

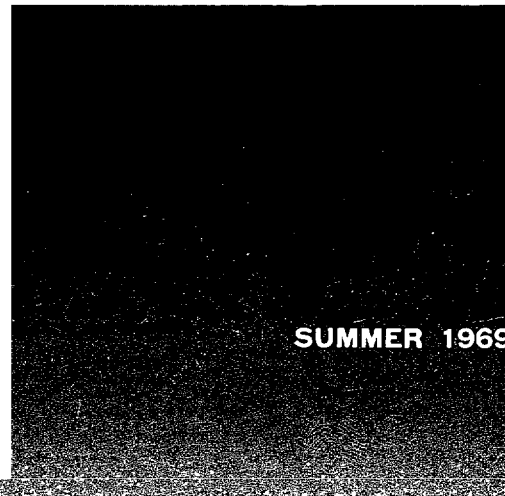
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THE GAO REVIEW

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SUMMER 1969

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Contents

Views and Perspectives of the Comptroller General	721351	3
Thoughts on Accounting and Auditing by GAO Regional Managers		
By STEWART D. McELYEA.....	721346	16
By DAVID P. SORANDO.....		18
Career and Professional Development in the General Accounting Office		
By WILLIAM KUSHNICK and LEO HERBERT.....	721319 721319 <i>st</i>	21
An Opportunity for Career Development		
By ROBERT W. HANLON.....	721348	28
A Senior's Look at On-the-Job Training		
By EUGENE G. HORWITZ.....	721319	33
GAO Review of the Economic Opportunity Programs	721350	37
Training in Statistical Sampling Techniques	421351	43
News and Notes		45 <i>N</i>
Hearings and Legislation	721352	49
Automatic Data Processing		55 <i>N</i>
Systems Analysis		62 <i>N</i>
GAO Honor and Service Awards—1969		67 <i>N</i>
Address by A. Maxwell Henderson, Auditor General of Canada.....		77 <i>N</i>
GAO Staff Changes		86 <i>N</i>
Professional Activities		93 <i>N</i>
New Staff Members		105 <i>N</i>
Readings of Interest		109 <i>N</i>

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Views and Perspectives of the Comptroller General

In recent months, the Comptroller General, *Elmer B. Staats*, had occasion to address a number of organizations on a variety of subjects. Following are selected excerpts from some of these speeches.

Social Responsibility and the Public Service

From Convocation Address, Elizabethtown College, Elizabethtown, Pa., Apr. 24, 1969

* * * the real gap, and the main thesis of my remarks this evening, is not so much the generation gap as it is the "value" gap or an "institutional" gap. We have not yet found the counterpart to the Salk vaccine, the transistor, and the computer in our social institutions. We have learned how to transplant human hearts; we have not learned to transplant new social values into obsolete forms of local government and rigid institutions. It seems to me that the key must somehow rest not with protest, but with participation through organized society—government and nongovernment—if we are to have a reasonable chance of defining our objectives acceptably for the diverse interests of society. There is a corollary, and that is a willingness to accept responsibility and a self-discipline both of individuals and groups to work toward constructive solutions. Alexander Hamilton said in 1794 that "Government is that power by which individuals in society are kept from doing injury to each other, and are

brought to cooperate to a common end." This is equally true today.

Many have said that President Kennedy was not a great political leader and certainly not an experienced governmental executive. Rather, his great contribution was that he symbolized and articulated a sense of dedication and of purpose not only for the United States, but also for the entire world. When he said in his inaugural address on that cold day in January 1961, "And so, my fellow Americans, ask not what your country can do for you: Ask what you can do for your country," he voiced a goal for those who would build and not destroy. Out of this goal came the Peace Corps which now numbers more than 11,000, serving in 57 nations: nearly 1,600 of these young people, incidentally, are from the State of Pennsylvania. Listen to the words of the head of a newly independent nation in Africa:

* * * When I read and hear of the growing disenchantment in the developed nations over external aid and technical assistance, when I learn of the international resources which are being consumed in military confrontations, I cannot help wishing that there were a few more people who could recognize the impact which fifty-two young men and women are capable of making in a country such as mine * * *.

Or listen to the words of a president of a Latin American republic:

* * * I am trying to accomplish, from my position as President of the Republic, over the whole country, a very similar job to the one performed by the Peace Corps Volunteers—to awaken the civic spirit, to orient the community in the realization of its own effort, to overcome the problems of ignorance, sickness and backwardness, to introduce new aspirations and new ideals to the popular masses, all with the desire to start forming a more equal society, more identified with the same purposes of excelling * * *.

These testimonials can be testimonials for those of us here at home in our own communities, cities, and counties. Define these goals we must, because the problems of our society can only increase as we become more densely populated, more urbanized, more industrialized; and along with these go mass transportation and communication which create powerful forces that tend to weaken the traditional roles of family, church, and town hall as constructive and disciplinary units in society.

In 1940, not long after I completed college, the population of the United States was about 130 million people. We are now a nation of 200 million. In the year 2000 we will have a population of nearly 340 million.

This accent on the positive that is a part of our national character will continue to create new products and new foods to meet the living requirements of some 200 to 300 million men, women, and children in the final decades of the 20th century. I do not feel particularly concerned about our economic system in this regard. It can provide not just the necessities of life for

so many people but also a satisfying degree of abundance as well.

The prospect and promise for more goods and services, less polluted rivers, fewer high school dropouts, less racial tension, less crowded cities, and better health are based on more than the explosion of science and technology symbolized by the success of the space program. They are related also to the phenomena noted by Alexis de Tocqueville, the French political observer of the American scene 130 years ago. He saw in it the pattern he called "political diffusion" and predicted that in the United States the many would demand what in other countries was reserved for the few. His prediction has been validated in mass prosperity, universal suffrage, mass literacy, and mass higher education.

But I am concerned about our ability to govern ourselves efficiently and effectively. This is the more difficult problem. It will take all the excellence that we can accumulate to meet the challenge of mass society by maintaining sound and solvent governments—Federal, State, and local—capable of employing modern technology to meet our pressing social needs.

If we may refer to government in a comparative sense as an industry, the third largest employer in the major industry groups in the United States is governments. State and local governments employ many more people in the aggregate than the Federal Government.

Twenty years ago, State and local government employment totaled 3.3 million.

Presently, State and local government employment totals 8 million—6

million in local governments and 2 million in State governments.

Over the same period, Federal employment has held steady at approximately 2.6 million.

