for the support of the Comptroller General and the General Accounting Office is contained in this bill perhaps furnishes me an excuse, if not a good reason, to discuss the origin of the Office itself and, having traced that as briefly as I may, discuss its functions, especially in view of the great task that confronts the Congress, looking toward the reorganization of the executive departments of the Government.

During the World War the Government of the United States of necessity grew in its dimensions by leaps and bounds. Nearly all of that growth was for the purpose of meeting the emergency incident to the Great War. The demobilization period consumed the years 1919 and 1920, speaking generally. Demobilization was accomplished in due time, but it became apparent to the Members of the House and Senate of that day that in coming back to normal condition in government, those who were to manage it, including the members of the legislative branch, were bound to find additional complications and ramifications incident not only to some of the lessons learned in the war itself, but incident, perhaps more especially, to the natural growth of the country.

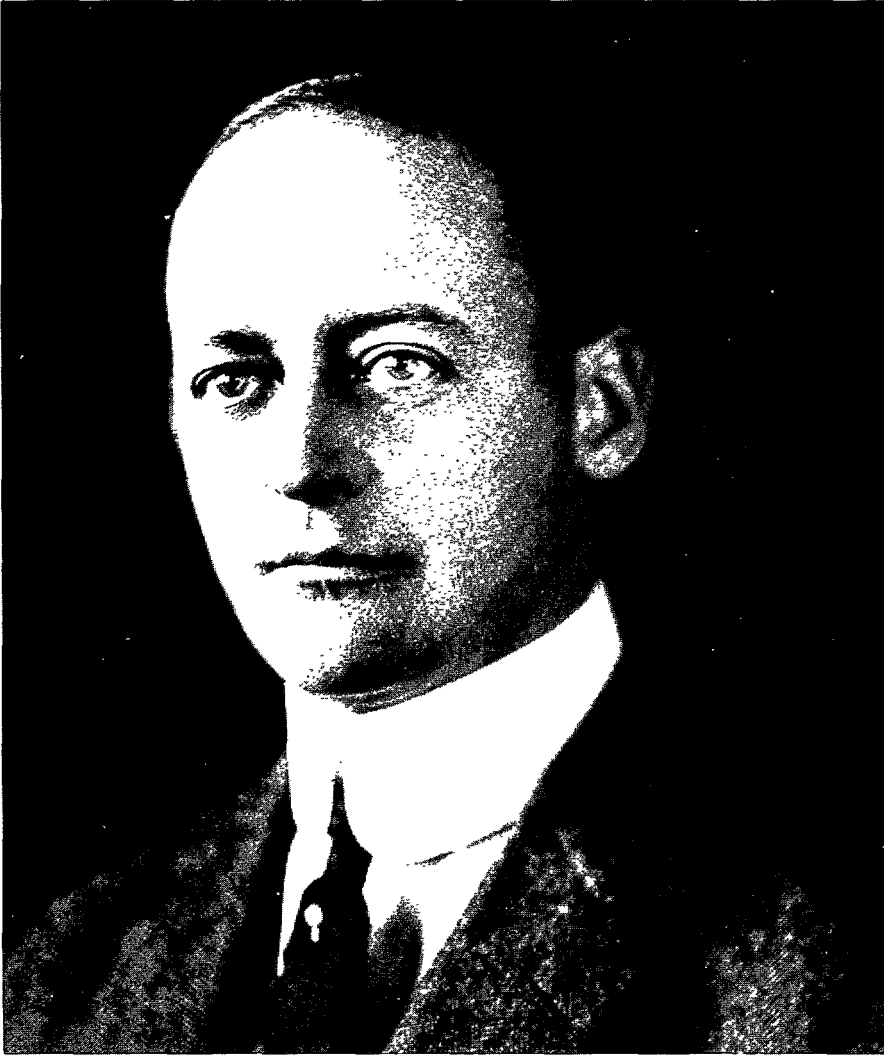
Prior to 1920, dating clear back to the inception of our Government, there had never been made any especially determined effort to see to it that as the Government, in its executive departments, grew from year to year, it grew in systematic and orderly

fashion. Accountability for expenditures authorized in the first instance by Congress, was scattered in pretty nearly all of the departments. Confusion existed; lack of system, and the inevitable waste which comes with an ill-ordered governmental structure. In 1920 the movement for reform achieved great force, and Members of both Houses, looking back over the years, made up their minds that if the Government was to be conducted in orderly fashion from that point on and be put in a position where it could stand the strains which the future might put upon it—of course, the strains are of a financial character principally—it was absolutely necessary to establish a budget system. Several States of the Union had established budget systems prior to that time, but there had been nothing approaching it in the Federal Government.

I think it fair to say that the best minds in both Houses and on each side of the aisle in both Houses, gave their attention to the establishment of a budget system. In 1920 the first effort was made, and a bill was passed establishing the office of Director of the Budget, with duties assigned to him such as you are all familiar with, duties which he still bears. Needless to say, the establishment of that office made it possible for the Congress and the country as a whole to get a better view of the financial condition of the Government; a better view and understanding of the requests for money coming from the Executive, the revenues which might accrue from tax measures, and finally the appropriations made by the Congress itself.

As an integral and essential part of the Budget system, attempted first in 1920, there was established the General Accounting Office and the office of the Comptroller General and Assistant Comptroller General. Around the establishment of the General Accounting Office, and particularly around the establishment of the office of Comptroller General, a considerable controversy took place. The House of Representatives at that time, in passing the Budget bill, provided for the office of Comptroller General, and inserted in the act provisions to the effect that the Comptroller General should be ap-

³ *Congressional Record*, Vol. 81 (1937), pp. 652-56.



From Library of Congress collections

James W. Wadsworth, Jr., U.S. Senator, 1914-27, and Representative from New York, 1933-52.

pointed by the President, by and with the advice and consent of the Senate, and should serve until he was 70 years of age, or during good behavior. The bill provided that he might be removed by concurrent resolution of the Congress for malfeasance in office, incompetency, or neglect of duty, or he might be removed through impeachment proceedings.

The Senate accepted the House provision in very large measure, and the bill was passed. Woodrow Wilson was President of the United States at that time. If my recollection is correct, each House of Congress was controlled by a majority of the Republican Party, although the majorities were not heavy.

Mr. Wilson vetoed the bill. In his veto

message he expressed his regret that he felt impelled to veto the Budget Accounting Act, acknowledging as he did that it would bring about great reforms and emphasizing the fact that his only reason for vetoing it was on account of the provision in the bill which failed to give him, the Chief Executive, the right to remove the Comptroller General. I think it might be of interest to the Members of the Committee who do me the honor to listen to me if I read a portion of President Wilson's veto message of House bill 9783, sent to the Congress on June 4, 1920. I read an excerpt from the veto message:

"I do this with the greatest regret. I am in entire sympathy with the object of this bill and would gladly approve it but for the fact that I regard one of the provisions contained in section 303 as unconstitutional."

I may interject the observation that President Wilson was referring to the power of removal of the Comptroller General when he used that sentence. He goes on to say:

"The effect of this—"

That is, the removal provisions which lodged the power in the Congress—

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. RANKIN. Did the original bill provide that the President might remove the Comptroller General?

Mr. WADSWORTH. No; the original bill provided that the Comptroller General should be appointed by the President, but might be removed only by concurrent resolution of the Congress for malfeasance, incompetency, neglect of duty, or by impeachment proceedings. President Wilson went on to say:

"The effect of this provision is to prevent the removal of these officers for any cause except either by impeachment or by concurrent resolution of Congress. It has, I think, always been the accepted construction of the Constitution that the power to appoint officers of this kind carries with it as an incident the power to remove. I am convinced that the Congress is without constitutional power to limit the appointing power and its incident, the power of removal."

President Wilson's message gave rise to a very interesting debate. It was submitted, of course, first to the House of Representatives as the body in which the bill had originated. The gentleman from Iowa, Mr. Good, was chairman of the Committee on Appropriations in those days and had charge of the bill during its passage through this body. It will be remembered that he was a most distinguished man and served in this House for many years, later becoming Secretary of War and, unhappily, dying in office. Mr. Good was one of the persons who took part in the discussion of the President's veto. He said on that day immediately after the message was read:

"I regret more than I can express that the President has thought it necessary to veto the Budget bill. I cannot arrive at any conclusion other than that the legal advice he has received as to the constitutional powers of Congress in this respect is, indeed, faulty. In creating the General Accounting Office and providing for the Comptroller General and Assistant Comptroller General the committee was guided by a single thought; that was, that these two officers should be placed upon a plane somewhat comparable to the position occupied by a Federal judge."

That is, the Comptroller General and the Assistant Comptroller General—

"The positions are somewhat judicial, and it was the opinion of the committee that we should remove them as far as possible from political considerations. It was considered that as to the President's appointment, if it was made a political office, the President would, in all likelihood, appoint someone of his political faith. It is the desire of the committee that that situation should be avoided if possible. There is no decision of the Supreme Court construing a statute such as we have attempted to enact. I think it may be stated—"

Said Mr. Good—

". . . as a general rule that the power given to the President to appoint an officer carries with it the inherent power of removal unless that inherent right or incidental right is taken away by the statute itself; and that

is what this Congress intended to do, to take from the President the incidental right of removal and to provide the circumstances and the method of removal."

The course of the debates on that day indicate very clearly that when the Congress sought to create the office of Comptroller General it did not seek or intend to create an executive office. It sought and intended to create an agency of the Congress itself subject to the Congress, responsible to the Congress; and that in case of need the incumbent could be removed by the Congress.

The purpose of the act, as I recollect it—and I had the honor of serving in the Senate at that time and can remember a great deal of the discussion—was to give to Congress better control over the appropriations which it makes from time to time in the matter of seeing to it that they are made in accordance with the views and intent of the Congress; in other words, that the expenditures themselves are legally made.

After considerable debate upon the veto message the question was laid before the House as to whether the veto message should be sustained or be overridden. The vote upon that occasion was 178 to override the veto and 103 to sustain the veto. A two-thirds vote was lacking and the veto was sustained. It is interesting to note the roll call on that veto message. All party lines were forgotten. Democrats and Republicans joined in the debate on the original passage of the bill through the House urging its passage, and joined in the debate incident to the reception of the veto message itself. Remember, of course, that the Republicans had a slight majority in the House at that time, as I recollect; but the Democratic Party was a powerful minority group, many of whose members were exceedingly prominent in this and other debates and who contributed much to this discussion and its final solution which occurred a year later.

It is not for the purpose of drawing any comparisons or to bring before this committee at this time any partisan consideration that I call attention to the support given to this proposal by the prominent members of the Democratic side of the House at that

time on the vote to override the President's veto of the Budget Act.

We find, for example, voting to override, the gentleman from Alabama, Mr. Bankhead, the present distinguished Speaker of the House; the gentleman from Texas, Mr. Buchanan, the present chairman of the Committee on Appropriations of this House; the gentleman from Tennessee, Mr. Byrns, the late Speaker and former majority leader of the House. I may mention also the gentleman from Georgia, Mr. Crisp; the gentleman from Alabama, Mr. Huddleston; the gentleman from Texas, Mr. Jones; the present chairman of the Committee on Agriculture; the gentleman from Texas, Mr. Rayburn, the present majority leader of the House; the gentleman from Colorado, Mr. Taylor, who in the last session of Congress was the acting majority leader. I could name many others who, joining with representative Republicans, believed not only in the constitutionality of the bill but in the necessity for its enactment.

Mr. Chairman, this ended the matter in that Congress. In 1921 the agitation was resumed and carried on in much the same spirit as in 1920. In the meantime Mr. Wilson had retired from the Presidency and had been succeeded by Mr. Harding. Again there was a Republican majority in the Senate and in the House, although of not overwhelming dimensions by any means.

The bill was introduced all over again, and, as I recollect it, Mr. Good, of Iowa, had charge of it in the House. It came from the so-called Budget Committee, composed of both Republicans and Democrats. If my recollection is correct it came with a unanimous report.

As this bill passed the House, the Comptroller General was to be appointed by the President, by and with the advice and consent of the Senate, removable by the Congress by a concurrent resolution in practically the same language as contained in the bill of 1920. The House still clung to the life tenure or to the proposition that the Comptroller General should serve until he was 70 years of age or during good behavior.

The Senate committee, headed by the late Senator Medill McCormick, of Illinois, be-

lieved that the Comptroller General should serve for 7 years. In other respects throughout the bill there were very, very few differences. The Senate passed the bill with an amendment changing the tenure of office of the Comptroller General.

The bill went to conference, and the conferees of the two Houses compromised and provided that the term of the Comptroller General should be 15 years, but that he should be ineligible for reappointment. The conference report submitted to the two Houses emphasizes the fact that by this device the Comptroller General would still be kept completely independent of executive control or influence. Being ineligible for reappointment, he cares not what any executive officer thinks of him; he cannot be moved by ambition to succeed himself, and, not being removable by an Executive order but only by the Congress, his responsibility to the Congress and his independence from executive control persists.

This bill came before the House in 1921 and the House had a very enlightening debate upon it; more so, perhaps, than upon the veto message of Mr. Wilson. Those who spoke included the Honorable John Nance Garner, of Texas, who insisted that the Comptroller General should be completely independent; Mr. Byrns, of Tennessee, who did the same; Mr. Bankhead, of Alabama, who did the same; Mr. Good, of Iowa, and many others.

So in 1921 there was no partisan division. The leaders on both sides saw the great necessity for establishing a Budget system in the Federal Government, and the further great necessity of establishing as an integral part of the Budget system an independent auditor responsible only to the Congress. The act was passed and was signed by President Harding. The roll call on final passage showed—yeas 335, nays 3. You can thus see the practical unanimity of the action of the Congress at that time.

Of course, I do not know how the present Members of the Congress feel about the passage of that act. I happened to be here at the time, as many of you were. I got the impression at that time—and I have had it ever since—that the passage of the Budget

and Accounting Act of 1921 represented the greatest fiscal reform in the conduct of the Government of the United States since its foundation in 1789. I think for the first time it struck at a huge and admitted evil; that is, the wasteful expenditure of the people's money. For the first time it set up a system by which it would be possible for the Congress, as well as the public, to get a clear understanding, if they are willing to study the Budget figures, of the structure of the Government of the United States and the manner in which it spends its money.

Mr. Chairman, the Budget system has continued to the present day. The Comptroller General has performed his function. The first 15-year term has come to an end and the incumbent has left office, not being eligible for reappointment. At the moment an Assistant or Acting Comptroller General is performing the functions of that Office. It has fallen under criticism, and especially criticism from a committee of gentlemen appointed by the President of the United States, who, examining into the structure of our Government and looking toward a better management of the executive departments, have recommended the abolition of the office of Comptroller General and of the General Accounting Office. The President himself made that recommendation, his very own, in his message to the Congress relating to the reorganization of the executive departments.

I am not sure that every Member of the House will agree with me about this, and as I express my views I beg of you to believe I am not expressing them as a partisan, but, rather, as one endeavoring to view the future. Presidents come and go. Congresses come and go. But the bureaucracy goes on forever. We may feel perfectly safe with respect to the legal and proper expenditure of the funds which we appropriate under the guidance of the present occupant of the White House. We may feel perfectly safe with respect to the proper expenditure of the funds under the guidance of the next occupant of the White House. But who can tell in the mutations of politics, the swinging back and forth of public opinion in times of stress, confusion, and hysteria, what the future holds with respect to this great problem? And in

the future what shall be the function, the standing, and the power of the legislative branch, and especially of the House of Representatives, in which, according to custom, all appropriation bills of major importance originate and in which, in accordance with the Constitution, all revenue measures must originate?

In 1921 the Congress, glancing toward the future, made up its mind that in the interest of economy and orderly progress it should have an agent of its own to audit the expenditures as made in this vast bureaucracy. To secure the assistance of such an auditor they created this office. They took care to make him absolutely independent of the officials whose expenditures he was to audit.

To my mind, there is a very, very deep and fundamental issue involved in this situation. It is involved not only to those who are concerned about the immediate present but to those who look along the vista of the future. It is proposed now that the office be abolished. It is proposed also that the General Accounting Office be abolished and that there be substituted, if it may be called a substitution, a general auditor, how independent of the several executive departments it is difficult to state, but completely dependent upon the Chief Executive; that he shall conduct what might be called a post-audit of expenditures made by the disbursing officers of this huge bureaucracy and make a later report to the Congress. He shall not be the agent of the Congress or its representative and shall not be responsible to it in any fashion whatsoever.

Criticisms have been cast at the Office of the Comptroller General, especially by this committee of three, who have charged that the interposition of his functions in what they are pleased to call the executive department of the Government has caused delay and confusion.

Perhaps you will bear with me if I attempt to give in a somewhat sketchy manner, and subject always to correction and elaboration by those who know more about it than I do, some description of just how this thing has been working.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I

yield 10 additional minutes to the gentleman from New York.

Mr. WADSWORTH. Contrary to the conception entertained by a good many people, the Comptroller General and the Accounting Office today do not possess, as the result of the Budget Act of 1921, the absolute power of preaudit. Many people seem to think that before a disbursing officer of one of the executive departments can disburse money, he must get the audit or permission of the Comptroller General. That is not true. When the Congress makes an appropriation for a certain purpose, and the appropriation or the bill has been signed by the President, the department chief involved begins to study, or perhaps he has already studied, the method and program for spending the money for the purpose intended. Let us say he is the Secretary of Agriculture. When the Secretary of Agriculture has his plans made, he notifies the Treasury Department that the Department of Agriculture is ready to proceed under this appropriation. The Treasury looks up the appropriation and sets out on the books of the Treasury the item of appropriation to the credit of the disbursing officer of the Department of Agriculture; at the same time the General Accounting Office is notified of the readiness of the Secretary of Agriculture to proceed under the appropriation and that office also sets up upon its books this credit to the disbursing officer of the Department of Agriculture.

The disbursing officer of the Department of Agriculture, unless I am very much mistaken, is under bond, and he operates under what is known as a system of accountable warrants. If he disburses money illegally, under this accountable warrant system, he can be held responsible. His bondsmen may be called upon to reimburse the Government for the illegal expenditure and, of course, the system extends out into the field where local disbursing officers are established and they, too, may be held accountable.

With the Comptroller's Office in existence as it has been during the last 15 years, an overwhelming majority of the disbursing officers of the executive departments, and especially the good disbursing officers, have taken every possible means to ascertain in ad-

vince whether the disbursement they are about to make is legal under the act of the Congress which made the appropriation. So what do they do? They ask the Comptroller General to give them an opinion, and the Comptroller General examines the statutes, estimates the intent of the Congress, and then informs the disbursing officer that he may or may not disburse the money in the method suggested by the officer.

Of course, this has occasionally given rise to delay, but I want to impress upon you the fact that it has always been the result of the voluntary requests of the disbursing officers addressed to the General Accounting Office to find out whether they can disburse money in a certain fashion or not.

* * * * *

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. COLDEN. May I ask the gentleman from New York whether it is his belief that the Comptroller General has functioned as a representative of the Congress rather than an independent agency? I understood the gentleman to say that the spirit and purpose of the original act was to have a representative of the Congress to pass on these bills. Has he actually functioned in that respect?

Mr. WADSWORTH. I believe so; yes. The Comptroller General in making these rulings upon the request of the disbursing officers has done so as an agent of Congress in protecting the funds. He certainly has not been an agent of the executive department.

The strength of his position is increased by the fact that he is completely independent of the executive department. He is not independent of Congress; he is our servant, our agent. We can remove him any time by concurrent resolution or impeach him.

I am not now saying that his performance has been 100-percent perfect. It has been a tremendous task, and he has had to move slowly because it was all new. In performing his functions he has protected the funds.

* * * * *

Mr. WADSWORTH. Yes. Now, I must conclude in a few moments. Members of the Committee, it is now apparent, whether we like it or not, that the expenditures of the Government of the United States for many years to come will not fall below \$7,000,000,000 a year. When this Budget and Accounting Act was passed in 1921, the annual expenses of the Government of the United States were three and one-half billion dollars, on an average.

Already we have doubled that sum, and it is apparent that, in accordance with the views of those now in power, there is to be no cessation, no substantial reduction in expenditures for years to come. Moreover, it is now apparent that the functions of the Federal Government, already multiplied most substantially through this depression, are not to be reduced in number. Many emergency departments or bureaus are to become permanent, if the recommendations of this reorganization committee prevail. The problem becomes more and more immense. A larger percentage of the people's money is being taken out of their pockets and brought to Washington in the form of taxes and then spent. Bureaucracy is growing by leaps and bounds, and when it grows by leaps and bounds and escapes auditing control, managed and governed by the legislative branch, then the legislative branch, just as sure as we are sitting here, becomes a rubber stamp. There is no other end to it.