Some of you undoubtedly will enter some branch of public administration or public service. You may do so as administrators or in some technical or professional capacity. One of the areas of greatest need in the next decade will be in the expansion of professional and technical skills. As we extend and improve as rapidly as possible urban renewal efforts, as we create new ground transportation systems to handle the growing population, and as we develop our ocean resources for new foods—as we do all these and many more things on expanding scales—there will be continuous and rising need for trained professionals.

Having been in the public service 30 years, I know how necessary it is that the Federal Government be served by a large group of trained public administrators. We cannot have too many capable and dedicated people in Washington. Yet I don't want to suggest that Washington has or should attempt to monopolize talent. There must be able, devoted people at all government levels.

If Federal public service appeals to you; if you do not mind pulling up stakes; if you do not mind being shifted in the Federal service to various duty stations, then I urge you to take a serious look at a Federal public career.

Will you do as well financially in public service as in business? You may infer from the very asking of this question that one can do better in business. Salaries in business tend to be higher than salaries in government, at least at

top levels. But it is dangerous to generalize. Much depends on individual circumstances.

On the other hand, if you are interested in service, if you are interested in working toward some end other than profit or money—many people are—then you probably will want to make a serious study of the opportunities available for careers in government. There are the Civil Service, Foreign Service, Public Health Service, and other areas, not omitting Military Service.

The problems and challenges of government are legion. They require the talents of virtually all professional fields:

- Medical research laboratories at the National Institutes of Health, Bethesda, Md.;
- Control of jet aircraft noise at NASA's Lewis Laboratory in Cleveland, Ohio;
- Supervision of a giant air transport manufactured by the Lockheed Aircraft Company at Marietta, Ga.;
- Consular duties at a remote point in Africa;
- Operations research for a mass transportation program for the corridor between Boston and Washington;
- Review of research grant applications for the National Science Foundation;
- Development of experimental education programs for underprivileged children;
- Liaison between the Office of Economic Opportunity and a local community action agency in Philadelphia;

VIEWS OF THE COMPTROLLER GENERAL

- Nursing care in a veterans' hospital in Denver;
- Teacher in an Indian school in Montana or a forest ranger in Idaho.

And, if you worked in the General Accounting Office, you might be:

- Reviewing the effectiveness of programs for water pollution control for the Merrimac River in Massachusetts;
- Assigned to the staff of the Senate Foreign Relations Committee reviewing the validity and cost of our commitments overseas;
- Assessing the adequacy and effectiveness of our participation in the World Health Organization;
- or
- Assigned to our foreign assistance program in Ethiopia.

All these illustrations involve the Federal Government, but the same challenges and problems exist in State government and local government, and the growing number of not-for-profit, voluntary, and industrial organizations are concerned with programs formerly reserved exclusively to government. Whether we are concerned with Federal Government, State government, local government, or participation in nongovernmental agencies involving social programs, we must have good people and dedicated people, and—above all—people who are willing and able to work through organized society and not against it, and they must be committed to the orderly change of institutions. President Perkins of Cornell University . . . has summarized the need well in the following quotation:

We must now recast and enlarge the scope of the assignment that lies ahead of us All our policies, both domestic and foreign, must be subjected to new and more complex tests to determine how they affect the public interest. It also means that the organizations and methods we have evolved for the conduct of our public and private affairs must be re-examined in the light of our new balance of imperatives.

Finally, it means that we must develop a new style of leadership capable of inventing new concepts, new organizations, and new arrangements to deal with our current problems. These new leaders must possess wide vision, more flexible attitudes, even a harder realism and perhaps a greater compassion for the individual and his proper fulfillment—which is, after all, the essence of our human purpose. The demands on these men and women will push our notions of human capacity to new limits.

The meaning of what I have been trying to say today is nowhere better expressed than by former Secretary of Health, Education, and Welfare, John W. Gardner. Here are his words from a commencement address last year:

We now know beyond all doubt that nations die from within, and they are attacked less often by traitors within the gate than by traitors within the heart—complacency, apathy, cynicism, intolerance, self-deception, and an unwillingness on the part of the individual to lend himself to any worthy common purpose.

H. G. Wells wrote in 1906 that Americans were addicted to “a sort of optimistic fatalism.” He was saying that Americans looked upon difficulties and challenges as opportunities and not as obstacles.

This healthy philosophy is in sharp contrast to statements heard too frequently today. One nuclear physicist recently defined an optimist as “someone who still believes the future is uncertain.”

The responsible citizen is one who is willing to admit that he does not comprehend the future in this dangerous era, yet he knows he is called upon to deal with and solve what he may not fully understand. We can join, perhaps, with Charles Dickens in his more balanced, although seemingly paradoxical, opening lines of "A Tale of Two Cities":

It was the best of times, it was the worst of times; it was the age of wisdom, it was the age of foolishness; it was the epoch of belief, it was the epoch of incredulity; it was the season of light, it was the season of darkness; it was the spring of hope, it was the winter of despair.

More apropos is a statement in a recent article by Elting Morrison in the *New York Times Magazine*:

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 the century.

Perhaps even more apropos for you as students is a quotation attributed to a Frenchman named de Grellet who died more than 100 years ago:

I shall pass through this world but once. If, therefore, there be any kindness I can show, or any good thing I can do, let me do it now; let me not defer it or neglect it, for I shall not pass this way again.

The Growing Importance of Management Auditors in Government

From remarks before the Joint Meeting of the Gamma Epsilon Chapter of the Pennsylvania State University, Beta Alpha Psi, and the Central Pennsylvania and Williamsport Chapters, Na-

tional Association of Accountants, University Park, Pa., May 12, 1969

* * * * *

If there is one profession that government at any level as well as business at any level cannot do without it is the accounting profession. A hundred years or so ago anyone who worked in a civil capacity in the Government was usually known as a Government clerk even if the term really did not convey his professional standing or contribution. A clerk is defined by a dictionary as "a person who keeps the records and performs the routine business."

Keeping the records of Government in the early days of this republic must have been a comparatively simple matter. Government itself was simple. In the General Accounting Office we have a payroll voucher of the year 1800 for the men who guarded the new Capitol building and the President's House, as the White House was first known. This voucher was prepared on a plain piece of paper—obviously additional copies were unheard of—and the men who stood the guard duty acknowledged payment by making an "X" after their names. They could not write.

The simplicity of recordkeeping in those early days did not last long. The necessity for keeping copies of everything became commonplace long before the Civil War even if the copies had to be made in longhand, as was the case. Undoubtedly, the duty of the Government clerk in Washington for many decades was, as the dictionary says, "routine." And to a considerable extent of course it still is. It could hardly be said that this holds true for the college-

trained accountant working for the U.S. Government today.