If the Congress is to surrender its right to audit, through its representative, the expenditures of the money which it appropriates with certain purposes in view, then the Congress has lost once and for all its control of the purse strings. Gentlemen know as well as I do that Anglo-Saxon liberty has been built from the beginning upon the theory that unless the representatives of the people control the purse strings, liberty will not survive. I am not talking about 1936 or 1938 or 1940, if you please. We might get along for a while, but inevitably, in the long run, the legislative branch and especially this House of Representatives must lose caste, lose power, and become subservient, not I venture to say, to a single Chief Executive, but to a vast ever-growing bureaucracy, with its



From Library of Congress collections

Joseph W. Byrns, Representative from Tennessee, 1909-36.

tentacles stretching out into every township in the land, clothed with power from time to time—at its own demand generally—to control the daily life of the citizen and to be free in the exercise of that power. The hope of control lies right here on this floor. The hope of the future in keeping our Government orderly, in conserving the wealth of the Nation, in seeing to it that we do not

become abject subjects of a bureaucracy lies in maintaining in our system of government an auditor named by the Congress and responsible to the Congress. [Applause.]

Joseph Wellington Byrns

Worthy of rereading today is the

following summation by Mr. Byrns of the importance of the budget system.

* * * it will not be contended by any member of the Special Budget Committee that the bill proposed is perfect in all of its details. Perfection can come only by the process of evolution. It is expected that it will be improved by amendment in the future in such manner as experience may demonstrate to be wise and proper. It is, however, confidently offered as a great improvement over the present system and in the earnest belief that, if enacted, it will bring about greater economy and better efficiency in the Government service. As has been well said, its adoption will not require the surrender of power by either branch of the Government, but it will enable both the executive and legislative branches to understand each other and the public to understand both. New Federal activities, the constant demand for the creation of others, and the enormous expenses made necessary by the war make the importance of a budget far greater to-day than ever before. Our expenses to-day are far greater than our revenues, and the people demand that the most rigid economy shall be practiced. A budget system makes it possible to closely consider and study both the revenues and expenditures of the Government at one and the same time, and in this way only can we hope to bring about that economy which the people demand and have the right to expect of their public servants.⁴

Joseph Wellington Byrns was born July 20, 1869, near Cedar Hill, Robertson County, Tenn. He graduated from Vanderbilt University law department in 1890 and was admitted to the bar that same year.

He served as a member of the State house of representatives and during his third term in 1899 as the speaker. He also served in the State senate. His

career in national politics began in 1909 with his election as a Democratic Member of the House in the 61st Congress. Defeating a Socialist, James L. Hardway, by receiving 18,240 votes to 506 for Hardway, he served for 13 succeeding terms until his death. He was majority leader during the 73d Congress and the Speaker of the House in the 74th Congress. He was Chairman of the Democratic National Congressional Campaign Committee from 1928 to 1930.

When Mr. Byrns died in 1936 his funeral service was conducted in the Hall of the House of Representatives.

William Brockman Bankhead

William B. Bankhead was a member of the illustrious Bankhead family of Alabama which included the actress, Tallulah. He was the son of John Hollis Bankhead, a Representative and Senator; the brother of Senator John Hollis Bankhead II; and the uncle of Representative Walter Will Bankhead.

Mr. Bankhead was born in Moscow, Lamar County, Ala., on April 12, 1874. He graduated from the University of Alabama and later from Georgetown University Law School in 1895. He was active in State politics and was elected to the 65th and 11 succeeding Congresses, serving from March 4, 1917, until his death in 1940, at which time he was serving as Speaker of the House.

Mr. Bankhead like Mr. Byrns was honored at his death with funeral services in the Hall of the House of Representatives.

⁴ *Congressional Record*, Vol. 58 (1919), p. 7088.

General Accounting Office Officials

February 15, 1922

The following list is from the *Official Register of the United States, 1921 Directory*.

<i>Name and office</i>	<i>Title</i>	<i>Annual salary</i>
Office of Comptroller General		
J. Raymond McCarl	Comptroller General of the United States.	\$10,000.00
Lurtin R. Ginn	Assistant Comptroller General of the United States.	7,500.00
J. L. Baity	Assistant to Comptroller General . .	6,000.00
John M. Lewis	Assistant to Comptroller General . .	6,000.00
Rudolph L. Golze	Solicitor	6,000.00
F. B. Kitterman	Chief clerk	2,500.00
Carl Collier	Disbursing clerk	3,000.00
E. F. Inbody	Chief, appointment division	2,500.00
Mary G. Gilbert	Private secretary to Comptroller General.	1,800.00
Samuel T. Browne	Attorney	4,000.00
Charles M. Foree	Attorney	4,000.00
John C. McFarland	Attorney	4,000.00
Noble Moore	Attorney	4,000.00
Harvey A. Harding	Attorney	3,100.00
Z. Lewis Dalby	Attorney	3,000.00
Miss Clara Greacen	Attorney	3,000.00
R. H. Hartshorn	Attorney	3,000.00
Frank H. Bogardus	Special investigator	3,000.00
Treasury Department Division		
W. M. Geddes	Chief of division	3,000.00
C. C. Van Leer	Assistant to chief of division	2,250.00
Owen P. Kellar	Law clerk	2,000.00
W. D. Fales	Chief of section	2,000.00
C. C. Tyler	Chief of section	2,000.00
L. T. Zbinden	Chief of section	2,000.00
W. W. Matthews	Chief of section	2,000.00

War Department Division

W. H. Barksdale	Chief of division	\$2,500.00
Byron Richards	Assistant to chief of division	2,250.00
S. B. Tulloss	Chief, law board	2,500.00
E. V. Crittenden	Chief of section	2,500.00
J. L. Anderson	Chief of section	2,500.00
F. A. Seaman	Chief of section	2,500.00
E. W. Moore	Chief of section	2,500.00
W. E. Gordon	Chief of section	2,500.00
C. K. Leffel	Chief of section	2,250.00
H. D. Kizer	Chief of section	2,250.00

Navy Department Division

George McInturff	Chief of division	2,500.00
Frank F. Conway	Assistant to chief of division	2,250.00
F. W. Alexander	Chief of section	2,000.00
Roy F. Heck	Chief of section	2,000.00
Ashley T. Hill	Chief of section	2,000.00
S. S. Pletcher	Chief of section	2,000.00
W. S. Shaull	Law clerk	2,000.00

State and Other Departments Division

W. S. Dewhirst	Chief of division	2,500.00
W. W. Scott	Assistant to chief of division	2,250.00
L. O. Robbins	Chief of section	2,000.00
Melvin A. Wertz	Chief of section	2,000.00
T. W. Gilmer	Chief of section	2,000.00

Interior Department Division

John K. Willis	Chief of division	2,500.00
C. L. Brockway	Chief of section	2,250.00
P. E. Northrup	Chief of section	2,000.00

Post Office Department Division

Charles T. M. Cutcheon	Chief of division	2,500.00
Charles H. Cooper	Chief of section	2,250.00
W. T. Murphy	Chief of section	2,000.00
W. M. Murray	Chief of section	2,000.00

The First Field Audits by GAO

This article describes the circumstances under which the original field audits of the General Accounting Office were instituted and recounts some of the history connected with the very early field audit offices. Most of the information is based on personal recollections. The information concerning the establishment of the first field audit office and the names of the GAO staff were furnished by John T. Burns, associate general counsel.

The emergency spending programs of the depression period of the 1930's provided the impetus for the first field audits of the General Accounting Office. In the early 1930's all the audits were performed in Washington and the investigators were the only employees who worked in the field.

At that time there were two types of audits: one a postaudit and the other a preaudit. The postaudit was an audit after payment of the vouchers submitted in the accounts of the disbursing officers. The preaudit was an audit before payment of vouchers approved and submitted to the GAO by the administrative agencies. The vouchers found proper were certified for payment in the name of the Comptroller General and forwarded directly to the disbursing officer for payment. The

effect of the preaudit was to relieve the disbursing officer of liability for the payment, if made in accordance with the preaudit certification.

Keep in mind that the preaudit procedure was used prior to the passage of the act of December 29, 1941, which provided for bonded authorized certifying officers in the civil agencies and relieved the disbursing officers of responsibility for payments made in accordance with the certifying officers' certifications. Prior to that time the disbursing officer had been responsible for ascertaining that the voucher represented a legal claim against the Government and he was not relieved of liability by the certification of the voucher by the administrative agency.

The "New Deal" programs of the early 1930's resulted in many-fold in-

Mr. Horan is an assistant regional manager in the Denver Regional Office. He has been with the General Accounting Office since 1935. He was a reviewer in the Raleigh, N.C., field audit office of the Cotton Price Adjustment Payment Section in 1936, assistant chief of the Washington field office from 1936 to 1940, and chief of field offices at Jackson, Miss., and Lansing, Mich., in 1941 and 1942.

creases in the volume of payments made by Government disbursing officers. They also presented new risks to the disbursing officer. Payments were being rushed, regulations under which payments were being made were frequently not clear, and the rapidly expanding organizations of the Government were being staffed with inexperienced personnel. While the likelihood of erroneous payments was thus greatly increased, the probability of recovery of overpayments from the payees was very poor because of their financial condition.

Preaudit of Tobacco Payments

Probably with these thoughts in mind the Secretary of Agriculture requested the General Accounting Office to set up a field audit office for the purpose of preauditing rental and benefit payments to be made to farmers under the Tobacco Production Adjustment Program of the Agricultural Adjustment Administration (AAA). Lexington, Ky., was the place where the AAA had its office for the audit and approval of the tobacco payment vouchers.

The General Accounting Office agreed and established the first field audit office October 1, 1934, in the basement of the Federal Building, Lexington, Ky. *Gary Campbell* was the chief, and *John T. Burns* (now associate general counsel) was the assistant chief of the field audit party. Other members of the original group were *Charles K. Leffel*, *John T. Connolly*, *Frederic B. Hobson*, *Harold G. Stepler*,

William H. Dewey, and *Wilbur B. Ness*.¹

Allen Thurman, *Proctor Reed*, *Warren J. Moore*, *Evamonde Armstrong*, *James Felts*, *Arthur P. Fenton*, *Albert J. Hendley*, *Elihu H. Moore*, *Clem Huntoon*, *Carlisle T. Spiker*, and *Elliott T. Wooten* were subsequent additions from the Washington Office to the staff. Clerical employees and comptometer operators were recruited locally. The work was completed and the office was closed at the end of January 1935.

Preaudit of Cotton Price Adjustment Payments

The following year the Secretary of Agriculture again requested that field offices be set up, this time to preaudit payments to be made at 10 locations throughout the cotton farming areas of the South under the Cotton Price Adjustment Program. The nucleus of the staff was sent to each location in the fall of 1935. Probably because the field work of the GAO had normally been done by the investigators from the Office of Investigations, many of the chiefs and assistant chiefs of the field parties were investigators. The Audit Division was given responsibility for the audit, however, and a new section known as the Cotton Price Adjustment Payment Section was created to direct

¹ The Comptroller General's order directing travel for this assignment provided: "While absent from your official headquarters, Washington, D.C., pursuant to this order you will each be allowed incidental transportation expenses including reimbursement of actual operating expenses, not exceeding the cost by common carrier, if travel directed is performed by automobile and a per diem of \$5 in accordance with the Standardized Government Travel Regulations."

the field offices. *Gary Campbell*, who had headed the field party at Lexington, was appointed chief of the section. *Albert W. Perry* was subsequently appointed assistant chief of the section.

Shortly after the offices were set up and before operations had really begun the programs of the AAA were attacked in the courts. The funds for payments to be made to the farmers were to come from processing taxes to be collected under the Agricultural Adjustment Act of 1933. On January 6, 1936, the Supreme Court, in the case of *United States v. Butler*, declared unconstitutional the portion of the act having to do with the collection of the taxes. This delayed the payments, but only briefly. The Congress quickly passed appropriations, meeting the requirements of the Court, to make the payments and GAO sent to the offices the additional supervisory personnel required for the preaudit. The AAA detailed the auditors and clerical personnel to the GAO and all of the expenses of the offices were paid from AAA appropriations. Most of the payments under the program had been made by early summer and the majority of the GAO personnel were returned to Washington.

The Soil Conservation Section

The Soil Conservation and Domestic Allotment Act of 1936, providing for an even more extensive program of farm payments than had been made under the earlier legislation, was passed in February 1936. Plans were made by the AAA for payments to be made from about 26 State offices lo-

cated in the North Central, Southern, and Western Regions of the Administration, and for payments to be made from Washington to the farmers in the Northeast and East Central Regions.

Again GAO was asked to participate by establishing field offices to preaudit the program payments. The cooperative arrangements under which the field offices operated on the Cotton Price Adjustment Program were again followed and in the summer of 1936 the initial staffs were sent to the field offices. *John E. Thornton*, now the Director, Field Operations Division, was a chief of field party on this program.

The Cotton Price Adjustment Payment Section was redesignated the Soil Conservation Section. *Gary Campbell* and *A. W. Perry* were continued as chief and assistant chief, and *John T. Burns*, *Frederic C. Burgan*, *William O. Hill*, and *Warren J. Moore* were designated as regional unit heads. *Edward T. Carr* was the first administrative assistant in the section.

A Washington field office was established to preaudit the payments to be made in Washington, D.C., to the farmers of the Northeast and East Central Regions, and also those of Alaska, Hawaii, and Puerto Rico. It was the largest of the field offices, and at its peak there were approximately 30 GAO employees and 120 AAA employees in the office.

The field offices continued in operation into the 1940's. As the emphasis of the program shifted from crop acreage limitations to maximum production to meet the war needs the basis for payment was simplified. Field

offices were consolidated and a portion of the GAO personnel shifted to the field offices of the War Contract Project Audit Section. The remaining field offices of the Soil Conservation Section were transferred to the Agency Audit Section in about 1946 and by the time that section was consolidated with the Field Audit Section in the summer of 1950 all preaudit work had ceased.

As is to be expected, very few who were in the field organizations in those

early days are still with the GAO. In addition to *John E. Thornton* and *John T. Burns*, *Myer Wolfson*, regional manager, Chicago, was an early member of the GAO staff, and *Charles E. Williams*, International Division, was an AAA employee detailed to GAO in the Washington Field Office. *Ralph T. Carpenter* recently retired from the Office of the General Counsel was one of the first GAO employees in the Washington Field Office.

The organization of the General Accounting Office originally adopted to carry on its functions and duties did not vary greatly from the organization of the old Auditors' Offices under the Comptroller of the Treasury. This was probably the result of lack of time to plan the organization, as the Budget and Accounting Act became effective July 1, 1921, 20 days after its enactment. In any event, the primary functions were performed by divisions corresponding to the respective offices of the auditors. Each division audited the vouchers and settled the claims and accounts relating to the respective departments of the Government with which it was concerned. The organization was strictly departmental in character.

*Annual Report of the Comptroller
General of the United States, 1947,
p. 2.*

COMPTROLLER GENERAL MC CARL'S FAREWELL MESSAGE



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON

June 30, 1936.

To the Officials and Employees
of the General Accounting Office.

As we arrive at the first milestone in what I hope will prove to be the never-ending life of the Government's centralized and independent accounting system, now fifteen years of age, I leave you with a feeling of complete confidence in your ability, capacity, and purpose not only to fully maintain the high level of efficiency and effectiveness you have attained by your united and tireless efforts, but to move constantly forward. Your opportunities to render beneficial service, while many, will ever increase as your readiness to serve, ability, and high purposes become better known.

An effective system for accounting control over the uses of the public moneys is utterly essential to the success of our form of government - is essential to the success of any form of popular government - and while ours is far from complete as now prescribed by law, yet it is outstanding among the accounting systems so far devised. Merit its improvement through so discharging your responsibilities as to fully justify the Congress in its completion, and thus in affording your additional opportunities for beneficial service.

COMPTROLLER GENERAL MC CARL'S FAREWELL MESSAGE

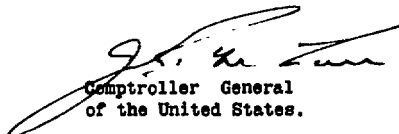
While the blind and selfish resistance to law enforcement in connection with uses of the public moneys which was so widely encountered during the organization period of the independent accounting system has in large measure subsided, the efforts appearing now to be directed upon the Congress, for broader administrative discretion and wider latitude in the spending of the public moneys - and, unfortunately, to have been meeting with considerable success, - when the time comes, as it must, that a Congress will determine to resist such importunings and to resume control and direction of uses of the public moneys, it must look to and depend upon the independent accounting system as its only means of exacting obedience to its laws. Be ready for that day. Don't fail that Congress. And to that end it is of first importance that you do your full part toward maintaining and safeguarding the independence of the accounting system - independence from both Executive branch and partisan-political domination - as either would work its utter undoing.

You must expect periods of discouragement as the forces you must constantly combat are powerful and resourceful, and it may appear at times that even the Congress has deserted you, but don't give up - don't even be downhearted - just keep fighting on for law observance and honesty in government. Fortunately, such dismal periods usually induce beneficial reactions so always remember that a resolute and purposeful Congress will seriously need an efficiently functioning accounting system.

I know no words that will convey to you the extent of my gratitude for your helpfulness to me during the years of our service together. It has been an experience I shall never forget and shall always cherish.

With all good wishes,

Cordially yours,


Comptroller General
of the United States.

Capsule History of the Denver Regional Office

GAO has 15 regional offices, each with a background of evolution peculiar to its geographical area and Federal agency structure. The following sketch about the Denver Regional Office appeared in that office's local newsletter Mile Highlights in September 1970.

The editor, under the false impression that I predate anything else around here, asked me to prepare a history of the Denver Regional Office. I found this difficult to do since fact and fiction have merged, records are nonexistent, and I'm not really that old nor am I one of the pioneers.

After asking around and contacting some of the original members of the Denver staff, I have learned that the Denver Regional Office was officially designated as such in April 1952 by the Office of Field Operations, Division of Audits. There were predecessor audit groups which operated in the Denver area in the forties. They included a civilian payroll audit group and a Denver Area Office of the War Contract Project Audit Section of the Audit Division. In 1954, GAO regional field offices in Albuquerque, Salt Lake City, and Billings were merged with the Denver office to form a region

which included Colorado, Montana, New Mexico, Utah, Wyoming, and part of Idaho.

On July 1, 1956, the Office of Investigations was abolished and the investigative function was integrated with the accounting and auditing functions. (Incidentally, at an earlier time accounting and auditing functions were carried out by separate groups and ultimately merged.) At the time of the integration of the investigative function, the personnel of the abolished division were transferred to CAAD, DAAD, and FOD, and the Denver office gained about 13 staff members.

The Air Force Accounting and Finance Center (AFAFC) was established in 1951 and shortly thereafter a unit of the General Accounting Office, designated as the Air Force Audit Subdivision, was established for the purpose of performing centralized audits

Mr. Emm is a supervisory auditor in the Denver Regional Office. He is a graduate of Syracuse University (B.S. in accounting) and has been with GAO since 1955. He is a CPA in the State of New York.

of the accounts of Air Force finance officers. This GAO unit maintained vouchers and contractual documents, performed settlement of accounts, and conducted surveys of fiscal operations of the Air Force. In January 1952, the office was placed under the jurisdiction of the Director of Audits, Washington, D.C., and was called the Air Force Audit Branch. Similar organizations in Indianapolis and Cleveland served the Army and Navy finance offices.

In June 1962, the records receipt and maintenance function was transferred to the Air Force and the employees associated with that function were also transferred. On October 1, 1962, the office was transferred from DAAD to Field Operations Division and consolidated with the Denver Regional Office. It is now called the Air Force Audit Staff. At its peak the functions of this Air Force audit group required 165 employees. Changes in functions and in audit approach have resulted in a steady decrease of personnel since 1955 to the point where about 38 employees are presently assigned to AFAS.

In its 16 years of operation since consolidation in 1954, the geographic boundaries of the regional office have changed several times. The latest change, effective July 1, 1970, added New Mexico and 10 western counties of Texas to the Denver Region, making it once more a border to border

operation and now GAO's largest geographical region with approximately 815,000 square miles within its borders.

It is difficult to describe the changes over the years in personnel and the work performed by them. From heavy workloads in the fields of payroll audits and detailed voucher examination, we have progressed through phases of broad installation examinations, contractor surveys, and reviews directed toward developing reports on individual deficiencies to broad worldwide reviews under lead region concepts. While the basic functions of the region remain essentially the same, the methods, techniques, tools, approaches, and backgrounds of the audit staff are strikingly different from earlier days. The changes parallel those experienced in the entire GAO organization for a period in which we were front runners in the expansion of the audit concept—from a voucher-checking operation to comprehensive auditing, and, currently, to broad-based management reviews. This change, and its impact upon the entire accounting profession, is worthy of a discussion all its own, and perhaps at some later date we will attempt a writing which does justice to this change. It is sufficient for now to state that we have come a long way. We can still see ahead a long way and need only this backward look to know that the improbable and the impossible are really just new challenges.

The Seattle Regional Office

Under the title "We're Half a Century Old," the SRO Newsletter for April 1971 published the following historical résumé of the Seattle Regional Office.

Although GAO dates back to the Budget and Accounting Act of 1921, the Seattle Regional Office is much younger. It came into existence in 1952 as the Seattle Regional Audit Office, but had its beginning in resident GAO auditors who were assigned to Seattle as early as August 1942. At that time *Paul Goshorn*, auditor-in-charge, opened a War Contract Project Audit Office under the supervision of a Western Zone office located in Los Angeles, where *Charles Bailey* (the present director of our Defense Division in Washington) was in charge. *John Thornton*, who has been director of Field Operations Division office since it was created in about 1956, was in charge of the project office in Los Angeles. In April 1943, *G. Ray Bandy* transferred from Edmonton, Alberta, and took over the Seattle War Contract Project Audit Office. *Jack Elrey*, who started with GAO in Washington, D.C., in 1940, joined this office in 1944 and, other than for a 5-year tour of duty in Paris, France, has been a member of SRO ever since. *Bob Robeson*, who started with GAO in Washington, D.C., in 1942, joined the Seattle staff in late 1949.

In April 1945, the GAO Office of Investigations opened a field office in

Seattle. The investigators had separate offices and operated independently of the War Contract Project Audit Office. *Bill Davies* was a member of that group.

In February 1947, still another independent group of GAO auditors, with *Gus Stroh* as chief of party, arrived to open a resident Civilian Pay Audit Office in Seattle. *Harry Ball* was a charter member of this four-man staff.

In January 1950, the War Contract Project Audit Office and the Civilian Pay Audit Office were merged into a field office of the Division of Audits and were placed under the management of *G. Ray Bandy*. In 1956, the regional audit office absorbed the Office of Investigations and all the resident GAO staff were finally located in one office. Appropriately enough, regional audit offices were then termed regional offices.

Bill Conrardy was transferred from Europe to become regional manager in 1959, and in May 1960, the 38 staff members in Seattle merged with the 26 staff members in Portland to form a single region covering the entire Pacific Northwest and Alaska. Of these 64 staff members, 26 are still with us today, yet our average age is 33 years.

The bulk of our regional family joined GAO in the Pacific Northwest after 1960. We have grown younger while as an organization we have matured.

The 26 members (out of the current regional family of 104) still with us who were here when the Portland and Seattle regions merged are:

Bill Conrardy
Harry Ball
Bob Blackstone
Howard Boock
Doug Cameron
Walt Choruby
Dan Cowen
Irwin D'Addario
Bill Davies
Jack Elrey
Redmond Everard
Al Finegold
Ray Hausler

Bill Henderson
Joan Johns
Dick Long
Gary McGill
Lyle Nelson
Chuck Perry
Bob Robeson
Neil Rutherford
Bob Sawyer
Sy Simon
John Sisson
Helmer Tellhed
Carl Weber

GAO Honor and Service Awards 1971

The fifth annual GAO honor awards ceremony was held in the GAO auditorium on June 11, 1971. The Comptroller General, *Elmer B. Staats*, the Assistant Comptroller General, *Robert F. Keller*, and the Director, Office of Personnel Management, *Leo Herbert*, presented the following awards:

GAO Award for Public Service
Comptroller General's Award
Career Development Award
Distinguished Service Award
Meritorious Service Award
GAO Award for the Best Article Published in *The GAO Review*
Special Educational Award

The presentations were preceded by an address by the Honorable Chet Holifield, chairman, Committee on Government Operations of the House of Representatives. Mr. Holifield's address was printed in the *Congressional Record* for June 14, 1971.

Recipients of awards and related citations follow.

GAO Award for Public Service

To recognize a private individual who has made a distinguished contribution to furthering the mission of the General Accounting Office.

DR. JOSEPH POIS
Professor of Public Administration
Graduate School of Public and International Affairs
University of Pittsburgh

Over the past 40 years Dr. Pois has made a unique contribution to better management, both in the public service and in private enterprise, as top executive, as expert consultant, and as eminent educator.

His public service includes high posts both in the Bureau of the Budget and in the State of Illinois where he served as Director of Finance. While with the Bureau of the Budget he had the leading role in developing Executive Order 8512, a precursor of today's Joint Financial Management Improvement Program.

Since 1967 Dr. Pois has provided invaluable counsel to managers of the General Accounting Office, bringing to bear his versatile talents in law, finance, education, and management. We look forward to his continued wise guidance as we face the challenges of the future.

Comptroller General's Award

To recognize employees whose exceptional contributions to the mission of the General Accounting Office warrant acknowledgment of the highest order.

MARGARET L. MACFARLANE
Chief, Legal Reference Services
Office of the General Counsel



GAO Watchdog Photo

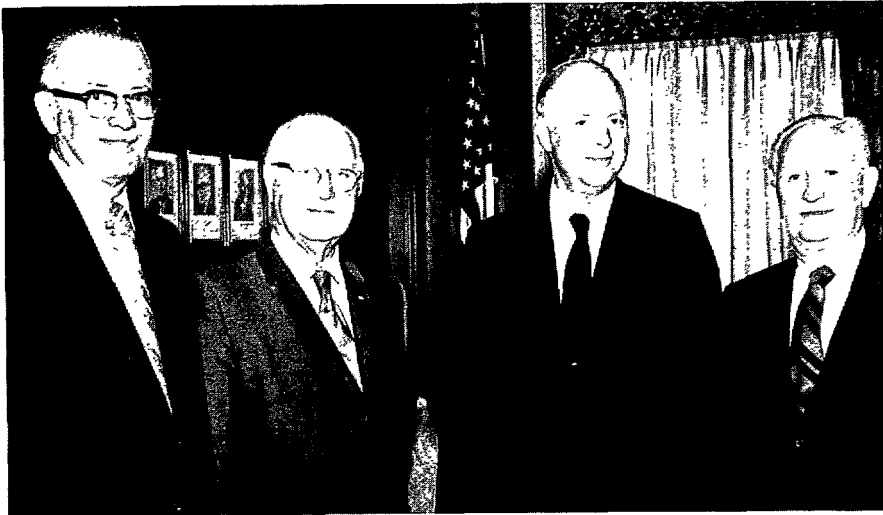
Comptroller General's Award: Mrs. Margaret L. Macfarlane, Chief, Legal Reference Services, Office of the General Counsel, honored for "demonstrated excellence during many years of dedicated service." From the left: Dr. Leo Herbert, Director, Office of Personnel Management; Representative Chet Holifield, Chairman, Committee on Government Operations; Mrs. Macfarlane; and Elmer B. Staats, Comptroller General, before the Awards Ceremonies began.

For her demonstrated excellence during many years of dedicated service and her outstanding contributions to the accomplishment of the mission of the General Accounting Office through her direction of the Legal Reference Services of the Office of the General Counsel.

Mrs. Macfarlane's unstinting efforts and her innovative talent for the continual improvement of this nerve center for the management of information vital to the proper consideration of the many legal and policy matters pertinent to our Government's activities, her resourceful handling of many congressional and other requests for specialized legislative information, and her highly successful program for the professional orientation of new attorneys in the Office have won her the esteem of the legal profession, top officials within the General Accounting Office, and throughout the Government.

A. T. SAMUELSON
Director
Civil Division

For his distinguished and sustained service to the General Accounting Office and his leadership as Director of its Civil Division.



GAO Watchdog Photo

Comptroller General's Award: A. T. Samuelson, Director, Civil Division, is honored "for his distinguished and sustained services to GAO." Taking part in the ceremony were, from the left: Dr. Leo Herbert, Director, Office of Personnel Management; Representative Chet Holfeld, Chairman, Committee on Government Operations; Elmer B. Staats, Comptroller General; and Mr. Samuelson.

A. T. Samuelson has earned this recognition by his outstanding qualities of leadership, by his sustained high-level performance, and by his unswerving devotion to the General Accounting Office. He has contributed immeasurably to improving financial management and program effectiveness in the conduct of myriad functions of the civil departments and agencies of the U.S. Government and has earned recognition in the Congress and in the executive branch for his objectivity and creative professional approach.

Most importantly, Mr. Samuelson's determined dedication to the work before him has served as an outstanding inspiration to the staff of the Civil Division.

Career Development Award

To recognize employees who by their efforts in developing their careers have contributed so significantly to the public service as to warrant special recognition.

MARVIN I. BROWN
Supervisory Auditor
Defense Division

In recognition of his career marked by outstanding dedication to accomplishing the mission of the General Accounting Office, superior competence in performing defense manpower audits, and continued concern for personal self-development and the development of others.

HAROLD R. FINE
Supervisory Accountant
Office of Personnel Management

In recognition of a career marked by notable and innovative contributions to the General Accounting Office in the development of a wide range of programs to further the professional development of the staff through in-house training, and in special commendation for his outstanding personal efforts to broaden his own background to insure the attainment of his goals.



GAO Watchdog Photo

Career Development Award: Seated, from the left: Charles W. Moore, Jr., Supervisory Auditor, Civil Division; Roy J. Kirk, Supervisory Auditor, Civil Division; Mitchell E. McLaughlin, Jr., Supervisory Auditor, Atlanta Regional Office; and Daniel F. Stanton, Assistant Director, Civil Division. Standing, from the left: Clarence L. Forbes, Supervisory Management Analyst, Defense Division; Donald J. Vande Sand, Supervisory Auditor, Civil Division; Marvin I. Brown, Supervisory Auditor, Defense Division; Robert W. Hanlon, Assistant Regional Manager, Washington Regional Office; Harold R. Fine, Supervisory Accountant, Office of Personnel Management; and William J. McCormick, Jr., Supervisory Auditor, Los Angeles Regional Office.

CLARENCE L. FORBES
 Supervisory Management Analyst
 Defense Division

In recognition of superior dedication to a career in the General Accounting Office distinguished by notable contributions to supply management reviews conducted by our Defense Division and, in particular, for outstanding efforts toward the planning and execution of our continuing management reviews of the phasedown of U.S. military activities in Vietnam.

ROBERT W. HANLON
 Assistant Regional Manager—Washington
 Field Operations Division

In recognition of his outstanding dedication to a career in the General Accounting Office that has been distinguished by superior competence, enthusias-

tic participation in recruiting and training activities, and outstanding leadership in the professional development and motivation of the staff.

ROY J. KIRK
Supervisory Auditor
Civil Division

In recognition of rapid career development with the General Accounting Office marked by notable contributions to the development and conduct of reviews of the Office of Economic Opportunity and by active involvement in the recruitment, training, and development of professional staff.

WILLIAM J. MC CORMICK, JR.
Supervisory Auditor—Los Angeles
Field Operations Division

In recognition of superior dedication to developing a career marked by exceptional competence in a variety of diverse assignments, by selfless devotion to the development of professional staff, and by an active involvement in civic action programs to provide other young men with leadership training through community development.

MITCHELL E. MC LAUGHLIN, JR.
Supervisory Auditor—Atlanta
Field Operations Division

In recognition of sustained personal efforts and dedication to his career in the public service that has contributed notably to GAO defense audit effort in the field and, in particular, to the supply management activities of the Department of the Air Force relating to major aircraft and weapons systems at the Warner Robbins suboffice, Atlanta Regional Office.

CHARLES W. MOORE, JR.
Supervisory Auditor
Civil Division

In recognition of his thorough dedication to a career exemplified by creative group leadership and superior competence in a variety of diverse assignments and by energetic participation in the recruitment, training, and development of professional staff.

DANIEL F. STANTON
Assistant Director
Civil Division

In recognition of outstanding contributions to the General Accounting Office and the Government at large in the course of a progressive career marked by superior organizational, administrative, and supervisory ability in the development and execution of numerous highly technical reviews in the field of atomic energy programs.

DONALD J. VANDE SAND
Supervisory Auditor
Civil Division

In recognition of superior career attainment with the General Accounting Office marked by notable dedication and achievement in the conduct of reviews of the Office of Economic Opportunity and particularly in the development of new techniques for evaluating and reporting on the effectiveness of antipoverty programs.

Distinguished Service Award

To recognize employees for their long and distinguished service with the General Accounting Office marked by their sustained high-quality performance and exceptional efficiency.

JOSEPH EDER

Regional Manager, Boston
Field Operations Division

VICTOR L. LOWE

Associate Director
Civil Division

STEPHEN P. HAYCOCK

Associate General Counsel
Office of the General Counsel

STEWART D. MC ELYEA

Regional Manager, Denver
Field Operations Division

FRED J. SHAFER

Deputy Director
Transportation Division



Distinguished Service Award: Seated, from the left: Joseph Eder, Regional Manager, Boston Regional Office; Stephen P. Haycock, Associate General Counsel, Office of the General Counsel; and Stewart D. McElyea, Regional Manager, Denver Regional Office. Standing, from the left: Fred J. Shafer, Deputy Director, Transportation Division; and Victor L. Lowe, Associate Director, Civil Division.

GAO Watchdog Photo

Meritorious Service Award

To recognize individual employees or groups for their superior performance, far above that ordinarily expected.

Office of Policy and Special Studies
Josephine M. Clark

Office of Administrative Services
Theodora L. Brandy

Civil Division
Bernard A. Brady
Benedetto Quattrociochi

International Division
Alfred G. Mueller
Lawrence J. Sabatino

Defense Division
Raymond Dunham
Leon F. Hartley
John M. Hoover
Curtis U. MacDonald

Field Operations Division
Kenneth Dobbs—Los Angeles
George D. Gearino—Atlanta
David A. Gray—Norfolk
Walter Ratzlaf—Seattle
Paul S. Trapani—New York

Office of Personnel Management
Frank T. Davis



GAO Watchdog Photo

Meritorious Service Award: First row, from the left: Bernard A. Brady, Civil Division; Theodora L. Brandy, Office of Administrative Services; Josephine M. Clark, Office of Policy and Special Studies; Frank T. Davis, Office of Personnel Management; and Kenneth Dobbs, Los Angeles Regional Office. Second row, from the left: Raymond Dunham, Defense Division; George D. Gearino, Atlanta Regional Office; David A. Gray, Norfolk Regional Office; Leon F. Hartley, Defense Division; and Curtis U. MacDonald, Defense Division. Third row, from the left: Alfred G. Mueller, International Division; Benedetto Quattrociochi, Civil Division; Walter Ratzlaf, Seattle Regional Office; Lawrence J. Sabatino, International Division; and Paul S. Trapani, New York Regional Office. John M. Hoover, Defense Division, was not present when the photograph was taken.

GROUP AWARDS**COAL MINE HEALTH AND SAFETY ACT IMPLEMENTATION REVIEW***Field Operations Division—Norfolk Regional Office*

In recognition of their meritorious service with the General Accounting Office marked by superior performance throughout the course of a review of the Bureau of Mines' implementation of the Federal Coal Mine Health and Safety Act of 1969. Their final report on this congressional request study was of the highest quality despite an unusually restrictive reporting-time schedule and exceptionally difficult obstacles encountered in the study.

George J. Anthony
 John C. Payne
 Ivan L. Higginson
 Hugh E. Brady, Jr.
 Janet B. Kellett
 William R. Powell

EMERGENCY SCHOOL ASSISTANCE PROGRAM REVIEW

In recognition of their meritorious service with the General Accounting Office marked by notable performance throughout the conduct of a review of grant approval procedures under the Emergency School Assistance Program. Their final report reflected high technical competence and outstanding coordination of findings.

Civil Division

Harold L. Stugart
 James E. Kelly
 J. Kevin Donohue
 Norman F. Heyl
 Thomas J. Jurkiewicz

*Field Operations Division**Atlanta Regional Office*

Kyle E. Hamm
 William M. Ball
 Talmage E. Cox
 Richard G. Hebert
 Ramon A. Looney

Billy C. Bowles
Robert J. Lane
James C. Primm
Athena B. Bradish
Claude M. McGinnis
Richard H. Swift
John G. Thrasher

Dallas Regional Office

Donald G. White
Herschell M. James, Jr.
Neely W. Tipton
Mark J. Ables, Jr.
James R. Hargrove
Harry L. Holley
William E. Bradley

Kansas City Regional Office

Donald D. Whelan
Marshall S. Picow

Philadelphia Regional Office

James E. Caldwell
Frank Parmet
Robert G. Kleigleng
Charles B. Marten, Jr.

San Francisco Regional Office

Richard A. Sheldon
David V. Peltier
Joseph D. Biesi

FISCAL MANAGEMENT BRANCH REORGANIZATION STUDY

In recognition of their meritorious service with the General Accounting Office marked by unusual analytic skills, independence, and tact in the conduct of an independent organization and management survey of the Fiscal Management Branch, Transportation Division.

Transportation Division

Ronald C. Mattlin
Theodore N. Rose



GAO Watchdog Photo

Receiving group awards for Meritorious Service: From the left, seated: Theodore N. Rose, Transportation Division (Fiscal Management Branch Reorganization Study), and James C. Waters, Washington Regional Office (Oceanographic and Survey Ships Utilization Review). Standing: Harry F. Coffman, Civil Division (Meat Consumer Protection Review); Harold L. Stugart, Civil Division (Emergency School Assistance Program Review); and George J. Anthony, Norfolk Regional Office (Coal Mine Health and Safety Act Implementation Review).

MEAT CONSUMER PROTECTION REVIEW

In recognition of their meritorious service with the General Accounting Office marked by excellence in the pursuit of GAO audit objectives in connection with a study of the enforcement of Federal sanitation standards of meat-packing plants under the control of the Consumer and Marketing Service of the Department of Agriculture. Their precedent-setting report exhibited outstanding independent judgment and analysis and notable achievement in the establishment and effective utilization of agency contacts.

Civil Division

Harry F. Coffman

Field Operations Division—Kansas City Regional Office

Danny L. Statler
 Albert T. Wolters
 William A. Buschling
 Virgil N. Schroeder

OCEANOGRAPHIC AND SURVEY SHIPS UTILIZATION REVIEW

In recognition of their meritorious service with the General Accounting Office marked by outstanding contributions to the development, execution, and implementation of conclusions in a review of the utilization of oceanographic research and survey ships in the Environmental Science Services Administration.

Field Operations Division—Washington Regional Office

James C. Waters
Joseph F. Brown

Award for the Best Article Published in The GAO Review

To recognize staff members, by cash awards, for the best articles published in *The GAO Review* during the calendar year 1970.

Best article by an author 31 years of age or under:

“The Versatility of a Computer in Auditing”

(The GAO Review, Fall 1970)

WARREN G. NOGLE
Supervisory Auditor
Field Operations Division—San Francisco

Best article by an author over 31 years of age:

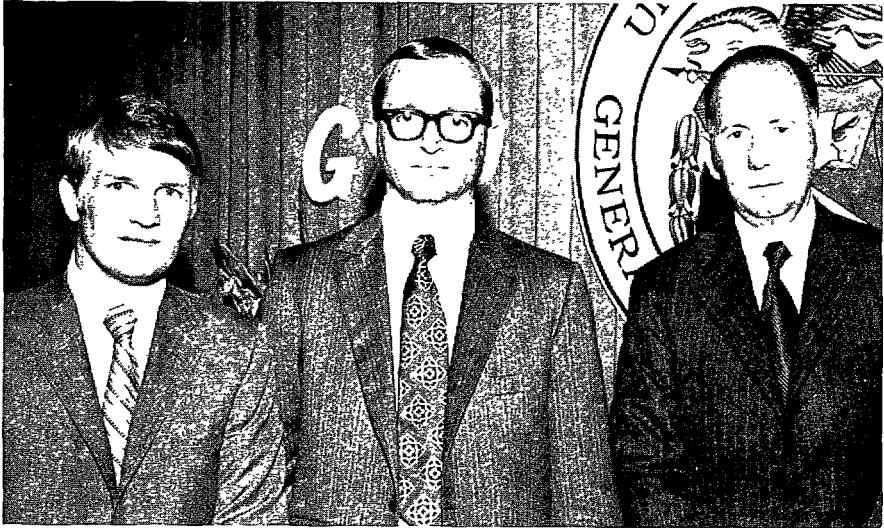
“The Role of Professional Activities
in Career Development”

(The GAO Review, Fall 1970)

Coauthors

WILLIAM D. MARTIN, JR.
Assistant Director
Organization and Management Planning Staff
Office of the Comptroller General

J. DEXTER PEACH
Assistant Director
Civil Division



GAO Watchdog Photo

Award for the Best Article Published in The GAO Review: From the left: J. Dexter Peach, Assistant Director, Civil Division; Warren G. Nogle, Supervisory Auditor, San Francisco Regional Office; and William D. Martin, Jr., Assistant Director, Organization and Management Planning Staff.

Special Educational Award

To recognize exceptionally qualified staff members who have been selected to participate in special educational programs designed to prepare them for positions of significant responsibility at policymaking levels.