For one thing, professional Government accountants by the essential nature of Government services today have to become well informed in highly specialized fields such as space technology, atomic reactor processes, medical research, poverty program management, farm and forestry problems, or economic assistance overseas.

Lastly, the college-trained accountant is too valuable a person to be wasted on routine matters. His expertise in preparing budgets, in tax matters, in organizing the financial requirements of long range construction, social, or military programs, in assisting contracting officers in the purchase of every conceivable item imaginable—there are no less than 4 million separately identified items in military supply systems—makes him a most valuable individual. If the accountant finds himself in a situation that seems routine, I doubt that his situation will remain routine for long if he is a man of salt.

These observations are particularly applicable to the college-trained accountant who comes to the General Accounting Office. When GAO was created in 1921, it was responsible for auditing the vouchers of the Government. This was an immensely detailed and voluminous job as you may imagine. Vouchers were delivered by departments and agencies to GAO by the truckload. In those days the staff came closer to resembling the old-time Government clerk that I alluded to and his traditional symbol, the green eyeshade. Changes in legislation after World War II shifted the responsibility for voucher

auditing for the most part back to the agencies and departments.

Two fundamental acts authorized the shift in General Accounting Office focus and activity away from voucher auditing to broader areas of audit responsibility. One was the Government Corporation Control Act—1945. The other was the Accounting and Auditing Act—1950. Of course there are many laws governing aspects of General Accounting Office work. New legislation is passed in every session of the Congress. But these two, plus the 1921 law creating the GAO, usually are considered the basic legal foundations for our work today.

I realize that to many of you—particularly the more senior ones here this evening—the term “auditing” usually has reference to accounting matters and financial statements. But the need for GAO auditing—management and performance or program auditing—is, as I have indicated, much broader.

The reduction in the formerly enormous volume of voucher auditing was accompanied by a reduction in staff, a change in the direction of our audit work—which I will discuss in some detail—and a gradual but steady improvement in the concept of audit work by the staff, an improvement that has continued to the present and will go on. Now the business of Government is largely one of management—organization of programs and procedures, and supervision of the execution of these activities. This is true in nearly all aspects of Government activity—civil, military, scientific. In all these areas of management, the General Accounting Office became much more ac-

tive beginning in the early 1950s. Today management audits account for the largest volume of GAO work.

Each year we send about 150 public audit reports to the Congress. We make many more than that—upwards of a thousand—but many are to the committees or Members of the Congress and seldom are made public and some are to the heads of departments and agencies and never are made public. During any 12-month period we make public audit reports on management activities in virtually every field of endeavor. Let me cite examples of the range of audits made during the past 12 months:

- An examination of the development and procurement by the Army of the Sheridan tank/weapons system. This showed a lack of effectiveness and control by the Army. GAO recommended changes in the Army's procedures for development of a weapons system.
- A study of Project Mohole, the National Science Foundation project to extend man's knowledge of the planet by drilling about 25 miles through the earth's outermost crust. The program was terminated because its costs ran out of control. GAO found out why and so advised Congress.
- An audit of procurement of anthracite coal by the Army—mostly here in Pennsylvania—for use in Europe leading to a GAO conclusion that competition was lacking to ensure sale of the coal to the Government at the lowest price and a revision of Army procedures to bring about greater price competition.
- Another review of the commodity assistance or commercial import program for the Republic of Vietnam provided by the Agency for International Development. This review, one of several by GAO in this area, was made for the Senate Foreign Relations Committee.
- An evaluation of the many logistics problems involved in the movement of U.S. military forces out of France 2 years ago to other NATO countries.
- A report showing a need to strengthen controls by the Agricultural Research Service over the public sales of pesticides resulting in strong corrective action by the Department of Agriculture.
- An examination of costs accruing to the Government when companies with defense contracts lease rather than purchase land and buildings needed for the completion of their work. GAO found it would be cheaper to purchase land and buildings rather than lease and so advised Congress.
- Disclosure by a GAO audit that the Government of Vietnam denied certain U.S. contractors permission to operate airlift services required by the contractors to fulfill the assignments which they had contracted to carry out for that country.
- A recommendation that the Department of the Interior improve its procedures for acquiring wetlands—marshes, bogs, swamps—for purposes of conservation of waterfowl.
- A study to determine whether or not the Department of Defense

VIEWS OF THE COMPTROLLER GENERAL

could achieve economies through consolidation of its maintenance of property operations. DoD maintains 29.5 million acres of land, buildings, streets, etc. GAO concluded that in areas of large military concentrations, such as Norfolk, Va., and Hawaii, consolidations could mean savings to the Government.

- A review showing that wives and dependent husbands of former railroad employees had not been paid annuities to which they were entitled. As a result, the Railroad Retirement Board established that 358 wives and dependent husbands of former railroad employees were entitled to annuity payments which could total over \$1 million annually.
- An assessment of the Army's management of its supply system in support of its combat needs in Vietnam. We found that while a high level of support was achieved, this was not accomplished without costly and inefficient procedures, a basic cause being a lack of a logistics organization capable of rapid and large scale expansion at the time needed.
- A recommendation based upon a broad and careful review that a thorough Presidential study be made of the role of nonprofit organizations having research and development contracts with the Government.
- A report showing that with the cost of maintaining automatic data processing equipment used by the Government now amounting to \$50 million annually, departments

and agencies could achieve economies and also operating advantages by maintaining the computers themselves instead of having maintenance performed by outside contractors.

That may seem like quite a long list. It only suggests the breadth and the scope of our management audit work. I could have mentioned the work we did in Thailand uncovering thefts there of large amounts of POL—petroleum, oil, and lubricants—through collusion and forgery; or our review of the actual costs to the Government of Atomic Energy Commission research activities. But by now I am sure I have mentioned enough subjects.

At GAO we audit a Government organization's activities quite as much with concern as to its policies and procedures as to its operations. As a result GAO audits become an important tool for Government managers. They help the management of any agency scrutinized to see itself and its problems as viewed by a competent outsider. They also help the Congress particularly with respect to appropriations, in making special investigations, and in providing a basis for new legislation.

In other words, GAO is often the eyes and ears of the Congress with respect to assisting the Congress to carry out its mandate of legislative oversight on the executive branch of the Government.

I doubt that there is anywhere in the United States a greater need for a large team of competent auditors than at the GAO. In any case we at GAO believe this because the U.S. Government is the largest and most diverse operation in

the world and its operations are conducted throughout much of the world.