CAREER EDUCATION AWARDS PROGRAM

An interdisciplinary program conducted through several leading universities intended to broaden the outlook and deepen the understanding of capable young careerists in the public service who have potential for high-level policy and management positions.

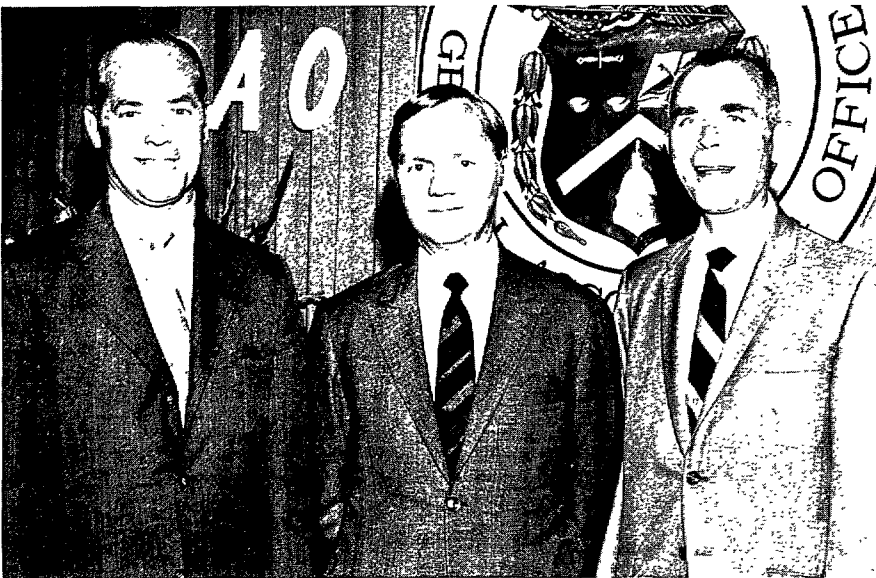
FRANK BORKOVIC
Supervisory Auditor
International Division

EDUCATIONAL PROGRAM IN SYSTEMS ANALYSIS

A program for Federal career personnel designed to develop a systems analysis capability applicable to public program analysis.

HERBERT R. MARTINSON
Supervisory Auditor
Field Operations Division, Los Angeles

CHARLES W. THOMPSON
Supervisory Auditor
Field Operations Division, San Francisco



GAO Watchdog Photo

Special Educational Award: From the left: Edwin C. Eads, Assistant Director, Defense Division; Frank Borkovic, Supervisory Auditor, International Division; and Frank Chemery, Assistant Director, Defense Division. Herbert R. Martinson, Supervisory Auditor, Los Angeles Regional Office, and Charles W. Thompson, Supervisory Auditor, San Francisco Regional Office, were not present when the photograph was taken.

INDUSTRIAL COLLEGE OF THE ARMED FORCES

This program plays an essential role in preparing selected military officers and civilian Government officials for high command and management positions in the increasingly complex field of national security.

EDWIN C. EADS
Assistant Director
Defense Division

NATIONAL WAR COLLEGE

A top-level interservice school for highly selected senior military officers and civilian career officials.

FRANK P. CHEMERY
Assistant Director
Defense Division

National Association of Accountants Conference Report

The 52d annual international conference of the National Association of Accountants was held in Honolulu, Hawaii, from June 20 to 24, 1971. The following GAO staff members attended:

A. T. Samuelson, director, Civil Division

Max A. Neuwirth, associate director, Civil Division

William D. Martin, Jr., assistant director, Office of the Comptroller General

Frank M. Zappacosta, assistant director, International Division

Jack L. Mertz, special assistant to the director, Civil Division

Donald M. Mutzabaugh, special assistant to the director, Civil Division

Gerard J. Wilker, supervisory auditor, Civil Division

Some items of interest follow.

How To Persuade

Jay L. Beecroft, Director of Education and Training, 3M Company, St. Paul, Minn., gave the opening address entitled "The Second Greatest Sales Presentation of All Time." Mr. Beecroft stressed the importance of persuasion in communicating with and motivating associates. By quoting

freely from Shakespeare's "Julius Caesar," he illustrated five persuasive tactics used by Mark Antony to turn a hostile and angry Roman crowd to his favor and have them overthrow Cassius, Brutus, and the other conspirators.

The first persuasive tactic is to *listen before speaking*. He stated that in order to communicate with our associates we must develop the capability to listen without interruption. This tactic enables us to understand the subject matter of the discussion and prepare appropriate comments. The second tactic is to *acknowledge the truth of the other person's statement or argument*. Through the use of this tactic, we can neutralize the individual's emotional attitudes and appeal to his sense of logic. By then employing the third tactic of *adding to the other person's argument and agreeing* with some of his arguments, we can further disarm the individual's emotional attitudes and create a picture of ourselves as fair and reasonable individuals.

Mr. Beecroft stated that once we understand the individual's argument and have neutralized his emotions and created a favorable picture of ourselves, we must then turn the individual to our favor. We must first *tell stories of things that happened in the past* and create a picture. People do not think in

terms of words, but in terms of pictures and pictures enable the individual to relate to our point of view. Finally, Mr. Beecroft stated that we must *introduce the key evidence*. By building our theme gradually and then introducing the key piece of evidence we will turn the individual to our favor.

Mr. Beecroft concluded his address by noting that we are all salesmen to the extent that we must sell ourselves, our ideas, and our services. He believes that we can be more persuasive in our dealings with our associates by employing these tactics.

Tokyo Banker Urges Restraints

Speaking on "World Trade in the Seventies," Sumio Hara, President of the Bank of Tokyo, stated that the mainstays of trade policy are, without doubt, liberalism and free competition. Mr. Hara believes that liberalism needs to be upheld, reevaluated and accelerated more and more. He blamed the recent foreign exchange crisis in Europe on massive international movements of volatile short-term funds from country to country mainly through the Euro-dollar market and called on the major industrial nations to regulate the Euro-dollar market in a concerted effort to restrain that movement of funds. Mr. Hara stated that the United States should endeavor to correct its balance of payments and improve its trade balance by strengthening the competitive position of exports by containing domestic inflationary pressures and restraining investments abroad.

Mr. Hara believes that voluntary re-

straints on exports can help preserve trade liberalism for a long time to come. He said that Japan is imposing voluntary restraint on steel exports to the United States and expects to impose similar restraint on textile exports in an attempt to soften the impact temporarily and to help reduce the burden of adjustment on import-competing industries. While importing countries are obliged to bring about industrial shifts, he continued, exporting countries are urged to fulfill their responsibilities to use restraint in the cases where flooding the market with a foreign product would cause severe friction in the industrial life of the importing country. This would enable trade liberalism to survive a long, long time.

Mr. Hara cited the need for another international round of large-scale tariff reductions on the order of the so-called "Kennedy Round" achieved in the 1960's. He said that trade restrictions went hand in hand with the depression of the 1930's and that the postwar era of freer trade has been prosperous. Consequently, Mr. Hara believes free trade should be propelled forward so that the nations of the world may enjoy stronger competitiveness and resultant higher prosperity.

Cost Accounting Standards for Government Contracts

Alan Peterson, Partner, Arthur Andersen & Co., Chicago, Ill., urged members attending the session on Cost Accounting Standards for Government Contracts to become involved in the activities and regulations to be devel-

oped by the Cost Accounting Standards Board.

Mr. Peterson stated that the mandate from Congress to develop the first set of cost accounting standards for defense contracts is an enormous task, and the Cost Accounting Standards Board faces a tremendous challenge. He stated that the cost standards must be for the future. The Board members and the top-level staff must develop a judicial attitude toward their task, lay aside past personal experiences, and rise to the opportunity for significant improvement in cost accounting. Mr. Peterson believes that preoccupation with the past, at the expense of the future, has been one of the main reasons the Accounting Principles Board of the AICPA has had so little success in developing principles for overall reporting.

Mr. Peterson believes cost standards must begin with broadly based principles and must not try to be uniform cost accounting systems. Uniform systems cannot be developed because of the wide variety of industries providing the goods and services necessary for the national defense.

Mr. Peterson also stated that the cost accounting standards developed must be fair to the contractor, the Government, creditors, and the public. There must be a mechanism for timely change of cost standards to insure that fossil-like rules are not permitted to remain. In addition, he believes that cost standards must be appealable to courts or administrative boards in order to provide a relief valve for standards which prove to be inequitable.

In conclusion, Mr. Peterson stated that the Cost Accounting Standards Board has a modest staff for the job ahead, and the Board is relying on help from the various accounting organizations throughout our country. All professional and industrywide organizations should develop their views of cost accounting standards and each organization should present its ideas and its standards to the Board.

James O. White, Jr., Director of Government Finance Relations, Lockheed Aircraft Corporation, adopted a more controversial stand on the Board and its definitions of cost standards. He said that industry had not been consulted in the formation of the Board and consequently the cost standards will not be representative of industry's point of view.

Mr. White stated that the Board should consolidate what has already been written on the subject of cost accounting and should use this as a basis for its standards. The Armed Services Procurement Regulation has set forth the cost standards of most Government contracts and industry has spent much time and money in the interpretation and understanding of these regulations. If the Cost Accounting Standards Board now formulates new standards, this will result in more costs to industry.

Financial Reporting by Segments to Shareholders and the Public

Under the chairmanship of Dr. Alfred Rappaport, Professor of Accounting and Information Systems,

Northwestern University; Stanley Rosch, Senior Vice President and Controller, Castle and Cook, Inc., Honolulu, Hawaii; and C. Reed Parker, Vice President, Duff, Anderson and Clark, Inc., Chicago, Ill., discussed the merits of financial reporting by segments to shareholders and the public.

Mr. Rosch stated that it is no longer a question whether financial reporting should be by segments, since many companies now do so as required by the Securities and Exchange Commission. However, Mr. Rosch had some reservations about segment reporting. He stated that there appear to be no restrictions as to who would use this information after it is published. Such a situation could create problems since projections in statements may not always prove true. In addition, disclosure of detailed data could mislead readers because this type of data does not have the same accuracy as published financial statements. Segmented and detailed financial reports have been accurate enough for internal usage in the past but they may be misleading to outsiders.

Mr. Parker stated that he was in favor of financial reporting by segments because it presented more detailed financial information to the investor and the investment analyst. The investor is looking for maximum performance with minimum risk, increased dividends and interest, and capital appreciation. Detailed financial reporting by segments will enable the investor to determine which segments of his investments are producing results and meeting his investment objectives.

Mr. Parker stated that the investment analyst correlates the individual company results with economic development, and, like the individual investor, relies on segmented financial reporting to inform him of the contribution of various product lines to the growth of the economy. Segmented financial reporting facilitates the correlation of past performance with current economic conditions, determines the profitability of product lines, and assists in the evaluation of the risk involved.

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.

On January 21, 1971, the Com-

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 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.

The Board will have the responsi-

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 worked for the General Accounting Office and served as Deputy Director of the Civil Division from 1964 to 1967. Since 1967 he has been Deputy Comptroller of the Atomic Energy Commission.

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

News & Notes

Organizational Changes in GAO

The following organizational changes were made in GAO as of July 1, 1971.

1. The Office of Policy and Program Planning was formed to:
 - Advise and assist the Comptroller General and the Deputy Comptroller General in (1) policy formulation, guidance, and review with respect to all GAO functions, (2) establishing long-range objectives and direction-of-effort planning, and (3) formulating the annual budget.
 - Conduct internal reviews of all GAO operations.
 - Coordinate the preparation of GAO publications as assigned by the Comptroller General, including the Comptroller General's annual report and *The GAO Review*.
2. The audit policy functions of the former Office of Policy and Special Studies and the functions of the former Program Planning Staff were transferred to the Office of Policy and Program Planning.

3. The Division of Financial and General Management Studies was created to carry on the remaining functions of the former Office of Policy and Special Studies, as follows:

Financial management improvement
 ADP studies
 Systems analysis
 Actuarial work
 Statistical sampling advisory services
 Intergovernmental relations

4. The Office of Policy and Special Studies (originally established in 1956 as the Accounting and Auditing Policy Staff) and the Program Planning Staff (established in 1966) were superseded by the new organizations.
5. To head up the new organizations, the Comptroller General designated:
 - E. H. Morse, Jr.*, director, Office of Policy and Program Planning.
 - Donald L. Scantlebury*, director, and
 - Frederic H. Smith*, deputy director, Division of Financial and General Management Studies.

Deputy Comptroller General

On July 9, 1971, as authorized in the Legislative Branch Appropriation Act, 1972 (Public Law 92-51), the title of the number two position in the General Accounting Office was changed from Assistant Comptroller General to Deputy Comptroller General of the United States.

This position is currently held by *Robert F. Keller*.

The change was proposed by the Comptroller General during hearings on GAO's 1972 budget before the Subcommittee on Legislative Branch Appropriations of the House Appropriations Committee. Mr. *Staats* stated:

What we would like to do would be to redesignate Mr. Keller's title as Deputy Comptroller General of the United States. This title I think is in general use in Government in different agencies and would also remove some slight confusion that exists today where we have an assistant to the Comptroller General and that sometimes is not differentiated from the post Mr. Keller holds, which is the deputy in our office.

In approving the change, the committee noted that "The change in title does not create a new position nor does it abolish an existing one and it involves no change in salary." (H. Rept. 92-236)

Characterization of GAO Reports

Writing about GAO and its 50th anniversary in the June 29, 1971, issue of the *Chicago Tribune*, Willard Edwards observed:

GAO reports irritate those members of the Washington press who like their news

capsuled in handouts. They are deliberately low-keyed, unaccompanied by press releases and full of technical details. The facts are there but they have to be dug out. Congressional investigators esteem them, noting that they never have to worry about errors which may boomerang.

GAO Reports on Foreign Assistance Programs

The Senate Committee on Foreign Relations has printed¹ a compilation of summaries of GAO reports on reviews of various aspects of U.S. economic, military, and related foreign assistance programs. The compilation relates to reports issued from 1965 through 1970 and is a useful reference document pertaining to independent reviews of this complex area of Federal Government operations.

In a foreword to the compilation, the chairman of the committee, Senator J. W. Fulbright of Arkansas, stated:

Taken together, these findings and recommendations tell a tale of bureaucratic woe, mismanagement, and inefficiency—feebly attempting to promote a sort of up-dated version of "dollar diplomacy." More than this, the GAO's compilation tells a tale of disregard for congressional intent and of the use of foreign aid funds as a kind of diplomatic pork-barrel.

This compilation is, in short, a catalog of our foreign aid ills—some of which have been self-inflicted, others of which have been contracted with the help of some of our staunchest "allies."

He also stated:

As a final word, I wish to express, on behalf of the Foreign Relations Committee, our

¹ "United States Economic and Military Foreign Assistance Programs—Compilation of General Accounting Office Report Findings and Recommendations," Committee Print, 92d Cong., 1st sess., March 29, 1971.

confidence in the competent and professional manner in which the General Accounting Office has fulfilled the committee's many requests. The Comptroller General, Mr. Elmer Staats, exemplifies this competence and professionalism and the committee is deeply indebted to him and to his staff.

Executive Privilege and GAO Access to Records

S. 1125 was introduced in the 92d Congress to amend title 5 of the U.S. Code to provide that no employee of the executive branch summoned or requested to testify or produce documents before the Congress or its committees shall refuse to do so on the grounds that he intends to assert executive privilege, and no such employee shall assert the privilege unless at the time it is asserted he presents a statement signed personally by the President requiring that executive privilege be asserted as to the testimony or document sought.

In testifying on this bill on July 28, 1971, before the Subcommittee on Separation of Powers of the Senate Committee on the Judiciary, the Deputy Comptroller General, *Robert F. Keller*, commented on GAO problems on access to Federal agency records as follows:

For the most part, refusals by the executive branch to grant us access to records have been premised upon departmental decisions that grant of access would not be in the public interest rather than a formal claim of executive privilege.

In recent years we generally have had good cooperation in obtaining access to the records of the executive departments except for the Department of State and the Department of Defense in those areas which involve our relations with foreign countries.

While absolute denial of access to a document is quite rare, our reviews are hampered and delayed by the time-consuming tactics employed by the various organizational elements within and between these departments. These delays occur in the screening of records and in making decisions as to whether such records are releasable to the General Accounting Office. It is not unusual for our auditors to request access to a document at an overseas location and be required to wait several weeks while such documents are screened up the channels from the overseas posts and through the hierarchy of those departments.

* * * * *

Although the Departments of State and Defense indicate in their directives that it is their policy to provide maximum cooperation and assistance to the General Accounting Office, we have found it quite difficult to obtain the information which we need to conduct our reviews relating to foreign assistance activities.

Policy of Obtaining Advance Comments on GAO Reports

The GAO policy of seeking comments on its report drafts from Federal agencies or others concerned before the reports are placed in final form for transmission to the Congress became the subject of public discussion and some criticism earlier this year. The discussion was stimulated by the Comptroller General's report on the GAO defense industry profit study (B-159896, Mar. 17, 1971). Drafts of this report were made available to the Department of Defense and other Federal agencies and to a number of industry associations. Differences between the final official report and the advance drafts exposed for comment led to charges of acceding to Pentagon

and industry "pressure" and a "softening" of the final report—all of which were groundless.

The House Government Operations Committee held a hearing on the matter on March 26, 1971. The Comptroller General, *Elmer B. Staats*, testified at some length on the handling of the defense industry profit study report. Of particular interest was the following lucid explanation of GAO's general policy of seeking comments on report drafts.

The practice of obtaining comments from affected parties on proposed audit reports is one of long standing within the GAO and it goes even further back in the public accounting profession, just how far I do not know. It is interesting to note that as early as 1935 the Congress, in an amendment to the Tennessee Valley Authority Act, specifically prohibited issuance of reports on GAO audits required in the Act until TVA "shall have had reasonable opportunity to examine the exceptions and criticisms***, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report." The practice became written policy of the Office when it was incorporated into internal instructions to the Accounting and Auditing staff in 1954. This policy became applicable to contract audit reports in 1955. Prior to that time it was fairly common practice to obtain oral and sometimes written comments from agency officials and contractors on specific matters as the individual audit manager may have felt it was desirable.

Although I can claim no responsibility for instituting such a policy, I examined this policy carefully when I became Comptroller General in 1966. I endorsed the policy and have retained it.

A review of the auditors' findings and conclusions by the person or organization on whose records and operations we are reporting is desirable for a number of reasons. Since our reports deal with highly important matters, frequently of national sig-

nificance, it is essential that all the relevant facts be ascertained and that they be properly evaluated. In our opinion, it is premature to report to the Congress our findings, conclusions, and recommendations on the basis of information gathered at various agency or contractor operating levels without considering any additional pertinent information which may only be secured from top agency or contractor officials.

The practice of obtaining advance comments on drafts of our reports before issuance as final reports and giving objective consideration to those comments provides additional assurance that our reports are fair, complete and objective.

Another very important consideration, it seems to me, is the fact that obtaining comments and reactions in advance enables us to present to the Congress in one document the whole package—the facts as we found them, our conclusions from those facts, our recommendations for corrective action and the head of the agency's position on the matter. If a disagreement exists between the Comptroller General and the agency head, the report reflects it, and the Committee or Member is then in position to evaluate the issues from a study of the document in hand.

From time to time we will have exceptional situations in which we find it appropriate to proceed without awaiting formal agency comment when formal comments are unreasonably delayed. However, the substance of a proposed report would in all cases be discussed with top agency officials. In the unusual cases, when we proceed without formal comment, we attempt to give the agency advance notice and indicate in the report why comments have not been received.

At the conclusion of the hearing, the chairman of the committee, Chet Holifield, stated his "complete support for the Comptroller General and the procedures used in handling this report and the findings and recommendations he made."

New Newsletter on Management Improvement

The Office of Management and Budget has inaugurated a *Management Improvement Newsletter*. The letter is to be issued from time to time "to communicate informally with the management staff of other Government agencies and exchange information that will help reduce costs and increase efficiency in the Federal Government."

The first issue was released in May 1971. It should be a useful way to exchange ideas and improve communications on the never-ending job of cutting costs and increasing the efficiency of Government operations.

Motivation of Federal Employees

Writing in the May-June 1971 issue of *Personnel Administration*, John J. Corson of Fry Consultants, Inc., inquires into the apparent failure of Government leaders to motivate top-level civil servants. In his article "A Neglected Element of Political Leadership," he attributes this failure to unfamiliarity with the environment of Government service. Noting that "The environment within the Federal service

does not conform with what the textbook writers picture as ideal for the motivation of human effort," he cites the following as "positive and substantial satisfactions that hold men and women in the Federal service and motivate them."

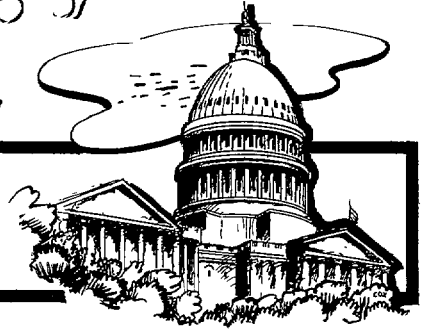
- First, these men and women exhibit an innate desire to achieve; they were born with a desire to get ahead.
- Second, some substantial proportion of the men and women who reach the top levels of the Federal civil service place relatively high value on security.
- Third, a more positive stimulus is the opportunity for professional accomplishment.
- Fourth, a large proportion of the top-level civil servants are motivated by a commitment born of a deep faith in what they are doing.
- Finally, many of these men and women get satisfaction, even thrill, out of the opportunity to serve the public interest.

Mr. Corson concludes:

If political leaders are to discharge the responsibility that . . . is theirs, they must understand the motivational forces that are at hand and supply the stimuli that will turn on these able, top-level, career people, not turn them off. These forces are real and substantial, but they cannot be applied as readily as the cash bonuses and stock options available to many in industry. The kindling of the motivational forces that obtain in the Federal government requires thought and subtlety.

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HEARINGS *and* LEGISLATION



By JUDITH HATTER

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

Rural Telephone Bank

To provide an additional source of financing for the rural telephone program, Public Law 92-12, May 7, 1971, 85 Stat. 29, establishes the Rural Telephone Bank. The Bank is to be a wholly owned Government corporation until 51 percent of the class A stock has been retired and thereafter a mixed-ownership Government corporation subject to audit by the General Accounting Office under the provisions of the Government Corporation Control Act.

Committee for the Purchase of Products and Services of the Blind and Other Severely Handicapped

Public Law 92-28, June 23, 1971, 85 Stat. 77, amends the Wagner-O'Day Act to establish the Committee for the Purchase of Products and Services of the Blind and Other Severely Handicapped. The Committee, among other things, designates a central nonprofit agency or agencies to facilitate the distribution of orders of the Government

for commodities and services on the procurement list among qualified nonprofit agencies for the blind or such agencies for other severely handicapped. The Comptroller General is provided access to the records of each agency so designated by the Committee and of the Committee itself for purposes of audit and examination.

Government Procurement Commission

Public Law 91-129, November 26, 1969, was amended to provide for an extension to December 31, 1972, of the date on which the Government Procurement Commission is to submit its final report (Public Law 92-47, July 9, 1971, 85 Stat. 102). The Comptroller General, a statutory member of the Commission, in stating his views on the pending legislation said, " * * * it is my opinion that the broad and searching inquiry into nearly every aspect of Government procurement necessary to achieve the enumerated policy justifies the extension provided for in the bill."

Defense Industry Profit Study

On March 26, 1971, *Elmer B. Staats*, Comptroller General of the United States, appeared before the Subcommittee on Legislation and Military Operations of the House Government Operations Committee to discuss critical comments and allegations of pressure from defense contractors and the defense agencies relative to the GAO report of March 17, 1971, on the defense industry profit study. (Other participants: Messrs. *Keller, Dembling, Morse, Bailey, and Flynn.*)

Defense Procurement and Government Contracting Practices

At the request of the Subcommittee on Priorities and Economy in Government of the Joint Economic Committee, the Comptroller General discussed GAO reports concerning the acquisition of major weapons systems, the feasibility of making "should cost" reviews in the auditing and pricing of negotiated contracts, a congressionally directed study of profits earned on defense contracts, and a related GAO-initiated study of the return on capital of a selected group of individual contracts, at a hearing on April 29, 1971. (Other participants: Messrs. *Keller, Dembling, Bailey, Bell, Gutmann, Hammond, Flynn, Rothwell, Stolarow, Marvin, Gentile, Wolen, Pines, Ritchie, and Fitzgerald.*)

Calendar Year as Fiscal Year for Government

At the first hearing held by the Joint

Committee on Congressional Operations since its establishment by the Legislative Reorganization Act of 1970, the Comptroller General testified on June 21, 1971, regarding proposals to change the fiscal year to parallel the calendar year. Mr. Staats suggested a limitation on the period during which authorizing legislation may be considered in order to insure ample time for consideration of appropriation bills. (Other participants: Messrs. *Maycock and Thompson.*)

President's Departmental Reorganization Program

Paul G. Dembling, general counsel, appeared before the Subcommittee on Legislation and Military Operations of the House Government Operations Committee on July 8, 1971, at hearings on the President's Departmental Reorganization Program to present views on the administrative provisions of four bills introduced to carry out the program. *Milton J. Socolar*, deputy general counsel, appeared before the subcommittee on July 22, 1971, to continue the discussion (Other participants: Messrs. *Ahart, Higgins, and Thompson.*)

Postal Service Facilities Leasing and Construction

At the request of the Subcommittee on Investigations and Oversight of the House Committee on Public Works, the Comptroller General appeared on July 14, 1971, to discuss the policies and practices followed by the Postal Service in leasing and constructing facilities, and the relationship between

the Postal Service and the General Services Administration and the Postal Service and the Corps of Engineers. (Other participants: Messrs. *Ahart, Newwirth, Hirschhorn, Socolar, Barclay*, and *Blair*.)

Vietnam Pacification and Development Program

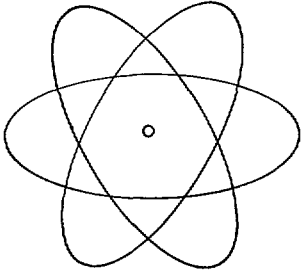
On July 16, 1971, *Oye V. Stovall*,

director, International Division, presented a statement before the Subcommittee on Foreign Operations and Government Information of the House Government Operations Committee on the pacification and development program in Vietnam based on initial survey work performed by GAO staff in Vietnam. (Other participants: Messrs. *Duff* and *Thompson*.)

Internal Audit

As mentioned in previous Reports, I am particularly interested in the proper development and efficient operation of internal audit in departments and authorities. Due cognisance is taken by my Office of the adequacy and effectiveness of internal audit when planning appraisals of the overall system of financial control. . . . I have expressed concern that there are some instances in which the effectiveness of internal audit is below the standard that might be reasonably expected.

From the Report of the Auditor-General of Australia, 1969-70.



AUTOMATIC **D**ATA **P**ROCESSING

Savings on Maintenance of Computer Equipment

On April 3, 1968, the Comptroller General issued a report to the Congress on "Maintenance of Automatic Data Processing Equipment in the Federal Government" (B-115369). This report was based on a review conducted by the ADP group of the Office of Policy and Special Studies and the San Francisco Regional Office.

The report emphasized the monetary and operational advantages that are being realized by a few computer installations which have adopted a policy of in-house maintenance for their equipment. The report also discussed the major factors to be considered in making maintenance decisions and recommended that each Federal agency establish procedures for arriving at the most advantageous decisions for maintenance of its ADP equipment.

On January 7, 1970, Donald E. Johnson, Administrator of Veterans Affairs, informed the Comptroller General that the Veterans Administration (VA) was exploring all possibilities for computer equipment maintenance.

On June 10, 1971, Mr. Johnson notified the Comptroller General that the VA has awarded a competitively bid

contract for computer equipment maintenance to the Comma Corporation of New York City. The Administrator reported that the contract will result in an estimated savings of \$97,000 during the period from June 1971 through June 1974.

The Administrator also reported that the contract is a significant breakthrough since this is the first instance where general purpose computer equipment owned by the Veterans Administration will be maintained by a contractor other than the manufacturer.

Views on Computer Management

Following hearings by the Government Activities Subcommittee of the House Government Operations Committee in May 1971, Congressman Jack Brooks, chairman, stated:

The United States is the world's leader in computer technology and use. Broad segments of our economy and most of the nation's new weapons systems rely upon computers. Furthermore, computer techniques offer vast potential in the solution of many of the extremely difficult social problems presently confronting the nation.

If the nation loses its leadership in computer technology—if we become a second-rate computer power—we will become a sec-

ond-rate nation, both economically and militarily. Yet, despite the vital importance of computers to our society, there is no effective policymaking structure in the Federal Government to guide the nation in the optimum exploitation of these techniques.

On management of computers in the Federal Government, Mr. Brooks stated:

Our hearings today indicate significant improvements in most areas coming within the coordinated management system we established in 1965. Yet, as most of the witnesses agreed, there are difficult problem areas and much remains to be done if the taxpayers' multibillion dollar investment in the Federal Government's computers is to be managed efficiently.

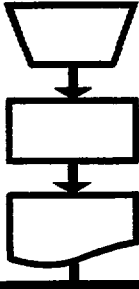
Full and Objective Disclosure

No purpose is served in not making a full accounting of the facts to the public even though at the moment knowledge of all the facts may be distasteful to that public. This is the newer look of accounting reports. Neither the government and its representatives nor corporations or other institutions should be permitted to slant internal accounting reports on the effectiveness of management. To do so is to ignite a time bomb that will explode at a later date.

Leonard Spacek

Senior Partner, Arthur Andersen & Co.

Speaking on "Utilizing What Is New in Accounting" in the GAO 50th Anniversary lecture series on July 15, 1971.



SYSTEMS ANALYSIS

The Congress and Systems Analysis

This subject was discussed by *Keith Marvin*, associate director, Office of Policy and Special Studies, during the orientation phase of the Civil Service Commission's educational program in systems analysis on May 20, 1971. Excerpts from Mr. Marvin's discussion follow.

Any statement about the need for systems analysis by the Congress as a whole, without considering the views of each of its 536 individual Members, is open to many challenges. Perhaps the one word which best describes the challenge facing the Congress is the word "change." I am not talking just about the scaling down in Vietnam, or revenue sharing, or the new postal service, or electoral reforms, or drugs, or space exploration, or pollution, or any of the specific topics of current interest and concern to legislators. By "change" I mean the whole gamut of "happenings" and events which appropriately characterize the two decades—the sixties and so far the seventies—as a period of analytical questioning of priorities, objectives, and resource allocations.

As a nation it appears that we cannot continue to avoid the definition of objectives. Implied priorities and

objectives are being defined and challenged. If we are to minimize error in this and avoid "bandwagon" tactics, the rational processes for analyzing and disseminating information about the potential effects of our objectives and resource allocations must be efficient, timely, and responsive.

When we talk about priorities, we are talking about budgetary and legislative decisions and the reasoning on which these decisions are based. For example, balancing our objectives of price stability and full employment must enter into the budget decisions. The impact on business budgets, on the number of jobs, and on capital spending plans must enter into legislative decisions regarding a change in the basic minimum wage and how far we extend coverage.

Consider for a moment the subject of housing, a matter of vital concern to all Americans. Currently, we are devoting only about 2.5 percent (\$25 billion) of the gross national product to new housing. Some authorities believe that, if this amount were increased to 4 percent (\$40 billion), the 10-year goal of 26 million new and renovated dwellings set by the Congress in 1968 could be met. A difficulty here has been stated as, "when 90 percent of the people are comfortable and 10 percent uncomfortable * * * it's hard to

get the 90 percent to do something about the 10 percent." Although a more enlightened debate over the priority that should be placed on constructing new housing may help, mere knowledge of the Nation's needs does not bring any inherent guarantee of action. The question of how we can obtain needed information and more enlightened public debate and concern about major budgetary programs and priorities should be a concern of Federal agencies and particularly of the analytical cadre within the agencies.

More complex issues are being brought into focus, or at least into congressional discussions, than ever before, thus making more apparent the need for analytical information by the Congress in its deliberations.

It seems to me that the pressures for change have and will *increasingly* demand systems analysis for the Congress. Many of the elements and problems of systems analysis in which analysts are interested are also the elements of program analysis and understanding in which the Congress has an obvious interest. Some of these elements of analysis are:

1. The clear definition of goals and objectives.
2. The search for criteria for judging whether programs achieve their objectives.
3. The finding of causal relationships between program inputs and outputs.
4. The description of processes which are effective and efficient in the use of resources.
5. Consideration of benefits vs. resource costs or disadvantages of

alternative courses of action and feasible alternative programs.

A brief review of the recent history of congressional interest in analysis may be helpful. Particularly since the advent of planning-programming-budgeting (PPB) in 1965 there has been much discussion and debate of how this information could be of use to the Congress and whether or not it should be made available to the Congress. Even prior to that there was recognition in the Congress of the innovations in the Department of Defense under Secretary McNamara; e.g., chairman Mahon of the House Appropriations Committee recognized the need for improved information of this nature as early as 1961. The more widely publicized negative attitudes in the Congress toward PPB and systems analysis in the Department of Defense developed later, mainly in the Armed Services Committees and to some extent in the Government Operations Committees.

After 1965 there were many proposals for joint committees, new offices, new research institutes and even a fourth branch of the Government to provide the Congress with something comparable to what PPB was intended to provide on the executive side. There was concrete action on legislative reorganization in the Joint Committee on Reorganization of the Congress which resulted as early as 1967 in passage of a Legislative Reorganization Bill in the Senate. It was not until 1970 that such a bill was passed in the House and quickly approved in the Senate. The Legislative Reorganization Act of 1970

became law last October. This act provides, under Title II, fiscal controls for assistance to the Congress by the General Accounting Office. It provides specifically that:

The Comptroller General shall review and analyze the results of Government programs and activities carried on under existing law, including the making of cost benefit studies, when ordered by either House of Congress, or upon his own initiative, or when requested by any committee of the House of Representatives or the Senate, or any joint committee of the two Houses, having jurisdiction over such programs and activities.

It also provides that:

The Comptroller General shall have available in the General Accounting Office employees who are expert in analyzing and conducting cost benefit studies of Government programs. Upon request of any committee of either House or any joint committee of the two Houses, the Comptroller General shall assist such committee or joint committee, or the staff of such committee or joint committee—(1) in analyzing cost benefit studies furnished by any Federal agency to such committee or joint committee; or (2) in conducting cost benefit studies of programs under the jurisdiction of such committee or joint committee.

Although this section of the new act may have some impact on the demand for this capability in the GAO, the GAO has contended that its original authorizing legislation in 1921 in effect provided for this kind of work with its reference to responsibility for reviewing the application of public funds. In fact, the Congress and its committees have seen fit in recent years to obtain such assistance from the GAO. In 1967 the amendments to the Economic Opportunity Act required that the Comptroller General review all of the pro-

grams funded under the act including the extent to which they were achieving their objectives. This statutory requirement for what amounted to a cost benefit analysis led to the involvement of the GAO in some of the most difficult benefit measurement problems in the Government. We were aided in this work by a number of expert consultants, and we also placed a considerable amount of technical work under contract.

GAO has continued to perform reviews of program results in response to the indicated interests of committees or as a result of new legislation which is intended to provide Congress with better information. For example, the Senate Labor and Public Welfare Committee requested that the GAO continue reviews of manpower training programs similar to those conducted under the 1967 amendments. In the education area the appropriations act has included specially earmarked amounts for evaluation and it requires that the Office of Education submit an annual report to the Congress on the results of this evaluation. Specific congressional mandates such as these receive careful consideration in allocating GAO resources.

The GAO was likewise injected into questions about military spending at the time of the Senate debates in 1969 over such issues as the ABM and the C-5A aircraft. At that time a number of amendments to the Defense Procurement Act were proposed, some of which the GAO considered to be beyond its capability or authorization. However, some of this resulted in GAO work on such things as the alternatives

for the main battle tank and a study of air-to-ground missiles. These have resulted in classified reports to the Armed Services Committee.

Other examples of work undertaken at our own initiative during this same time are a survey of the status of PPB in the executive agencies, a survey of the use of discounting by Federal agencies, and specific reviews of program results such as water pollution. In the case of pollution, a model was developed under contract to show that the benefits of municipal treatment plants on a specific river could be im-

proved by better planning and scheduling of the placement of the plants.

There is clearly a growing interest on the part of various congressional committees in national priorities and objectives for such important programs as education and health and such issues as national energy resources, the economy, and the environment. We in the GAO can expect a growing demand for the capability which we can provide to assist the Congress in its deliberations regarding such matters.

Auditors and Quality Evaluation

While unit costs are basic and invaluable in evaluating performance, they do not in any way reflect the quality of the service being produced by the agency audited. In quality evaluation, we as auditors get into unfamiliar surroundings where we must deal with intangibles by forming opinions on the basis of personal observations which we many not be able to document. Nevertheless, quality evaluation is no less important than cost data, and the auditor must train himself to substantiate his evaluation by logical and objective reasons supporting his conclusions.

J. B. Lancaster

Legislative Auditor, State of Louisiana.

At annual meeting of the National Association of State Auditors, Comptrollers, and Treasurers, Louisville, Ky., November 16, 1970.

Lawrence J. Powers



Lawrence J. Powers, Assistant to the Comptroller General, retired on May 28, 1971, after more than 37 years of Federal service.

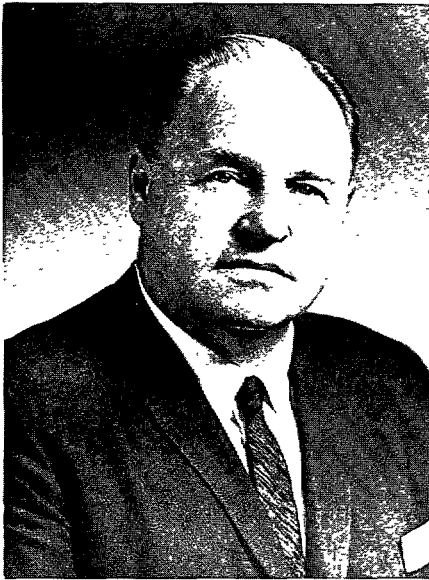
Mr. Powers began his Federal service in the Treasury Department in 1935 and moved to the Department of Agriculture in 1939 as accountant and budget officer of the Farm Security Administration. From 1946 to 1951, he was assistant and deputy director in the Fiscal Branch of the Production and Marketing Administration and also served as assistant treasurer of the Commodity Credit Corporation in 1947.

Mr. Powers came to GAO in 1952 as assistant director in the Accounting Systems Division. He held positions as associate and deputy director of that division until 1956 when he became director of the newly created Defense Accounting and Auditing Division. On January 10, 1960, Mr. Powers was appointed Assistant to the Comptroller General by Comptroller General *Joseph Campbell*, and he served in that capacity until his retirement.

Mr. Powers received a Bachelor of Science degree from the University of Maryland in 1934 and attended Georgetown University School of Law from 1935 to 1936. He also attended the Advanced Management Program at the Harvard Business School in 1960.

During World War II, Mr. Powers served as chief of the Central Accounts Branch of the War Department (1942-46), attaining the rank of lieutenant colonel. In 1951 and 1952, during the Korean Emergency, he was chief of the Industrial Facilities Branch of the Office of the Comptroller of the Army. Mr. Powers is now a colonel, USAR (retired).

Mr. Powers received the Army Commendation Award—World War II in 1946, the Career Service Award of the National Civil Service League in 1957, and GAO's Distinguished Service Award in 1970.



William A. Newman, Jr.

William A. Newman, Jr., Special Assistant to the Comptroller General, retired on May 28, 1971, after 29 years of Federal service.

Mr. Newman received a Bachelor of Science degree from Syracuse University in 1929. Before entering the Federal service, he had 12 years of public accounting experience. He was also comptroller and chief contract negotiator on Government contracts for an aircraft parts manufacturing company.

Mr. Newman began his Federal civilian service in 1942 as assistant district auditor of the Eastern Audit District, Army Air Force. He served in the Army Air Force from 1943 to 1946 as district auditor for Los Angeles and as assistant chief, Contract Audit Division, at the Headquarters, Army Air Force, attaining the rank of lieutenant colonel.

Mr. Newman joined the General Accounting Office as an accountant in the Corporation Audits Division in 1946. In 1956, he became deputy director of the Defense Accounting and Auditing Division and director in 1959. On July 15, 1968, he was designated as Special Assistant to the Comptroller General to head the GAO study on the feasibility of developing and applying uniform cost accounting standards for defense contracts.

Mr. Newman received the Meritorious Service Award in 1959 and in June 1970 he was the head of the group that received the Meritorious Service Award for its conduct of the uniform cost accounting standards feasibility study. He is a CPA (New York) and a member of the the American Institute of CPAs, the New York State Society of CPAs, the American Accounting Association, and the Federal Government Accountants Association in which he served as national president in 1957-58.

Daniel Borth



Daniel Borth, deputy director for financial management, Division of Financial and General Management Studies, retired from active service on August 27, 1971. He was associated with the GAO for 5 years, first as associate director of the Defense Division in charge of its Management Control Systems Staff, and since October 1969 in charge of all GAO financial management improvement work.

Before joining GAO, Mr. Borth was with the Louisiana State University, where he served in various capacities including Dean of Administration and Executive Vice President. During his career, he also held appointments at the University of Illinois, Washington State University, Lehigh University, West Virginia University, and the University of Chicago.