Efficient, economical control of these programs is frequently difficult because of their size, complexity, and diversification.

* * * * *

How does an audit agency such as the GAO make a useful audit of an activity when there is no profit and loss to measure by? We do so by measures to which I have referred; economy, efficiency, and effectiveness. In other words, we review and examine how public funds appropriated to the departments and agencies have been used, or applied. We check on the systems of management of each Federal unit, large or small.

When waste or inefficiency has been identified, GAO

- makes suitable inquiry into the circumstances or reasons for its occurrence;
- finds out whether it is an isolated or a recurring problem; and
- recommends actions necessary to correct the basic problem.

To our traditional reviews of economy and efficiency—in which we have had a great deal of experience—we are increasingly adding a third, what I might call “E” factor, or the factor of effectiveness. I am sure you have heard about cost effectiveness as it is applied to Federal Government and particularly defense programs. GAO has been stressing the importance of the “effectiveness” factor for some time but it remains a new and not fully tested area for us.

We try to evaluate what has been accomplished by an agency in a given

period of time measured by what it set out to accomplish and by what it cost. As you all may imagine, this is not easy. It is, in fact, an art or a science in which GAO continually is striving to become more proficient.

The Role of Women as Professional Accountants at the General Accounting Office

From a speech at the Annual Banquet of the American Society of Women Accountants of the District of Columbia, May 14, 1969

The variety of subjects which a woman auditor might be assigned to in the U.S. General Accounting Office is almost endless.

These words are not mine. They are the words of a grade GS-13 woman auditor who has been on the professional staff of GAO since 1961.

The role of a woman auditor in the GAO does not differ very much from that of its male auditors.

Again, the words are not mine. They are the words of a grade GS-12 woman auditor who has been with us since 1964.

I begin my remarks with these attestations from two of the 95 women auditors in the General Accounting Office to establish in your minds facts about their life in GAO that, I am confident, hold true for most of them; interesting variety to their auditing work and the sharing of the same professional experiences and challenges as their counterparts. Of course they move forward in their promotions the same as the men, merit being the principal criterion.

The only difference that I can think of between women and men in the GAO

is that sometimes the former take maternity leave now and then.

* * * * *

GAO is still very much a man's world. But, I repeat, in our search for new staff members every year, we concentrate on finding the most able people available—men or women. It is a truism to say that ability is always of first importance to any employer. To the GAO it is a matter of supreme importance, for the work that our accountants and auditors do, may, and often does, have a direct bearing upon legislation enacted by the Congress or the way in which programs are administered by the executive branch.

Our legal authority is relatively much less important than the respect and reputation we earn from the accuracy and objectivity of our work. Correct facts, reasonable arguments, and detached objectivity provide the incentive for action on our recommendations.

* * * * *

* * * I would like to share with you statements made by three of our women auditors. These will give you, I believe, a fairly clear view of GAO activities as seen through the experiences of these women auditors.

First, Miss Janice K. Cox, graduate of Kansas State Teachers College. Miss Cox joined our staff in 1964 as a grade 7. In less than 5 years she has advanced to the position of Supervisory Auditor concerned with our work at the Department of Health, Education, and Welfare, after having previously worked with our Audit Group at the Department of Housing and Urban Development. Let me paraphrase

a recent statement she made as to her experience.

The role of a woman auditor in our Office does not differ very much from that of our male auditors. However, it is certainly interesting to watch the expression on a person's face when told that a woman is auditing the solid waste disposal program and that as a part of the audit, she has sniffed compost samples and visited the Kenilworth Sanitary Landfill.

Over a period of 2 or 3 years, the woman auditor in GAO will explain many times to the personnel of other Federal Government agencies what the role of the U.S. General Accounting Office is and why we are interested in management-type information as well as financial data. She will read congressional hearings, interview agency personnel, and analyze agency documents relating to the particular program being audited. She will write up summaries of those interviews and of her analysis of agency documents, finally writing up drafts of audit reports to the Congress. Also, she can expect to review proposed bills by Congressmen to see if our Office wishes to comment on financial aspects; complete financial audit segments; independently verify statements in report drafts against the supporting documents; and supervise other auditors. She receives a continuous exposure to the legislative process.

At all times, the woman auditor is learning a wealth of general and specific knowledge on such subjects as:

- Turning Alaska fur sealskins into those expensive fur coats;
- Conservation of fish and wildlife;

- Housing of the poor;
- Construction terminology;
- Available health services;
- Federally aided education of medical personnel;
- Civil defense plans, and (increasingly important);
- Disposal of garbage.

It is really only in little ways that the woman auditor's role differs from the men's. She is usually treated with a tiny bit more courtesy even as she explains to agency personnel that she is not a secretary brought along to take notes on an interview. She also spends more time than the men explaining why she majored in accounting or why she left a given State to come to work in Washington. Occasionally she has to convince her male counterparts that she is to be treated just like them.

In the meantime, the woman auditor has to face the mixed social blessings created by receiving promotions sooner than her friends outside the General Accounting Office. She also gets to chuckle over the secretary who asked to see her identification because she was an auditor instead of a secretary, and the office memorandum she received that was addressed to "All Male Staff Members." And upon occasion, she goes home with the satisfaction of knowing that Federal tax dollars will be allocated to higher priority programs because of her audit work.

A second example is Mrs. Mary Jo Gibson, graduate of the University of South Carolina. Mrs. Gibson has been with GAO about 10 years in a number of assignments, but has summarized 2 years' work involving the Department

of Health, Education, and Welfare, in these terms:

Under the federally aided public assistance programs, medical care is provided to welfare recipients under title XIX of the Social Security Act—popularly known as the Medicaid program. One of the significant components of the Medicaid program is the provision of prescription drugs to recipients of welfare and the medically indigent through prescribed drug vendor payment programs.

A significant amount of my time during my 2 years' work in the Department of Health, Education, and Welfare, has been spent reviewing various aspects of this program. As a result, several GAO studies and reports to the Congress have led to a study of many facets of prescribed drugs available in the marketplace which lie outside the realm of the welfare programs.

I assisted in supervising a review carried out by the San Francisco Regional Office and the Washington staff of the States' prescription drug pricing formulas and schedules of prices being paid to retail pharmacists for drugs prescribed for welfare recipients. The review resulted in a report to the Congress.

As a result of this and other GAO studies, the Comptroller General was invited to testify before congressional committees concerning economies which may accrue to the Federal Government through the use of formulary systems and the supplying of drugs by established name rather than brand name; and concerning proposed quality and cost control standards for drugs provided under the public assistance programs. I had the responsibility of gathering background data and developing information on which to base the testimony to be presented. In carrying out this mission I came into contact with various Government agencies who are involved in the purchase of drugs, with staffs of the Senate committees concerned, and with representatives of the national organizations who represent the pharmacists, the retail druggists, the manufacturers, and other members of the drug industry. Developing this material also involved attending hearings at which the responsible officials of other Gov-

VIEWS OF THE COMPTROLLER GENERAL

ernment agencies, the above organizations, and State representatives testified.

An interesting result of my work in the drug field was an opportunity to attend the national conference on the rising cost of medical care as a participant of the drug panel. Members of this panel represented the foremost leaders of the Nation in the area of drugs.

Presently I am involved in a review of Aid to Families with Dependent Children (AFDC), which is currently a subject of great national concern. The GAO was requested in September 1968, by the chairman, House Committee on Ways and Means, to assist in carrying out a special review of public assistance in New York which was to be conducted jointly by HEW and the New York State Department of Social Welfare. The review was brought about because of the substantial rise in public assistance caseloads and expenditures in New York City and the concern of certain New York Congressmen and other interested organizations that widespread ineligibility and over-payments of assistance might be increasing the costs of the AFDC program.

The role of GAO, which is different from its usual approach, is to monitor the special review at each of its stages and make suggestions to HEW designed to ensure that areas of interest to the committee are given adequate attention. The special review is segregated into three phases: The first is

- A sociological research project with the objective of answering the question of what accounts for the rapid rise in caseloads and expenditures;
- An independent redetermination of recipients' eligibility and amount of payment; and
- An analysis of the effectiveness of services of the New York Social Services Department in obtaining employment for AFDC cases.

In monitoring the review my role along with other staff members is to act as observer, reviewer, and make suggestions where appropriate as well as to keep the committee informed of the progress of the review. As part of the review HEW has entered into a contract with a nonprofit research organization.

It has been necessary not only to evaluate the HEW plans, but also to visit the offices of the contractor and subcontractors to evaluate their research designs.

A third illustration is Miss Carolyn J. Jackson, graduate of the University of Nebraska. Miss Jackson has the following to say about her 8 years' experience with GAO. I am again quoting substantially from her own account.

The variety of subjects which a woman auditor might be assigned to is almost endless. During the past 2 or 3 years one auditor has reviewed activities within:

- The Bureau of Employment Security (Department of Labor);
- The National Park Service;
- Bureau of Commercial Fisheries;
- Bureau of Sport Fisheries and Wildlife;
- Geological Survey;
- Bureau of Mines; and
- The Office of Saline Water (all in the Department of the Interior).

Miss Jackson has also been involved in an assignment involving the National Endowment for the Arts, National Foundation on the Arts and the Humanities.

While at the Bureau of Employment Security, she was involved in a review of the effect of the method of collection of the tax under which the Bureau operates. The inefficiencies found to be caused by the annual collection led to the exploration of the potential benefits that might be derived if the tax were collected on a quarterly basis. In pursuing this question, the auditor was involved in discussions with officials from the Treasury Department responsible for fiscal policies of the United

States, with officials from the Internal Revenue Service responsible for the collection of the tax, and with various officials within the Bureau of Employment Security.

In another assignment, Miss Jackson has been assisting in the review of the administrative practices within the National Endowment for the Arts. In this review, the approach was by necessity entirely different. In the tax review, it was possible to project the benefits that could be derived if the changes were made. However, in the review of the National Endowment for the Arts no project result can be predicted accurately and the decisions made by the administrators of the programs are based on their experience in the arts and their knowledge of the individual or organization under consideration for an award or a grant.

In yet another assignment she was concerned with the research activities carried out within five bureaus. During this survey the topics ranged from such activities in the earth sciences as finding new sources of scarce minerals and metals to developing new methods to use lower graded ores or new uses for the more plentiful minerals and metals.

In the fishery research areas the subjects ranged from methods used to investigate the decline of previously abundant fishery resources to the programs for developing fish farming in some of the midwestern States.

I could give you similarly detailed reports about the work of Mrs. Mary Converse, a graduate of Morris Harvey College in Charleston, W. Va., who works in our Washington Regional Office in Fairfax, and who has had interesting assignments involving the Environmental Science Services Administration of the Commerce Department, the Government Printing Office, and the Department of the Navy; or about Mrs. Gloria Mayer, graduate of the University of Kentucky, also in our Fairfax regional office, who has been particularly involved with the adjudication of claims against the Government and with the audit of 14 canteens from some 163 located in the Veterans Administration hospitals throughout the United States and Puerto Rico. But I believe that these are sufficient to give you the picture not only of the work of the women employed in our organization, but also the activities of the organization itself.

7213-16

Thoughts on Accounting and Auditing by GAO Regional Managers

GAO representatives frequently address non-Government professional groups on subjects of mutual interest and concern. Following are some thoughtful comments on accounting for not-for-profit activities and on management auditing excerpted from recent speeches by GAO regional managers.

By Stewart D. McElyea, Denver Regional Manager, at a Meeting of the Colorado Society of CPAs, Feb. 24, 1969

* * * There is substantial dissatisfaction both within and outside the profession with our rate of progress in devising solutions to many well-defined and generally recognized problems. I think it is also true that some of the prospective ways we need to be different are clearly apparent now, some we only dimly perceive, and others we don't yet have a foggy notion about. Regarding the particular concern which I want you to help me worry about—namely, accounting and not-for-profit enterprise—perhaps it will be useful to ask that you first consider with me the implications of the statement we sometimes use that “accounting is the language of business.”

* * * I believe it is fair to say that accounting is *not* the language of government; accounting is *not* the language of education; accounting is *not* the language of health sciences and services including hospital operation; accounting is *not* the language of the social sciences; and perhaps I have omitted other kinds of activity which should be included.

* * * Our best efforts as accountants in these fields of human endeavor record transactions and produce financial statements which are essentially meaningless in terms of the purposes of the activity. Usually the reports we provide are about receipts and disbursements, assets and liabilities, and source and application of funds. You might say that the best accountants can do is report what was received and spent, what is owned and owed, where it came from and where it went, none of which measurements have anything directly to do or say about how well we are governed, or educated, or healed, or have been able in other ways to relate ourselves to our environment.

Additionally, I must recognize that if my beliefs regarding the sad state of not-for-profit accounting have any validity, then I am also confessing that, in large measure, those of us who have been and are now involved have so far failed to produce the needed purposeful systems of accounting.