In addition to GAO, Mr. Borth also served the Federal Government in the War Assets Administration, the Bureau of the Budget, and the Department of Defense. From July 1, 1962, to June 30, 1964, he served as Deputy Assistant Secretary of Defense (Accounting and Audit Policy). During World War II, Mr. Borth served in the Office of the Quartermaster General with the rank of colonel. He is a holder of the Legion of Merit.

Mr. Borth attended the University of Kansas and the University of Illinois. He holds the degrees of Bachelor of Science and Master of Science in accountancy, and Ph. D. in economics.

He is a member of the American Institute of CPAs, the American Economic Association, the Society for Public Administration, the National Accounting Association, the Louisiana Society of CPAs, the American Society of Military Comptrollers, the Southwestern Social Science Association, and the Federal Government Accountants Association. He is also a member of Beta Gamma Sigma, Beta Alpha Psi, Phi Kappa Phi, and Omicron Delta Kappa honorary fraternities.



Ellsworth H. Morse, Jr.

Ellsworth H. Morse, Jr., was designated director of the newly created Office of Policy and Program Planning, effective July 1, 1971 (see p. 104).

Mr. Morse has been in the GAO since July 1946 when he joined the staff of the former Corporation Audits Division. In 1956 he became director of the Division of Audits and later in that same year he became director of the newly formed Accounting and Auditing Policy Staff, which was redesignated in 1966 as the Office of Policy and Special Studies. He received the Comptroller General's Award in 1967 and the National Civil Service League Career Service Award in 1968.

Mr. Morse is a member of the American Institute of CPAs, the District of Columbia Institute of CPAs, the American Accounting Association, and the Federal Government Accountants Association of which he is the immediate past president. He is also a member of the Committee on Professional Recognition and Regulation of the American Institute of CPAs, the American Accounting Association Committee on Concepts of Accounting Applicable to the Public Sector, and the Advisory Council for the Institute of Professional Accounting of the Graduate School of Business, University of Chicago.

Mr. Morse holds a B.A. degree from Oberlin College, an M.B.A. degree from the University of Michigan, and is a CPA (Michigan). He was associated with the public accounting firm of Arthur Andersen & Co. from 1937 to 1942. He served in the U.S. Naval Reserve from 1942 to 1946 and was discharged as a lieutenant commander.

Donald L. Scantlebury



Donald L. Scantlebury was designated director of the newly created Division of Financial and General Management Studies, effective July 1, 1971.

Mr. Scantlebury joined the General Accounting Office on October 1, 1956, after several years in public accounting. He served with the Defense Division until October 1964 and with the Field Operations Division as manager of the Washington Regional Office from October 1964 until assuming the duties of his new position.

Mr. Scantlebury attended Antioch College, Yellow Springs, Ohio, from which he received a Bachelor of Arts degree in business administration, and the Executive Development Program at the University of Michigan. He is a CPA (Iowa and Wisconsin) and a member of the American Institute of CPAs and the Federal Government Accountants Association.

He is the author of several articles on auditing which have appeared in various professional publications. He has received the Career Development Award and two Meritorious Service Awards.



Milton J. Socolar

Milton J. Socolar was appointed deputy general counsel, effective April 4, 1971. In this position he assists the general counsel in the supervision of all legal activities within the General Accounting Office.

Mr. Socolar served in the U.S. Navy from 1943 to 1946. He joined the General Accounting Office in 1952 as an auditor and transferred to the Office of the General Counsel in 1956. He served in the Paris Office of the European Branch from 1954 to 1959 and 1963 to 1964. During 1962 he served as assistant general counsel for the Bureau of Public Roads, Department of Commerce. In 1968 he was designated as a special assistant to the general counsel, and in 1970 he was appointed assistant general counsel for civilian personnel.

In 1950 he received a Bachelor of Science degree in business and public administration from the University of Maryland and an LL.B. degree from The George Washington University in 1954. He is a certified public accountant and is admitted to practice before the District of Columbia Bar, the District Court of Appeals of the District of Columbia, and the Bar of the Supreme Court of the United States.

John G. Barmby



John G. Barmby was appointed an assistant director of the Defense Division.

Dr. Barmby, who has a broad academic background and much experience in systems analysis and business management, will head a staff of systems analysts who will apply their particular expertise to projects of various operating groups in the Defense Division.

Dr. Barmby holds a Ph. D. in public administration from The American University, an M.B.A. from The George Washington University, and graduated from M.I.T. with an undergraduate degree in aeronautical engineering. He comes to us after 7 years with the Washington-based Illinois Institute of Technology Research Institute (IITRI). Before serving as a project engineer with the Navy for 11 years, Dr. Barmby was with NASA for 4 years at Langley Laboratories, near Norfolk, Va.



Thomas R. Brogan

Thomas R. Brogan was designated an assistant director in the International Division in September 1971 after completing 2 years as manager of the Saigon Office, Far East Branch.

Mr. Brogan served in the U.S. Navy from 1951 to 1955 and received a Bachelor of Science degree from Pennsylvania State University in 1957. Upon joining the GAO in 1957, he was assigned to the Defense Accounting and Auditing Division, transferring to the Far East Branch in 1962 where he served until August 1971.

Forrest R. Browne



Forrest R. Browne was designated associate director for manpower in the Defense Division, effective May 2, 1971. He replaced *James L. DiGiuseppi* who transferred to the staff of the Cost Accounting Standards Board.

Mr. Browne joined the General Accounting Office in 1953 in the Kansas City Regional Office. He was appointed regional manager of that office in 1954 and in 1966 was appointed deputy director of the Field Operations Division.

Mr. Browne received a Bachelor of Science degree from New York University in 1944. He is a certified public accountant (Oklahoma and New Mexico) and a member of the American Institute of CPAs and the Federal Government Accountants Association. In 1962 he completed the Executive Development Program at Stanford University Graduate School of Business.



Robert H. Drakert

Robert H. Drakert, upon nomination by Manlio Brosio, Secretary General of the North Atlantic Treaty Organization, was appointed Chairman of the International Board of Auditors of that organization, for the period August 1, 1971, to August 1, 1972. He has served as a member of the five-member board, chosen from 15 member states, since July 1970.

Mr. Drakert joined the New York Regional Office in 1951 after a varied career in private industry, including public accounting and book publishing. He was appointed regional manager of the New York Office in 1954. From 1959 to 1961 he was assistant director of the GAO European Branch, returning from that post to New York to resume the duties of regional manager.

Mr. Drakert served in the U.S. Army from 1942 to 1945. He is a certified public accountant in New York and a member of the American Institute of CPAs and the Federal Government Accountants Association.

Willis L. Elmore



Willis L. Elmore was designated an assistant director in the Civil Division, effective March 22, 1971. In this position he is responsible for GAO audit work at the Health Services and Mental Health Administration, Department of Health, Education, and Welfare.

Mr. Elmore served in the U.S. Army from 1958 to 1960. He graduated from Concord College in 1957 with a Bachelor of Science degree with a major in accounting and passed the CPA examination in the State of Virginia (1965). He received the Meritorious Service Award in 1965 and attended the Brookings Institution Intergovernmental Affairs Fellowship Program from December 1969 to March 1970.



Carl P. Friend

Carl P. Friend was designated assistant general counsel for civilian personnel, effective April 4, 1971.

Mr. Friend attended The George Washington University and received an LL.B. degree from the Washington College of Law (now merged with the law school of The American University) in 1937. He has also taken postgraduate work in accounting at The American University.

Mr. Friend entered the General Accounting Office as a clerk in 1934 and worked as a claims examiner in the Claims Division from 1936 to 1946 when he transferred to the Office of the General Counsel. He served 2 years on active duty in the U.S. Navy during World War II. He is a retired lieutenant commander in the U.S. Naval Reserve and a member of the District of Columbia Bar.

Stephen P. Haycock



Stephen P. Haycock was designated as associate general counsel, effective April 4, 1971. In this position he is responsible for the overall supervision of activities within the Office of the General Counsel relating to Government contracts.

Mr. Haycock attended Bowdoin College, The George Washington University, and received his LL.B. degree in 1934 from Columbus University Law School which later merged with Catholic University's law school. He is a member of the Bar of the District of Columbia and served as an Assistant U.S. Attorney in the District of Columbia from 1938 to 1940. He joined the General Accounting Office in 1941 and in 1959 was appointed assistant general counsel for contracts.



Walter C. Herrmann, Jr.

Walter C. Herrmann, Jr., was designated assistant regional manager of the Cincinnati Regional Office, effective March 22, 1971.

Mr. Herrmann served in the U.S. Air Force from 1952 to 1956. He graduated with honors from the University of Louisville in 1959, where he majored in accounting. He completed the Management Program for Executives at the Graduate School of Business of the University of Pittsburgh in 1968 and is currently attending the graduate school at Xavier University.

Mr. Herrmann is a CPA (California) and a member of the Cincinnati Chapter of the Ohio Society of CPAs and the Cincinnati Federal Business Association. He is currently the vice president of the Cincinnati Chapter of the Federal Government Accountants Association.

Since joining the General Accounting Office in 1959, Mr. Herrmann has served in the Los Angeles and Cincinnati Regional Offices. He received the Meritorious Service Award in 1961.

Kenneth W. Hunter



Kenneth W. Hunter was designated assistant director for automatic data processing in the Office of Policy and Special Studies, effective March 22, 1971.

Mr. Hunter joined the General Accounting Office in the Los Angeles Regional Office in 1959 upon graduation from Golden Gate College where he received a B.B.A. degree with a major in accounting. He served in the San Francisco Regional Office from 1961 to 1964 and 1966 to 1968, and in the European Branch from 1964 to 1966. Since 1968, he has been assigned to the ADP staff of the Office of Policy and Special Studies. This staff became a part of the Division of Financial and General Management Studies as of July 1, 1971. Mr. Hunter's work is primarily concerned with the systems and data processing needs of the Congress.

He is a CPA (California) and a member of the American Institute of CPAs, the California Society of CPAs, the Federal Government Accountants Association, and the American Accounting Association. He is also active in the World Future Society and is a member of the American Academy of Political and Social Sciences, the Association for Systems Management, and the Association for Computing Machinery.



Stanley W. Johnson

Stanley W. Johnson, a deputy assistant general counsel in the Office of the General Counsel, retired from active service on May 28, 1971, after more than 27 years of Government service.

Mr. Johnson was an attorney-adviser on the military pay and allowance legal work for a number of years before his promotion to deputy assistant general counsel in 1967.

Prior to his employment in the General Accounting Office in 1944, Mr. Johnson practiced law for 13 years in Utah and taught school for several years before going into private practice. He served as city attorney in his home town of Ephraim, Utah, for 10 years and as county attorney for 2 years.

Mr. Johnson attended the University of Utah and The George Washington University before studying law at the University of Chicago where he earned his Bachelor of Laws degree in 1931. He is a member of the Bars of Utah and California and received the GAO Meritorious Service Award in 1961, 1963, and 1965.

Joseph W. Kegel



Joseph W. Kegel was designated an assistant director of the Civil Division, effective June 13, 1971.

Mr. Kegel is assigned to the audit of the Department of Transportation and is responsible for the planning of the auditing work for the Department of Transportation audit group.

Mr. Kegel served in the U.S. Navy from 1952 to 1956. He received a Bachelor of Science degree with a major in accounting from King's College, Wilkes-Barre, Pa., in 1960. He received the Meritorious Service Award in 1967.



Charles W. Keller

Charles W. Keller was designated an assistant director of the International Division, effective June 13, 1971. In this position he will be responsible for directing reviews of the Department of State and related agencies.

Mr. Keller received a Bachelor of Science degree in business administration with a major in accounting from Loyola University in 1943. He served as a commissioned officer in the U.S. Navy from 1943 to 1946.

Prior to joining the GAO in 1950, he was a staff member with a national firm of certified public accountants for 3 years. Mr. Keller has had extensive experience in the Civil and Defense Divisions and joined the International Division in July 1967.

He is a CPA (District of Columbia) and a member of the American Institute of CPAs.

John Landicho



John Landicho was designated an assistant director in the Defense Division, effective June 13, 1971. In this position he is responsible for planning, programming, and directing reviews of various supply management activities of the Department of Defense and military departments.

Mr. Landicho joined the General Accounting Office in 1957. He served in the U.S. Army from 1954 to 1956. He received a Bachelor of Arts degree, with a major in accounting from San Jose State College in 1954, and he attended the Harvard Graduate School of Business Administration Program for Management Development in 1969.



Herbert F. Lock

Herbert F. Lock was designated a deputy assistant general counsel in the Office of the General Counsel, effective March 22, 1971.

Mr. Lock joined the General Accounting Office in 1942 and served in the former Accounting and Bookkeeping Division as a clerk before entering the military service in 1943. Upon completion of his military service in 1946, he returned to the General Accounting Office. In 1951 he moved to the Office of the General Counsel and has served there since that date, 2 years of which were on assignment with the European Branch in Paris.

Mr. Lock attended Nebraska Central College and Van Zant School of Business. He was graduated with an LL.B. degree from Columbus University Law School (which later merged with Catholic University's law school). Mr. Lock has been admitted to practice before the District Court of the United States for the District of Columbia and is a member of the Federal Bar Association.

Stewart D. McElyea



Stewart D. McElyea, manager of the Denver Regional Office since 1963, was designated deputy director of the Field Operations Division.

Mr. McElyea graduated from the University of Florida with a B.S. degree in business administration and completed the Advanced Management Program of the Graduate School of Business Administration, Harvard University. Mr. McElyea served in the Army and the Air Corps during World War II.

Mr. McElyea joined the General Accounting Office in 1953 and in 1956 was appointed manager of the former Dayton, Ohio, Regional Office. In 1957 he was designated assistant director in the Defense Accounting and Auditing Division with headquarters at Dayton, Ohio, where he directed the activities of the General Accounting Office at the Air Force Logistics Command.

Mr. McElyea is a certified public accountant (Florida) and a member of the American Institute of CPAs, the Colorado Society of CPAs, the American Accountants Association, the American Society for Public Administration, the Florida Institute of CPAs, and the Federal Government Accountants Association.



John E. Milgate

John E. Milgate was designated an associate director in the International Division, effective August 8, 1971. In this capacity he is responsible for directing reviews relating to the Agency for International Development, trade expansion programs, Food for Peace programs, foreign currency and balance-of-payments programs, and countrywide and regional reviews of U.S. assistance programs in the geographic areas of Europe, Africa, the Near East, and South Asia.

Mr. Milgate served in the U.S. Air Force from 1943 to 1946. He graduated from Syracuse University in 1947, receiving a B.S. degree *cum laude* with a major in accounting. He also attended the Management Program for Executives at the University of Pittsburgh in 1967.

Since joining the General Accounting Office in 1952, Mr. Milgate has had responsibilities on a wide variety of assignments in the former Division of Audits and in the Civil and International Divisions. Before joining the General Accounting Office, he was a staff accountant for several years with a national public accounting firm.

Mr. Milgate received the Meritorious Service Award in 1968. He is a member of the American Institute of CPAs and the Maryland State Society of CPAs.

Morton A. Myers



Morton A. Myers was designated assistant director for systems analysis in the Office of Policy and Special Studies, effective March 22, 1971. He was reassigned to the Civil Division as an assistant director on April 2, 1971. In his new position he will be responsible for directing reviews of the National Institutes of Health and the Food and Drug Administration.

Mr. Myers received a Bachelor of Science degree with a major in accounting from Quinnipiac College in 1961. After joining GAO in the same year, he was on active duty in the U.S. Army until February 1962. He attended The George Washington University Graduate School of Business and in 1969-70 he was a graduate fellow at the University of California under the Federal Government's Educational Program in Systems Analysis. While in residence at the University of California, he served as a consultant to the RAND Corporation of Santa Monica, Calif.

Mr. Myers is a member of the National Association of Accountants, the Federal Government Accountants Association, the Association for Public Program Analysis, and Phi Theta Kappa national honorary society. He is the author of several professional articles and in 1970 he received the GAO Special Educational Award.



Eugene L. Pahl

Eugene L. Pahl, an assistant director in the Civil Division, transferred to the audit policy staff of the Office of Policy and Special Studies, effective May 2, 1971. This staff became a part of the newly created Office of Policy and Program Planning on July 1, 1971.

Mr. Pahl served in the U.S. Army during World War II and received his Bachelor of Arts degree with a major in accounting from the University of Maryland.

Since joining the General Accounting Office in 1950, Mr. Pahl has had varied experience in the conduct of audits at the Atomic Energy Commission, the Department of Agriculture, the Central Intelligence Agency, the Interstate Commerce Commission, the National Aeronautics and Space Administration, the Department of the Interior, and the Department of the Treasury.

Mr. Pahl is a CPA (Maryland) and a member of the National Association of Accountants and the Federal Government Accountants Association.

Robert H. Rumizen



Robert H. Rumizen was designated assistant general counsel for contracts in the Office of the General Counsel, effective February 2, 1971. In this capacity he is responsible for the legal work of the Office of the General Counsel pertaining to Government contracts.

Mr. Rumizen joined GAO in the Office of the General Counsel in 1942 and, except for a short period of service with the former Office of Investigations, has served with this office since that date.

He received his prelegal training at the University of Buffalo and his LL.B. degree from Southeastern University. He is a member of the District of Columbia Bar, the Bar of the District Court of Appeals for the District of Columbia, the Bar of the State of New York, and the Bar of the Supreme Court of the United States.



B. William Sewell

B. William Sewell was designated an assistant director for the Special Projects Group of the Defense Division, effective June 13, 1971.

From 1941 to 1946, Mr. Sewell served on active duty with the U.S. Army and the U.S. Air Force.

He graduated *cum laude* with a Bachelor of Science degree in business administration in 1948 and received a Master of Business Administration degree in 1958 from Xavier University, Cincinnati, Ohio. In 1948, Mr. Sewell was elected to Alpha Sigma Nu, the national honor society of Jesuit University students. He is a CPA (Ohio) and a member of the American Institute of CPAs and the American Accounting Association.

Prior to joining the General Accounting Office, Mr. Sewell was associated with a firm of public accountants. He has also had experience in industrial accounting and has taught accounting at a number of universities in Ohio and Kentucky.

Mr. Sewell joined GAO at the Dayton Regional Office in 1957. He was transferred in 1958 to that section of the Air Force Group of the Defense Division which was located at Wright-Patterson Air Force Base, Ohio, and subsequently moved to Washington, D.C., in 1963. He received the Meritorious Service Award in 1962.

Albert R. Shanefelter, Jr.



Albert R. Shanefelter, Jr., was designated assistant director for personnel development in the Office of Personnel Management, effective March 22, 1971. He is responsible for all GAO personnel training and development.

Mr. Shanefelter served in the U.S. Army from 1954 to 1957. He received his Bachelor of Science degree from St. Vincent College in 1961. While in his undergraduate years, Mr. Shanefelter served as a junior accountant with a CPA firm. He has done postgraduate work in the field of data processing and public administration at The American and The George Washington Universities.

Mr. Shanefelter joined the Defense Division in June 1961 and served with the Defense Contracts, Navy, and Management Control Systems Groups. He was assigned to the Office of Personnel Management in March 1969 and assumed the responsibilities of acting assistant director for personnel development in October 1969.

Mr. Shanefelter is a CPA (District of Columbia) and a member of the American Institute of CPAs and the Federal Government Accountants Association. He served as vice chairman of the National Education Committee (FGAA) in 1970-71 and is working on urban problems with the National Institute of Public Affairs. He received the Meritorious Service Award in 1963 and a Letter of Commendation from the Comptroller General for his superior work in 1967.



Gilbert F. Stromvall

Gilbert F. Stromvall was designated assistant director of the Far East Branch, International Division, in July 1971.

Mr. Stromvall served in the U.S. Army from 1946 to 1949. He was graduated with high honors from the University of Idaho in 1954, where he majored in accounting. He studied international economics at the State Department's Foreign Service Institute in 1968.

Since joining the General Accounting Office in 1954, Mr. Stromvall has had a wide variety of assignments and responsibilities in the Los Angeles Regional Office, the Far East Branch in Tokyo, and in Washington, D.C. He has been associated with the International Division since it was formed in 1963.

Mr. Stromvall received the Meritorious Service Award in 1967 and the Career Development Award in 1970. He is a member of the Federal Government Accountants Association, the American Economic Association, and the Royal Economic Society.

Ernest W. Taylor



Ernest W. Taylor was designated assistant regional manager of the Norfolk Regional Office, effective June 13, 1971.

From 1950 to 1953, Mr. Taylor served in the U.S. Air Force. He joined the Norfolk Regional Office in 1957 after graduating from East Carolina University with a Bachelor of Arts degree, majoring in accounting. He attended the Executive Development Program at the University of Michigan Graduate School of Business Administration in 1971.