Well, so what?

Aren't we going along in great shape and won't the gross national product be almost a trillion dollars this year? And aren't we really making fine progress here in Colorado and elsewhere?

I don't think so insofar as we accountants have a responsibility to society for helping to account for the activities of not-for-profit managers. And I think it is important because as much as a third of that 900-plus billion dollar 1969 GNP is going to be devoted to and managed by the not-for-profit segment of our society. Additionally, to my knowledge, there just are not any *other* objective methodologies which account for and measure the success of these activities in the ways accounting performs for profit-motivated business. I believe that we literally cannot afford to continue that 300-plus billion dollar annual investment without at least beginning to develop systematic and better ways of measuring the performance of the managers.

Perhaps I am unusually sensitive to a need for greater precision, relevance, and objectivity in accounting for the activities of these not-for-profit managers, because in the General Accounting Office, we, as auditors, are continually faced with requests from the Congress for reports on how well management is doing in an almost unbelievably diverse field of activity—construction of the interstate highway system, the war on poverty, the war in Southeast Asia, the space program, operation of the Post Office * * *.

Assuming that some of you will agree that something better is needed for accounting, what can we do about it? Well, of course, the first necessity is active interest. We can all help to interest our researchers in the colleges and universities in these problems and one of the best ways to do this is for there to begin to be some financial support available to them for this purpose.

One of the best indicators I know of what is happening in accounting research is the listing or index appearing on the front cover of *The Accounting Review*. Certainly the articles appearing in that principal publication of accounting educators are the result of much of today's best accounting research activity and, I believe, are fairly representative of our *real* concerns about the future of accounting. It may also be that collectively over a period of time, they accurately predict the ways accounting will be different in that future, and that worries me because almost all of the research going on at our educational institutions is directed to the problems of profit accounting.

I suppose this condition is largely a result of there having been little available in the form of financial support for research of not-for-profit accounting matters. But I believe that it is also compelling evidence of a more fundamental problem which is that accounting has not convincingly demonstrated a capability to assist in the decisionmaking processes of government, education, and the health and social sciences in the same ways that it serves business.

* * * Although our methods of accounting for profit-motivated business have been developed over thousands of years, it is likely that the last 50 to 100 years have produced most of the important concepts and ideas in use today. Also, since we have demonstrated our ability to double our technology every 10 years, it seems entirely possible that our profession could rather quickly develop purposeful methods of

accounting for the activities of these not-for-profit managers so that their performance can be measured by objective standards.

Perhaps one of the most important gains produced by this new accounting would be an ability then to really compare the effectiveness of one social program with others, to view in something better than subjective and emotional terms the relative effectiveness of various similar governmental units, and I believe by so doing we would infuse all of these activities with the competitive drive found in business.

Then, as those of you who have them, go about your accounting and auditing engagements in not-for-profit organizations, I hope you will continually seek to enlarge the scope of your interests and the range of your service. For example, as external auditors, are you satisfied with and do you feel good about opinion statements which say little more than that the financial statements fairly present the recorded receipts and disbursements? Although I don't want to minimize the importance of accounting as a control device, may it not be true that what was *produced* by the activity in terms of its purpose is a better accounting objective than any degree of assurance that the resources were not stolen, misappropriated, or misapplied?

Finally, and to summarize, I do believe that accountants can devise meaningful ways of accounting for not-for-profit enterprise, and I do believe that accountants can devise means than to try to apply modified profit accounting methods. Our services to businessmen, and to others interested

in their affairs, provide information which is consonant with their purpose of earning a profit. Can we afford to do anything less in relation to the management of government, or education, or hospitals, or social programs, or wherever material amounts of our resources are being used?

I hope you will agree that the burden for change is on us accountants. Perhaps you will agree that it is unlikely that there will be any substantial agitation from outside our ranks for us to take on these tasks because, to this point, we have not demonstrated any particular ability to deal effectively with the problems * * *.

***By David P. Sorando, Cincinnati
Regional Manager, at a Meeting
of the Dayton Chapter of the
Institute of Internal Auditors,
Jan. 27, 1969***

* * * I have frequently been asked by agency and contractor representatives whether I feel qualified to review, evaluate, and offer a critique on the management of complex technical programs or specialized functions. It is not uncommon for trainees on entering our organization to raise the same kind of a question and to feel an element of doubt that they are or will ever be capable of conducting an effective management audit in areas where they have little or no technical training or experience.

In his book, "The Catalyst," William Travers Jerome III, addresses himself to this question in a discussion of the aspects of review and appraisal to the problems of top management control. It is some of Dr. Jerome's thoughts on

the contribution of the nonspecialist that I would like to leave with you * * *.

In many situations, the nonspecialist, such as an internal auditor, is capable of contributing to even the expert's fund of knowledge. The "tricks" involved are simple, yet important to know and understand. If they are properly understood, then a more productive relationship can develop between the operating manager and the outsider, be he a consultant, an internal auditor, or a management auditor, if you will.

Dr. Jerome discusses the distinct contributions of the nonspecialist in terms of several general characteristics which I will cover briefly.

Any successful activity has a systematic pattern of behavior representing the policies or practices that management has found successful; although this is not to say they cannot be improved upon. The outsider—the analyst, consultant, or auditor—seeks to identify the logic underlying a given situation. In most cases, expertness has no necessary bearing upon the situation, the only requirement would be an ability to use the analytical approach. Frequently the elements necessary for the solution of a problem exist in the everyday working environment. By applying the analytical approach, without necessarily relying on technical skills, the outsider frequently can more clearly identify the problem and suggest a solution. Therefore, the challenge for the nonspecialist is to identify what the pattern of behavior is or what it should be in a given situation.

It should be no cause for surprise or chagrin to operating personnel that

this challenge can be met by persons not directly involved with the problem situations. There are legitimate reasons why a nonspecialist, such as an auditor, can contribute solutions to problems, anticipate problems, and review and evaluate management performance. While some of these reasons may appear obvious they deserve study and understanding so that the auditor's competence will be accepted even where he is in a specialized area.

Internal auditors and other nonspecialists are often reminded that they have no responsibility and authority for the operations being reviewed, apparently in an attempt to discourage them from treading on the prerogatives of others or, more likely, to discredit their findings. However, it is this very situation—this lack of responsibility and authority—that enhances significantly the objectivity of the reviewer's analysis. The operating manager is committed to various plans and programs and in order to accomplish his mission he has had to take a definite stand. The reviewer, on the other hand, is not committed to any one way of doing things. It is difficult for the operating manager to admit the error of his commitment and he is therefore less likely to view a situation with the objectivity that the relatively uncommitted reviewer would have.