Mr. Taylor is a CPA (Virginia) and a member of the American Institute of CPAs.



Hugh J. Wessinger

Hugh J. Wessinger was designated an assistant director of the Civil Division, effective June 13, 1971.

Mr. Wessinger is responsible for audit work at the Atomic Energy Commission in the national defense and research and financial management activities areas. His experience with the Office includes assignments at the Department of Agriculture, the Department of the Treasury (Coast Guard), the Post Office Department, the Federal Housing Administration, the Department of Commerce (Maritime Administration), the Senate Committee on Foreign Relations, the Department of the Interior, the House Select Committee on Small Business, and the Veterans Administration.

Mr. Wessinger served in the U.S. Navy from 1952 to 1956. He received a Bachelor of Science degree with a major in accounting from the University of South Carolina in 1959. Mr. Wessinger is a certified public accountant in the State of Virginia and a member of the American Institute of CPAs. He received the Meritorious Service Award in 1969 for his work at the Veterans Administration.

David P. Wilton



David P. Wilton of the Cincinnati Regional Office was designated manager of the International Division's Saigon Office, Far East Branch, effective August 8, 1971. In this position he will be responsible to the director, Far East Branch, for the administrative and technical control of all GAO audit activities and staff assigned to the Saigon Office.

Mr. Wilton received a Bachelor of Business Administration degree from Cornell University in 1952. He served as a commissioned officer in the U.S. Navy from 1952 to 1954, and then continued his academic work at the University of Pennsylvania where he received the degree of Master of Business Administration in 1956. He then served 2 years as a staff accountant of a national firm of certified public accountants.

With the exception of an overseas tour with the European Branch, International Division, from 1964 to 1968, Mr. Wilton has been with the Cincinnati Regional Office since joining GAO in 1958. He is a CPA (Ohio) and a member of the American Institute of CPAs.

PROFESSIONAL ACTIVITIES

Office of the Comptroller General

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

The Purchasing Management Association of Pittsburgh on "What Does the Decade Ahead Hold for Business-Government Relations?" March 16.

The National Association of Manufacturers' Defense Committee, Washington, D.C., on "Cost Accounting Standards Board," March 25.

The Regional Conference of Alpha Kappa Psi Business Fraternity, The George Washington University, Washington, D.C., on "Role of Business in Dealing with Economic and Social Problems," March 27.

The Industrial College of the Armed Forces, Washington, D.C., on "Policies and Practices of GAO as They Apply to DOD," March 29.

The Washington Industrial Round Table, Washington, D.C., on the activities and responsibilities of the Comptroller General and his responsibilities as Chairman of the Cost Accounting Standards Board, March 31.

The New Jersey Society of CPAs, Newark, N.J., on "Recent Developments in Federal Financial Management," April 7.

The National Graduate University Conference, Washington, D.C., on "Changing Role of the General Accounting Office," April 13.

The Chamber of Commerce of the United States, Washington, D.C., on the Procurement Commission, April 15.

The Northeast Regional Group of the American Accounting Association, University of Rhode Island, Kingston, R.I., on "Improving Financial Management and Auditing for Governmental Programs," April 16.

The American Society for Public Administration 1971 National Conference on Public Administration, Denver, Colo., on "New Problems of Accountability for Federal Programs," April 21.

The Symposium of the National Academy of Engineering, Washington, D.C., on "Government Performance as Developer, Manufacturer, and Customer: How Well Has It Worked?" April 29.

The Monday Meeting of the Cosmos Club, Washington, D.C., on "The Cost of Government," May 10.

The Governor's Conference on Manpower and Economic Education, Las Vegas, Nev., on "Where the Nation Stands Today," May 12.

The Interdepartmental Budget Officers Conference, Washington, D.C.,

on "Changing Role of the General Accounting Office," May 20.

The 18th Annual Institute on Government Contracts (cosponsored by The George Washington University and the Federal Bar Association), Washington, D.C., on "The Role of GAO with Particular Emphasis on the New Bid Protest Procedures," May 25.

The commencement address at Elizabethtown College, Elizabethtown, Pa., on "Individual Action for Social Change," May 30.

The Municipal Finance Officers Association Conference, New York, N.Y., on "Increasing the Capability of Auditors To Help Managers and Legislatures," June 2.

The commencement address at the School of Government and Business Administration, The George Washington University, Washington, D.C., on "The Private Sector and Public Responsibility," June 6.

The 20th Annual Symposium of Federal Government Accountants Association, Washington, D.C., on "Creative Thinking in Financial Management," June 28.

Mr. Staats was a delegate to the VIIth International Congress of Supreme Audit Institutions in Montreal, Canada, September 7-16, at which comptrollers and auditors general of more than 75 nations were represented. He chaired the session on "Management or Operational Auditing—An Extension of the Scope of the Work of the Supreme Audit Institutions"—one of four principal subjects discussed by the International Congress. Codelegates who accompanied

Mr. Staats were: *E. H. Morse, Jr.*, director, Office of Policy and Program Planning; *Oye V. Stovall*, director, International Division; *Roland J. Sawyer*, information officer; and Edward F. Tennant, AID Auditor General.

The Deputy Comptroller General, *Robert F. Keller*:

Participated in the Industry-Government Seminar on "The Elements of National Security in the Coming Decade," sponsored by the National Institute of Public Affairs, March 3.

Participated in a Joint Program of the Government Contracts Committees of the District of Columbia, the Federal Bar Association, and the American Bar Association on "The Role of GAO in Bid Protest Cases: Should It Be Abolished?" March 24.

Spoke on "Controlling Agency Policy and Programs," before the U.S. Civil Service Commission Training Program, March 24.

Addressed the National Symposium of the National Contract Management Association on the GAO study of "Profits of Defense Contractors," April 23.

Participated in the Industry-Government Seminar on "National Health Insurance—A Step Forward or Backward?" sponsored by the National Institute of Public Affairs, May 5.

Moderated at the American Bar Association, Section of Public Contract Law, National Institute, on "The National Industrial Base for Government Procurement—Public Contract in Transition," May 13.



The first plenary session of the 20th Annual National Symposium of the Federal Government Accountants Association was concerned with a 20-year perspective of Federal financial management. The leadoff speaker was the Comptroller General, Elmer B. Staats. Shown just before the address, from the left: Karney A. Brasfield, partner, Touche Ross & Co., who presided at the session; Mr. Staats; and E. H. Morse, Jr., Director, Office of Policy and Special Studies, and national president of the FGAA.

Gave the commencement address at Benjamin Franklin University, Washington, D.C., June 24.

Office of the General Counsel

Paul G. Dembling, general counsel:

Participated in the MIT Working Group on Philosophy, Science and Technology at the Massachusetts Institute of Technology, Cambridge, Mass., May 7.

Participated as a panelist in the Annual National Institute of the Section of Public Contract Law, American Bar Association, on "Roles of the Legislative and Executive

Branches in the Procurement Process," Washington, D.C., May 13-14.

Spoke on "Judicial and GAO Review of Bid Protest Cases" before a Joint Meeting of the Federal Bar Association, the National Contract Management Association, and the Federal Government Accountants Association, Wright-Patterson Air Force Base, Dayton, Ohio, May 20.

Spoke on "United States Government Contract Formation" before Public Contract Section at the 94th Annual Meeting of the American Bar Association, London, England, July 14.

Milton J. Socolar, deputy general counsel:

Spoke at a briefing conference on Government contracts jointly sponsored by The University of Texas School of Law and the Dallas Chapter of the Federal Bar Association on "Cost Accounting Standards," Dallas, Tex., May 21.

Melvin E. Miller, assistant general counsel:

Spoke before the Defense Procurement Management Course on "The Role of the GAO in Defense Procurement," Huntsville, Ala., April 19-20.

Spoke before the AEC Symposium on Procurement Management on "Handling of Bid Protests by Disappointed Bidders," Denver, Colo., May 13-14.

Spoke before the Defense Procurement Management Course on "The Role of the GAO in Defense Procurement," Fort Lee, Va., June 8.

Paul Shnitzer, assistant general counsel:

Participated in a number of training sessions in contract administration conducted by the Bonneville Power Administration of the Department of the Interior, Portland, Oreg., March 23-26.

Spoke to the North Texas Chapter of the NCMA on "GAO Bid Protest Jurisdiction Under the Scanwell Doctrine," Dallas, Tex., April 19-20.

Spoke before the National Contract Management Association—SBA Seminar on "GAO Bid Pro-

tests," Minneapolis, Minn., April 21-22.

Spoke before the Government Contract Claims Course cosponsored by Federal Publications, Inc., and The George Washington University, on "Presenting the Claim to the Comptroller General," San Francisco, Calif., May 18-20.

Spoke before the Boston Chapter of the National Contract Management Association on "GAO Bid Protest Jurisdiction Under the Scanwell Doctrine," Boston, Mass., June 8-9.

Seymour Efros, deputy assistant general counsel:

Participated in the Government Contracts Today Conference on "GAO—Survey of Recent Decisions," Dallas, Tex., May 19-21.

Martin L. Glass, attorney-adviser (contract):

Participated in a seminar sponsored by the Federal Bar Association and the Chicago Bar Association entitled "Government Contracts, Claims, Warrantees, and Funds," St. Louis, Mo., Detroit, Mich., and Chicago, Ill., April 4-9.

Served as moderator at a briefing conference sponsored by the Federal Bar Association in cooperation with The University of Texas School of Law on "Government Contracting," Dallas, Tex., May 20-21.

Office of Policy and Program Planning

E. H. Morse, Jr., director, addressed the following groups:

The American Management Asso-

ciation Seminar on operational auditing, Chicago, Ill., April 14.

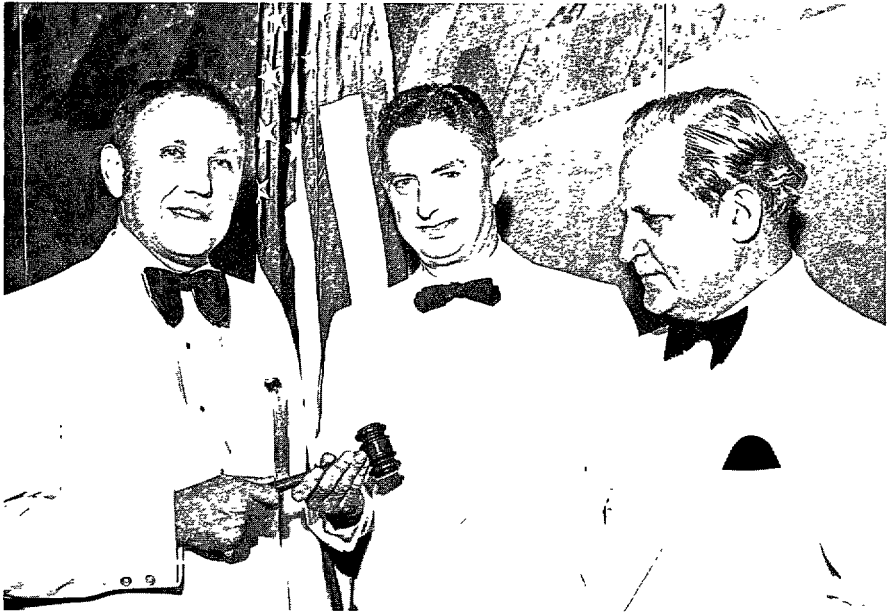
A panel session on "Accountability in International and Intergovernmental Programs" at the 1971 National Conference of the American Society of Public Administration, Denver, Colo., April 21.

The University of Hartford Society of Accounting Students 1971 Awards Dinner, Hartford, Conn.,

April 28, on "Are Accountants Important in Government Operations?"

The 23d Annual Meeting of the Southeast Regional Group of the American Accounting Association at the University of Alabama at Tuscaloosa, April 30, on "The Role of Accountants in Governmental Programs."

A panel session on "Accounting Needs of the Public Sector" at the



The 20th Annual National Symposium of the Federal Government Accountants Association was held at the Sheraton-Park Hotel, Washington, D.C., June 28-30. The final feature of the symposium was the Awards Banquet at the conclusion of which national president E. H. Morse, Jr., turned the Association's gavel over to incoming president Sidney Baurmash, Director of Audits, Department of Commerce. Shown above, from the left: Mr. Baurmash, Mr. Morse, and L. J. Andolsek, Civil Service Commissioner, who was present to bestow the Association's honor awards.

Awards were presented to Arthur Seideman of the Defense Contract Audit Agency for distinguished service and to Larry A. Jobe, Assistant Secretary of Commerce for Administration, Leslie Surg'ner of the Rural Electrification Administration, and Mildred Tyssowski of the Social Security Administration for distinguished leadership. The Robert W. King Memorial Award was made to Donald W. Bacon, Assistant Commissioner, Internal Revenue Service.

Annual Meeting of the American Association of Collegiate Schools of Business, Denver, Colo., May 6.

The Fifth Annual Symposium of the Quad Cities Chapter of the Federal Government Accountants Association, Davenport, Iowa, May 7, on "The Accountant's Role in Public Management."

The Los Angeles and San Francisco Chapters of the Federal Government Accountants Association, May 18-19, on "What Accountants Can Do About More Efficient Government Operations."

The Joint Meeting of the Harrisburg Chapter of the Federal Government Accountants Association and the East Central Pennsylvania Chapter of the National Contract Management Association, New Cumberland, Pa., May 24, on "GAO, Defense Contractors, and the Department of Defense."

The Central States Conference of Certified Public Accountants, Omaha, Nebr., June 14, on "Role of the CPA in Federal Programs."

Mr. Morse, as president of the FGAA, moderated the President's Panel on "Development of Accounting and Auditing Standards" at the 1971 National Symposium of the FGAA. Other participants were: Eltore Barbitelli, president, NAA; John H. Poelker, president, MFOA; Philip L. Defliese, chairman, AICPA Accounting Principles Board; and Prof. Martin Black of Duke University, representing the president, AAA.

Articles by Mr. Morse published recently are:

"Performance and Operational Auditing," *Journal of Accountancy*, June 1971.

"Report of the President's Commission on Budget Concepts in Retrospect," *Public Administration Review*, July/August 1971.

Division of Financial and General Management Studies

Donald L. Scantlebury, director, was elected vice president of the Capitol Region of the Federal Government Accountants Association for fiscal year 1972.

Frederic H. Smith, deputy director, was appointed chairman of the Meetings and Programs Committee of the D.C. Institute of CPAs for 1971-72. Mr. Smith was also reappointed to serve on the AICPA Committee on State Legislation for 1971-72.

Daniel Borth, deputy director, as leader, and *Richard W. Maycock* and *Irving Zuckerman*, assistant directors, as resource counselors, conducted a workshop at the 1971 National Symposium of the Federal Government Accountants Association on the subject "A New Look at Accrual Accounting."

Edward J. Mahoney, deputy director, was elected to the Board of Directors of the Washington Chapter, FGAA. He will serve this year as director of the Meetings Committee.

William L. Campfield, associate director, served as visiting professor of business administration at the University of California, Berkeley, during the spring quarter 1971. He also addressed the following groups:

The Berkeley—Stanford Accounting Colloquium, April 8.

A Joint Meeting of the Peninsula, Sacramento, and San Francisco Chapters, FGAA, April 20.

A Beta Alpha Psi Meeting, University of California, Berkeley, May 20.

The Professional Accounting Workshop, University of California, Berkeley, May 20.

The Faculty—Student Business School Seminar, California State College at Hayward, May 28.

The Oakland—East Bay Chapter, California Society of CPAs, June 15.

The American Management Association Operational Auditing Workshop, July 19.

The American Accounting Association Panel on Measure of Effectiveness for Social Programs, Lexington, Ky., August 25.

Mr. Campfield published the following papers:

“Auditing Management Performance,” *The Financial Executive*, January 1971.

“Controversies and Opportunities in the New Management Auditing,” *The Internal Auditor*, March/April 1971.

Keith E. Marvin, associate director, and *Joseph D. Comtois*, assistant director, Systems Analysis Group, participated as panelists in a seminar on “Accountants, Auditors, and Systems Analysis” at the Federal Government Accountants Association National Symposium, June 29.

Kenneth W. Hunter, assistant director, chaired a panel on Political Sys-

tems (Man and Society) at the First General Assembly of the World Future Society held in Washington, D.C., May 12–15. He also addressed the Annual Conference of the Association for Computing Machinery, Chicago, Ill., August 3. His paper was entitled “Toward Better Information and Analysis Support Services for the Congress.”

Earl M. Wysong, Jr., supervisory systems accountant, and *Ronald Kozura*, computer systems analyst, are listed in *Who's Who in Computers and Data Processing 1971*, a joint publication of *The New York Times* and *Computers and Automation*.

James P. Wright, operations research analyst, was one of the panelists in a discussion on discounting at the International Cost-Effectiveness Conference held in Washington, D.C., April 12–15, under the auspices of the International Federation of Operational Research Societies.

Civil Division

At the National Association of Accountants Annual International Conference which was held in Honolulu, Hawaii, June 20–24, *A. T. Samuelson*, director, Civil Division, was elected to the position of national vice president. This is the first time in the history of the NAA that a government employee has filled such a high post in the association.

Donald C. Pullen, assistant director, participated in the Executive Management Program at the Pennsylvania State University, June 27–July 24.

George D. Peck and *Richard J.*

Woods, assistant directors, participated in the Conference on the Evaluation of the Impact of Manpower Programs sponsored by the Department of Labor and the Center for Human Resource Research, Ohio State University, June 15-17. Mr. Woods also participated in the Residential Program in Executive Education at the Federal Executive Institute, Charlottesville, Va., August 29-October 22.

Donald M. Mutzabaugh, special assistant to the director, was elected president of the NAA Washington Chapter for 1971-72. *Max A. Neuwirth*, associate director, was elected vice president. *Harold L. Stugart*, assistant director, *Jack L. Mertz*, special assistant to the director, and *Stephen J. Varholy*, supervisory auditor, were elected as directors of manuscripts, membership, and educational activities, respectively.

Robert A. Peterson, supervisory auditor, lectured on the topic "GAO Requirements for Internal Auditing," at the Department of Commerce Intergovernmental Training Center, Bethesda, Md., April 14.

Joseph R. Daigle, *Francis X. Fee*, *James E. Kelly*, and *Harry J. Sanger*, supervisory auditors, participated in the Urban Affairs Conference for Federal Officials conducted by the National Institute of Public Affairs, Chicago, Ill., May 2-8.

David D. Cahalen, *Lester W. Garton*, and *Arnold G. Riffe*, supervisory auditors, participated in the Federal Action and the People of Our Cities Program conducted by the National Institute of Public Affairs, Boston, Mass., June 27-July 2.

The GAO staff at the National Institutes of Health (NIH) sponsored a health coordination seminar, June 3, for GAO staff members involved in health-related reviews. Guest speakers at the seminar were Dr. John A. D. Cooper, president of the Association of American Medical Colleges, and Dr. Robert Q. Marston, Director of NIH.

Defense Division

Charles M. Bailey, director, gave a presentation on "should cost" concepts before the American Institute of Industrial Engineers conference in Washington, D.C., on April 23. Mr. Bailey also spoke at the Defense Economic Analysis Council Symposium, May 21, on the subject "The Relevance of Economic Analysis to Decisionmaking in the Department of Defense." On June 7 he again addressed the professional military comptroller course, Air University, Maxwell Air Force Base, Ala.

Hassell B. Bell, associate director, spoke at the Defense Weapon Systems Management Center at the Air Force Institute of Technology, Wright Patterson AFB, Ohio, April 22. His subject was "GAO and the Project Office." Mr. Bell also gave a briefing at the Navy Logistics Management School's Weapon System Acquisition Management Baseline Course, Naval Materiel Command, May 6. His subject was the role of the Director of Defense Research and Engineering in weapon systems acquisition.

Harold H. Rubin, associate director, participated with Department of Defense representatives in a Civil Service Commission session at the Executive

Institute for Management of Scientific and Engineering Organizations held in April.

J. Kenneth Fasick, associate director, attended the Conference for Federal Executives on Business Operations sponsored by the Brookings Institution, held in Chicago, Ill., May 16–21.

Forrest R. Browne, associate director, addressed the participants of the Administration of Public Policy course sponsored by the U.S. Civil Service Commission, Executive Seminar Center, Oak Ridge, Tenn., August 2. His subject was “Congressional Oversight and the Role of the GAO.”

Jerome H. Stolarow, associate director, spoke before the San Francisco Chapter of the National Contract Management Association, July 13. His subject was “Should Cost Methods of Pricing Government Contracts.”

William F. Coogan, assistant director, addressed the faculty colloquium at the Cornell University Center for International Studies, April 29, on the aspects of weapons procurement and defense policy covered by GAO’s studies.

Felix E. Asby, assistant director, was a guest lecturer, July 20, at the U.S. Army Logistics Management Center, Fort Lee, Va. He spoke before a group of U.S. Army Reserve officers enrolled in the Logistics Career Program on the role and responsibilities of the U.S. General Accounting Office.

Mathew Gradet, assistant director, was a guest lecturer, August 3, at the Logistics Executive Development Course at the U.S. Army Logistics Management Center, Fort Lee, Va. The subject of his lecture was “The Organ-

ization and Functions of the General Accounting Office and Their Relationship to Defense Logistics.”

An article by *Timothy D. Desmond*, supervisory management analyst, appears in the Spring 1971 issue of *National Contract Management Journal*. The article entitled “Needed: More Flexibility in Major Weapons R&D,” was awarded honorable mention in the annual technical writing contest conducted by the *Journal*.

Field Operations Division

Anthony L. Komac, audit manager, Atlanta, was elected to the board of directors of the Atlanta Chapter of FGAA for fiscal year 1972.

Donley E. Johnson, audit manager, and *Leonard J. Yoerger*, supervisory auditor, St. Paul, were elected president and director, respectively, of the Minneapolis—St. Paul Chapter of FGAA for fiscal year 1972.

David P. Sorando, regional manager, Cincinnati, addressed the Cleveland Chapter of FGAA on April 21. His topic was “GAO Trends—Past and Present.”

Daniel L. McCafferty, supervisory auditor, Cincinnati, spoke before the Accounting Society of Murray State University, April 7, on “The Challenging World of GAO.”

Deon H. Dekker and *James J. Jodon*, assistant regional managers, and *Daniel C. White*, supervisory auditor, were elected directors, and *Ronald D. Kelso*, supervisory auditor, Dallas, was elected president of the Dallas Chapter of FGAA for fiscal year 1972.

Joe D. Quicksall, supervisory auditor, Dallas, served as moderator of a panel discussion of "What Is a Professional Accountant" at the March meeting of the San Antonio Chapter of FGAA.

Stewart D. McElyea, regional manager, Denver, addressed the Albuquerque Chapter of the National Contract Management Association, May 12. His subject was "GAO and the Contractor." Also, Mr. McElyea has been appointed to the Social Responsibility Committee of the Colorado Society of CPAs.

Other members of the Denver region who have been appointed to committees of the Colorado Society are:

John E. Murphy, assistant regional manager—General Meetings

Burdell O. Buerger, audit manager—Cooperation with Colleges

James E. Mansheim, audit manager—Governmental Accounting

Billie J. North—Social Responsibility

Eva S. Copland—Social Responsibility

Kathryn E. McNurlin—Social Responsibility

Donald C. Ingram, audit manager, Denver, was elected director of programs of the Denver Chapter, FGAA, for fiscal year 1972.

Hyman L. Krieger, regional manager, Los Angeles, spoke before the South Bay Chapter of the National Contract Management Association, February 12, on the subject "An Objective View of the Prime Contractor." His article on "Observations on 'Should Cost'" was published in the

Association's February 1971 Newsletter.

Dominic F. Ruggiero, assistant regional manager, Los Angeles, was appointed to the Advisory Committee of the Accounting and Business Information Systems Department, California State College at Los Angeles. He will serve for the 2-year period beginning January 1, 1971.

Richard J. Gannon, audit manager, Los Angeles, spoke before the Orange County Chapter of the National Contract Management Association, January 13. He spoke on the "Should Cost" concept.

William J. McCormick, Jr., audit manager, Los Angeles, spoke before the San Gabriel Chapter of the National Contract Management Association, January 12, on the profit study work of GAO. Also, Mr. McCormick has been elected State Director of the East Whittier Junior Chamber of Commerce for 1971.

On March 23, *John D. Zylks*, supervisory auditor, Los Angeles, spoke to the Rotary Club, Arlington, Calif., on the role of GAO in reviewing the results of Federal programs.

L. Neil Rutherford, audit manager, Seattle, addressed a joint meeting of the Tri-Cities Chapters of the National Association of Accountants and the National Contract Management Association in Richland, Wash., April 13. The subject of his address was "Uniform Cost Accounting Standards and Government Procurement."

Douglas E. Cameron, audit manager, Portland, was elected vice president of the FGAA Portland Chapter for fiscal year 1972.

Joanne M. Elmslie and *Carl E. Weber*, supervisory auditors, Seattle, were elected treasurer and director, respectively, of the FGAA Seattle Chapter for fiscal year 1972.

Donald A. Praast, supervisory auditor, Seattle, was elected president of the Institute of Internal Auditors Puget Sound Chapter for fiscal year 1972.

James B. Deemer, supervisory auditor, Washington, D.C., spoke before the Accounting Club of Virginia Commonwealth University, Richmond, Va., March 17. His subject was "The GAO and Management Auditing."

Washington supervisory staff members will hold the following offices in the Northern Virginia Chapter of FGAA for fiscal year 1972: *John P. Carroll*, director; *Richard E. Nygaard*, treasurer; and *Gretchen C. Schwarz*, vice president.

International Division

Joseph P. Normile, director, European Branch was elected director of meetings at the March 29 charter meeting of the Frankfurt (Germany) International Chapter of the International Association of Accountants. Mr. Normile was the U.S. delegate to the Interregional Seminar on Government Auditing held in Baden, near Vienna, Austria, May 3-14, under the joint sponsorship of the United Nations and the International Organization of Supreme Audit Institutions. He delivered two papers on the subjects: "The Relationship Between the Supreme Audit

Institution and the Legislature" and "Administrative Techniques for Challenging the Award of Government Contracts."

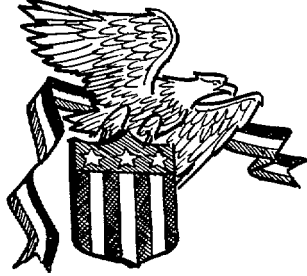
On May 12 *William B. Bernsdorf*, supervisory auditor, Far East Branch, addressed the FGAA Guam Chapter concerning the organization, functions, and operations of the GAO.

Harold E. Lewis, supervisory auditor, Far East Branch, and president of the FGAA Hawaii Chapter for 1971, served on a panel at the University of Hawaii Accounting Club, March 18. The subject of Mr. Lewis' remarks was "Career Opportunities with the General Accounting Office." On April 7 he participated in the Business Night '71 special awards ceremony of the University of Hawaii, presenting Governmental Accounting Education Awards on behalf of the FGAA Hawaii Chapter to the two outstanding University of Hawaii students in governmental accounting.

Office of Personnel Management

During the 25th Annual Conference of Accountants, April 27-29, Tulsa, Okla., *Leo Herbert*, director, spoke on "Challenges to Creativity." He also participated as a panelist in a workshop on Interface of Business Schools with Business and Government at the American Association of Collegiate Schools of Business Meeting and at the American Association of Collegiate Schools of Business Assembly Meeting in Denver, Colo., on May 4-7. He addressed the AACSB on "The Business-

Government-Education Interface.” Mr. Herbert also spoke on “Education and Training of Accountants” before the Western Regional Meeting of the American Accounting Association in Las Vegas, Nev., May 7-9.



I DO NOT CHOOSE TO BE A COMMON MAN

It is my right to be uncommon . . . if I can • I seek opportunity . . . not security. I do not wish to be a kept citizen, humbled and dulled by having the State look after me. I want to take the calculated risk: to dream and to build, to fail and to succeed. I refuse to barter incentive for a dole. I prefer the challenges of life to the guaranteed existence: the thrill of fulfillment to the stale calm of utopia. I will not trade freedom for beneficence nor my dignity for a handout. I will never cower before any master nor bend to any threat. It is my heritage to stand erect, proud and unafraid: to think and act for myself: enjoy the benefits of my creations and to face the world boldly and say, this I have done. All this is what it means to be an American.

From a leaflet distributed by the Colorado Shaver Center, Denver, Colo.

NEW



STAFF MEMBERS

The following new professional staff members reported for work during the period March 16, 1971, through August 15, 1971.

Organization and Management Planning Staff

Pin, Clerio P.

U.S. Atomic Energy Com-
mission

Office of the General Counsel

Berger, Ronald
Buckles, Galen M.

U.S. Air Force
Sperry Rand Space Support
Division

Shrensky, Lewis F.

Department of Commerce

Civil Division

Antonio, Robert M.
Barrett, Roland G.
Bowers, Frank
Bridgett, Charles H.
Butler, John J.
Cannon, Peter M.
Coberly, Marian K. (Miss)
Collard, George W.
Collis, Thomas E.
Connor, Joseph M.
Dee, Robert D.
Doby, Jayne L. (Miss)
Guido, Frank M.
Halbe, Neal F.
Hawkes, Sidney G.
Kruslicky, Mary A. (Miss)
Lawler, John E.
Lightner, Kenneth E., Jr.
Malacavage, Joseph P., Jr.
Manzi, Anthony G.
Matteotti, Dennis A.
Miller, Steven P.
Miller, Texyn L.
Murray, Edward T.
Parsons, Robert E.
Peters, Edmund R.
Phillips, David H.
Rogers, Ronald R.

Mount St. Mary's College
University of Minneapolis
Savannah State College
Benjamin Franklin University
Pennsylvania State University
Husson College
Glenville State College
Bryant College
Virginia Polytechnic Institute
Mount St. Mary's College
University of Rhode Island
Morgan State College
Geneva College
Pennsylvania State University
The Mead Corporation
Virginia Polytechnic Institute
St. John's University
Pennsylvania State University
King's College
Pennsylvania State University
Thiel College
University of Utah
West Liberty State College
Clarion State College
Fairmont State College
Columbia Union College
University of Iowa
Moravian College

NEW STAFF MEMBERS

Sample, Leon D.	Shippensburg State College
Sgobba, Victor J.	University of Scranton
Shea, Ronald F.	Quinnipiac College
Sheard, Robert O.	Susquehanna University
Shreffler, Peter B.	Clarion State College
Sombar, Seth T.	Tusculum College
Strange, James W.	Savannah State College
Taft, Richard H.	Kansas State College
Türman, Larry D.	Tusculum College
Wagner, David H.	Morris Harvey College
Wagoner, Joe E.	Pfeiffer College

Defense Division

Barmby, John G.	IIT Research Institute
Bowling, Steven K.	Carson-Newman College
Hill, William A.	Carson-Newman College
Holmes, Dennis R.	Carson-Newman College
Keema, Alexander W. III	San Diego State College
Keppel, Michael R.	Pennsylvania State University
Lopez, John F.	University of Maryland
Mead, Eric A.	Adams State College
Miller, Virgil K.	Tennessee Technological University
Truitt, Robert N.	Milligan College

**Division of
Financial and
General Management
Studies**

Stewart, Jimmy D.	University of Idaho
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**International
Division—Washington**

Fauntleroy, Helen D. (Mrs.)	Virginia State College
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**Transportation
Division**

Dodson, James E.	American University
Roemer, Steven M.	State University of New York

REGIONAL OFFICES

Atlanta

Berry, James D., Jr.	Troy State University
Denney, Larry E.	Troy State University
Lowery, David S.	Florence State University

Chicago

Hodapp, Ronald J.	Mankato State College
Seeley, Dale W.	Drake University

Cincinnati

Bricking, William H.	Xavier University
Daum, Edward A.	Indiana State University
Hazard, Michael J.	Thomas More College
Hovey, Walter T.	Department of Agriculture

NEW STAFF MEMBERS

Denver	Lorenzen, George L. Pickering, Robert P. Trapp, Arthur D.	U.S. Air Force U.S. Army University of Colorado
Los Angeles	Gauthier, Royal D., Jr. Luter, James T. McGraw, Ambrose A. Marcus, Charles F. Mikami, Robert M.	University of Arizona University of Arizona California State College at Fullerton California State College at Long Beach California State College at Long Beach
New York	Cutler, Dennis E. Hartwig, John E. Hefferon, Edward F. Najberg, John M.	Grumman Aerospace Corporation University of Illinois Notre Dame of Staten Island New York University
Norfolk	Payne, Richard G. Philips, Johnnie M. Wecht, John E., Jr.	Catawba College Old Dominion University Old Dominion University
Philadelphia	Brady, Robert B.	Pennsylvania State University
San Francisco	Bailey, Earl A. Cotton, Ralph A. Covington, Wilfred A. Jefferson, David W. Lang, William J. Staal, Donald E.	University of Puget Sound San Francisco State College San Jose State College U.S. Air Force Stanislaus State College Thrift Stores
Seattle	Edmonson, Kenneth W.	Department of Health, Edu- cation, and Welfare



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.

Bibliography on Federal Accounting, Auditing, Budgeting, and Reporting, 1900-1970—Annotated

Published by the Federal Government Accountants Association, Arlington, Va., 1971; \$5.00.

This comprehensive, annotated guide to the literature on Federal financial management subjects will provide a helpful single source reference for interested personnel of the Federal Government, State, and local governments; independent researchers; and students and teachers of public administration and related disciplines.

The bibliography represents the updating of an earlier work put together by the Research Committee of the Federal Government Accountants Association (FGAA) and published by the FGAA in 1952. The current book in-

cludes the items from the earlier study, except when the original publications were superseded by other publications, plus similar kinds of material published from 1952 through 1970.

The material listed refers to books, pamphlets, and articles published in the United States, plus a few references to articles from English language periodicals published in other countries.

The compendium is imposing in its size and content. Its 229 pages include 132 pages of main entry items arranged under 46 broad descriptors covering such diversity as *Accounting—Federal*, *Accounting—General*, *Budgeting*, *Effective Communication*, *Fiscal Policy*, *Long Range Planning*, *Procurement*, and *Public Administration*. Each item in the main entry is annotated to describe the listing beyond the identification of content furnished by the title of the item and the

descriptor title under which the item is categorized.

The bibliography is further subdivided into (1) a subject index (62 pp.) which identifies each item with an appropriate descriptor category and also indicates the location of the annotation in the main entry section and (2) an author index (35 pp.) which contains conventional identification of items by author and title and provides cross-reference by descriptor code to the annotation in the main entry section.

The main virtue of the bibliography is that it brings into one data source the important writings about Federal financial management that have been produced over the past 70 years, but for which reference has been scattered over the many indexes prepared by accounting, budgeting, finance, public administration, personnel, and other groups and associations. The one disadvantage of the publication, which is common to most bound volumes, is the difficulty of updating it on a more frequent and practical basis than has existed in the past. Perhaps the sponsors will find some looseleaf binder supplementary way to overcome this handicap to potential users.

The publication is the effort of a large number of FGAA project researchers who are literally a blue ribbon cross-section of Federal financial management expertise and insights.

On balance, this reviewer believes the bibliography to be a long needed and highly welcome addition to financial management literature. He strongly recommends its acquisition by each person who has a responsibility

for financial management in the Federal Government as well as by teachers, students, and others interested in management in the public sector.

W. L. Campfield,
Associate Director,
Division of Financial and
General Management Studies.

EDITOR'S NOTE:

GAO staff members played an important part in the preparation of this bibliography. In the foreword signed by *E. H. Morse, Jr.*, as president of the FGAA, and *Mortimer A. Dittenhofer*, chairman of the Association's National Research Committee, the names of 34 individuals are listed as having actively assisted in preparing the bibliography. Twelve of these were GAO staff members as follows:

Office of Policy and Special Studies

Earl M. Wysong, Jr.
Frankie L. Schlender

Civil Division

Donald C. Pullen
Frederick K. Rabel
Frederick J. Rauscher
Albert B. Jajokian

Office of Personnel Management

Herbert R. McLure

Washington Regional Office

Donald L. Scantlebury
Katherine L. Scheibelhoffer
John P. Carroll

International Division

John J. Filan
William M. Romano

Federal Evaluation Policy

By Joseph S. Wholey, John W. Scanlon, Hugh G. Duffy, James S. Fukumoto, and Leona M. Vogt; The Urban Institute, Washington, D.C., 1970; \$2.95.

In the foreword to "Federal Evaluation Policy," William Gorman, President of The Urban Institute, says that it is the Institute's hope that the general approach to program evaluation described in this book will be useful to administrators and legislative bodies, to State and local officials who carry out Federal programs, and to analysts both in and out of government. Now that's a big hope for almost any book and particularly for one that can be read in a couple of hours or less. Nevertheless, I believe the book lives up to the expressed hope. It clearly has relevance to anyone who has responsibility either for making evaluations of the results of programs or projects or for reviewing program evaluation reports.

This 134-page paperback is concerned principally with the loci of authority and responsibility for evaluation, with evaluation approaches and difficulties, and with pitfalls to be avoided. While the authors make no attempt to describe or to prescribe detailed techniques of evaluation, chapter six entitled "Methodology" does effectively explore the methodological tasks to be accomplished in carrying out evaluations, draws tentative conclusions on the methodological feasibility of the various types of evaluation for the programs examined, and recommends priorities among possible evaluation studies, field experiments, and experimental demonstration projects.

Other chapters in the book concern (1) why Federal evaluation is needed, (2) administration of an evaluation system, (3) organizational relation-

ships and responsibilities for evaluation, (4) evaluation resource requirements, and (5) a summary of major recommendations.

Each substantive chapter contains the authors' recommendations—a total of 72, of which 34 are classified as "major" recommendations by the authors. "Major" should be interpreted loosely because some of the major recommendations are platitudes. Many, however, are noteworthy. For example:

1. The Office of Management and Budget (OMB) should require each Federal agency to submit, as part of its annual budget justification, a 2-to-3-year plan for evaluating each of its major programs.
2. Through OMB the President should require initiation of national program impact evaluations that cross agency lines to compare the effectiveness of related programs in achieving common objectives.
3. Congress should require, every 2 to 3 years, program impact evaluations of each major Federal program.
4. Because budget decisions can be aided by knowing what program is better, comparative studies of two or more programs should be given precedence over studies of single programs.
5. Because the findings of the broad-based program impact studies can conceal the value of worthwhile projects and strategies, program impact evaluations should be supplemented by proj-

ect rating systems and program strategy evaluations.

6. Since (except in the case of controlled experiments) evaluation of the effectiveness of individual local projects will often be beyond the present methodology or outside reasonable cost constraints, single-project evaluations should be steered toward periodic comparison of project outputs with objectives previously stated in measurable terms.

Throughout the book the authors make clear that evaluations of the results of programs are needed, but they make just as clear that there has been very little good evaluation and that for some programs evaluations of effectiveness cannot be made at this time with present methodology, definitions of output, and data. The Office of Economic Opportunity is given recognition for being further ahead in its evaluation effort and organization than any other Federal agency, but it too has had difficulties.

Two other conclusions are in evidence throughout the book: (1) successful evaluation depends on support by the Congress, the President, the OMB, and agency leaders and (2) evaluations of alternative programs or projects are more useful information for decisionmakers than are single program and single project evaluations. The authors are not enthusiastic about local project evaluations because they believe that project evaluations are too expensive and that it is generally not possible to determine the importance

of various causal factors when only one project is analyzed.

In addition to their usually interesting discussions and recommendations, the authors have included other tidbits of interest to evaluators of programs. One table (p. 88) shows a classification of program evaluation research designs and some of the characteristics of each design. A brief discussion of the use and difficulties of control and experimental groups follows the table. Another tidbit is a table (p. 109) which shows the authors' estimates of the conditions for evaluation of 18 selected social programs. For several programs, for example, Model Cities, the authors believe that there are no suitable output measures, inadequate measures of environmental variables, no control groups, and no measures of appropriate input and process variables. In short, for such programs the authors believe it unrealistic to attempt massive program impact evaluations at this time.

Another interesting tidbit in this book is the bibliography which contains 187 references, nearly all of which were published between 1963 and 1970. Covering a wide variety of program evaluation related books and periodicals, the bibliography is worth the cost of the book. It was a good idea to have a lengthy bibliography because some of the discussions in the book are extremely brief, perhaps too much so for a newcomer to the field.

The reader of this book should gain an awareness of (1) some of the things agencies, the Congress, and OMB should do if they are to cause worthwhile evaluations to be made,

(2) various approaches to evaluation and why various approaches are necessary, and (3) pitfalls. I believe that all program evaluators and agency leaders would benefit from reading this book.

Ted M. Rabun,
Assistant Director,
Division of Financial and General
Management Studies.

Getting Useful Information

Managers tend to put a premium on information that is measurable, apparently accurate, and easily available. But the overall performance of the company is likely to depend much more on “soft” data—that is, what customers think of a product or service. Snooping around can get you 100 times as much useful information as looking through official reports.

Jay Forrester

Professor of Management, Alfred P. Sloan
School of Management, Massachusetts
Institute of Technology.

Quoted in *Think Magazine*, March-April
1970.

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 31 years of age or under at the date of publication. Another award of \$250 is available to staff members over 31 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.

Statement of Editorial Policies

1. This publication is prepared for use by the professional staff members of the General Accounting Office.
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