Any worthwhile analysis requires time: Time to make a thorough review, time to think things through, time to seek and evaluate alternatives, time to take a dispassionate view of the situation. The auditor, no matter how hard pressed he might be, still has more time for his analysis than does the operator or manager who is constantly involved

in the need to make day-to-day decisions promptly and who is suffering the never-ending distractions of daily activities. The operator is so consumed with the need to get the job done that he is severely limited in his ability to appraise his own deficiencies. On this question of time it may be that the auditor's most important contribution lies in forcing the manager to take the time to think about his job now, rather than at some indefinite future time.

Another important factor in favor of the outsider or nonspecialist is that in his analytical approach he is able to take "the broad picture" viewpoint. Operating managers tend to become highly subjective and parochial about their activities; they develop certain loyalties and there are bound to be personal involvements with those who are actually on the job. It is, therefore, difficult for operating personnel to look beyond the limits of their own environment to see "the big picture" and to think in terms of broad program or agency objectives. On the other hand, the nonspecialist, the auditor or outsider, does not suffer these subtle restraints. He will probably have been exposed to other operating elements of the program within the company or the agency. Therefore, he can pursue a more objective, freewheeling approach and his work will not reflect the prejudices of any vested interest on his part.

Another closely related factor in favor of the nonspecialist is his experience. With sufficient experience the auditor possesses a certain familiarity

with a variety of possible applications to a particular situation. The auditor can take the time to test or at least consider alternative methods known to be in use by others in similar situations. Perhaps the single most important question an outside analyst can pose is the question "why." To pose this question skillfully does not require the technical knowledge of a specialist.

Finally, an outsider's report or appraisal is frequently the best way to get the effective action needed. Frequently, management may be aware of a situation and may even recognize that there is a certain significance to the situation but these mean little without obtaining corrective action. In this respect, the result of a review and analysis, even by a nonspecialist, can be most effective if appropriate corrective action is gained. A wise manager will recognize the contribution that can be made by the outside auditor in correcting or preventing an undesirable situation, and will frequently use the leverage provided by an outsider's analysis, notwithstanding the fact that the outsider does not qualify as a technical specialist.

It is with these thoughts in mind and secure in the knowledge that our management audits in the past have been so successful that I can express my wholehearted commitment to the management audit approach as practiced by GAO. We are confident that in the years to come the management audit will be in universal use, not only throughout the Government, but in private industry as well. It is clear to me that the internal auditor should and will be in the forefront of this effort.

Career and Professional Development in the General Accounting Office

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SID

By William Kushnick and Leo Herbert

As the complexity of Government operations increases, GAO's professional staff members face the need to continually expand their breadth of knowledge and skills. This article outlines the principles and concepts of GAO's career and professional development program, the primary objectives of which are to improve the capabilities of staff members and thereby the professional competence of the Office.

The Problem of Changing Technology

During the past two decades, all of us have witnessed tremendous changes in population patterns, technological growth, and standards of education—changes commonly referred to as “The Population Explosion,” the “Knowledge Explosion,” and the “Education Explosion.”

Yet, what changes we have witnessed in the past may be rather insignificant compared to what we will encounter in the future. And with significant changes, comes the need to prepare to meet those changes.

Place yourself in the position of an executive in the next generation. Population will have doubled. Demand for housing, food, recreation, protection, fresh air, clean water, and other day-by-day necessities will have doubled or tripled. Knowledge of management practices, of technology, and of the be-

havior of man in the interaction of technology and management will have increased manyfold. At that time, the college graduate approaching his first position will have the equivalent of many times the knowledge that the college graduate has today. But, because technological information increases geometrically, his knowledge, obtained through the educational process, will be obsolete in a relatively short period of time after he goes to work unless he does something to keep up to date. How will he keep up to date with these changes as they affect him in his work and his profession?

If the college graduate finds himself in this dilemma, what happens to the person who has been out of college many years? What must he do to update himself? And what should his organization do to help?

In recent years, some of the more progressive governmental, industrial,

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and research organizations have been experimenting with programs to keep their scientific and professional staff members up to date in current knowledge and practice. For example, it has become necessary for the General Accounting Office to develop a career and professional development program for and with its staff members to meet its responsibilities of evaluating the multiple, complex, and changing activities of the Federal Government.

While the organization has a tremendous responsibility for helping in career and professional development programs, undoubtedly, the individual has the primary responsibility for preparing himself to meet the changing conditions he will encounter in the future.

GAO Training Policies

Generally, the Office has rather complete information on what training programs are needed by the staff member to prepare him to carry out his current responsibilities. Orientation training programs, midcareer programs, and more advanced programs in the technological, managerial, and specialized areas are given by the Office for its staff members.

Training given includes a 4-week program for the new staff member to orient him to the work of the Office and to acquaint him with the work he will be doing during his first year's employment. For the work he will be doing after the first year, he takes a more advanced program. This intermediate program—a 2-week course—is taken after he has been with the Office at least a year.

During his 3d to 5th year and beyond that, the staff member takes training of a more specialized and advanced nature, such as in management practice, financial management systems, program analysis, management theory and practice, and report development.

The Office arranges for the staff member to attend various college or university, institutional, or Civil Service advanced management programs of a more advanced supervisory nature when needed. Also, advanced courses of a specialized nature, such as planning, programming, and budgeting and automatic data processing, may be given to the staff member by specialized schools, universities, the Civil Service Commission, or equipment manufacturers.

However, much of the training and development needed is of such a nature that the staff member is better able than a centralized group to see what is required to meet the specific changing conditions he encounters. For this reason, it is much better for him to collaborate in his career and professional development.

Collaboration in Career Development Planning

How often it occurs that one is assigned to a program of continuing education and training without due consideration of the career interests of the assignee himself! It is not surprising to find from a sampling of any class a substantial number who admit that they do not know just why they were enrolled by their agency in that particular class.

The prevalence of such situations is not to say that one's superior or one's training director did not make considered judgments in his behalf with regard to what further development he needed either to improve his present performance of responsibilities or to prepare himself for higher ones.

When there is collaboration between the staff member, the supervisor, and the training director in determining the staff member's development plan, the more responsive will be the participating assignee and the more effective will be his application of the newly acquired knowledge and skill.

In a climate of such jointly planned development, it is less likely that one will be assigned to a training program only because he is most available at the time there is an opening in the course.

GAO has introduced a practice whereby the principles of collaborative planning will be used to design and execute a development program for each of its management auditors, grades GS-7 to GS-13.

GAO now is asking each of these professionals to think through what his own career objectives are, and what he is doing on his own to further them. This inquiry embraces career-related courses which he may be taking on his own in external educational institutions; activities in professional societies; and activities in technical paper preparation, presentation, and publication.

Additionally, the staff member is asked what development programming he would want GAO to provide him to accelerate his career progress. Here he

has an opportunity to express his own needs and interests in subject matter courses, in on-the-job coaching, in job rotation, in types of auditing assignments, and in any other way in which GAO might abet his career.

He is further asked to give his reactions to the rate of progress he is making within the Office.

The record of his entire self-analysis is structured in a form (see Form I) which the staff member—or, at the staff member's option, his professional development coordinator—completes and submits to a career counseling committee.

Obviously, the particular form used, or whether the form is structured so that the individual has some guidance in determining and accomplishing his career objectives, is of little importance. What is important is that the staff member has an opportunity to relate his own career objectives to the Office objectives, that he is given a part in stating what developmental programs he needs to accomplish his and the Office's objectives, and that he is properly counseled in his development plans and the means of accomplishing the plans.

Form I—career and professional development form—provides a structure which can be used to relate the staff member's objectives to the means for accomplishing those objectives. It also provides a basis for the career counseling committee to counsel the staff member on his plans.

Such a career counseling committee is appointed in each of GAO's major organizational units. The committee usually comprises the staff member's immediate supervisor; the director or

manager of the unit, or his assistant; and the professional development coordinator who is responsible for all training activities of the professional personnel of that unit.

The committee reviews each staff member's response and counsels him in an action plan for accomplishing his career and professional objectives. The committee blends into the plan the responder's expressed development interests with those which the committee believes will best serve both his and GAO's objectives.

The committee or its representative (usually the immediate supervisor) then discusses this plan with the staff member, and an action schedule, at least for the year ahead, is mutually agreed upon.

The committee's action plan is recorded on the inquiry form and a copy is furnished to the staff member. Another copy, with any special comments, is transmitted to the Office of Personnel Management in Washington for its use for planning GAO-wide training programs, both internal and external, and for monitoring participation according to the counseled action plan for each staff member.

The professional development coordinator of the staff member's organizational unit, however, is specifically charged with monitoring the action plan resulting from the discussions between the GAO auditor and his counselors.

Much of this development information also will be included in GAO's skills inventory—an inventory of the capabilities of GAO staff members—which is used for obtaining better

utilization and placement of GAO's professional personnel. Through this technique, the Office will be able to have more information on the types of skills acquired by an employee not only from Office training and on-the-job training but also from personal training and development.

Also, from this information the Office will be able more effectively to ascertain the types of courses needed by staff members and to correlate courses presently given and courses needed but not given.

This information can also be used in another of GAO's proposed management programs—that of Planning for Effective Performance—which is still in the experimental stages. In this program, each staff member initiates performance targets for himself and reviews these with his superior, and together they determine the best way of achieving these goals. When additional knowledge, skill, coaching, or any other development requirement is manifest in this collaborative performance targeting, the staff member's career development planning can be even more realistic in connection with his immediate and later training necessities.¹

Under GAO's career development planning program, the inquiry, review, and counseling cycle is repeated annually. Each year the staff member completes the inquiry form, recording on it particularly such development activities as he may have begun or completed during the previous year and any newly found needs. Each counseling

¹ See Herbert H. Meyer, Emanuel Kay, and John R. P. French, Jr., "Split Roles in Performance Appraisal," *Harvard Business Review*, January-February 1965, p. 127.

CAREER AND PROFESSIONAL DEVELOPMENT IN GAO

Form I

UNITED STATES GENERAL ACCOUNTING OFFICE
PROFESSIONAL AND CAREER DEVELOPMENT PLANNING
 GAO AUDITORS - Grades GS-7 thru GS-13

NAME		DIVISION OR OFFICE	GEOGRAPHIC LOCATION
POSITION	GRADE	DATE	OPSS-SD REVIEW DATE
EDUCATION		TRAINING IN GAO PRIOR TO THIS REPORT (Past five years)	TRAINING OUTSIDE GAO PRIOR TO THIS REPORT (Past five years)
DEGREE(S) _____ DATE(S) _____			
SCHOOL(S) _____			
PROFESSIONAL LICENSE(S) _____			
STATE(S) _____ DATE(S) _____			

YOUR SUGGESTIONS FOR YOUR PROFESSIONAL AND CAREER DEVELOPMENT

NOTE: Our policy is to stimulate, encourage, and assist you in your self-development efforts. This interest in creating and maintaining a favorable climate for self-development stems from a continuing desire and need to improve our staff capabilities to cope with the ever-increasing demands on our Office. It should be understood that the primary basis for promotion is current on-the-job performance and ability to perform at the next level. All of career and professional development efforts are directed toward enhancing your opportunities for increased responsibilities.

This form offers a systematic basis for periodically considering your professional and career development objectives, your achievements, your plans and suggestions for the future, and a self-evaluation of your progress. It can be filled in either by yourself or in consultation with your Professional Development Coordinator. After the form is completed, it will be reviewed by your Career Counseling Committee. A member of the committee will later meet with you and offer any appropriate suggestions. Further information on self-development is included in Chapters VII and VIII of the GAO Staff Development booklet, or you may obtain additional information from your Professional Development Coordinator.

A. EDUCATION OR TRAINING TAKEN IN ORDER TO ACCOMPLISH YOUR PROFESSIONAL AND CAREER OBJECTIVES.

1. FORMAL TRAINING COMPLETED OR STARTED IN THE PAST YEAR

2. WHAT ADDITIONAL FORMAL TRAINING OR EDUCATION WOULD CONTRIBUTE MOST IN HELPING YOU ACHIEVE YOUR PROFESSIONAL AND CAREER OBJECTIVES?
 a. DURING THE NEXT YEAR

b. IN FUTURE YEARS

3. WHAT ADDITIONAL NON-CLASSROOM TRAINING OR EDUCATION WOULD CONTRIBUTE MOST IN HELPING YOU TO ACHIEVE YOUR PROFESSIONAL AND CAREER OBJECTIVES?
 a. DURING THE NEXT YEAR

b. IN FUTURE YEARS

CAREER AND PROFESSIONAL DEVELOPMENT IN GAO

B. IN WHAT ACTIVITIES ARE YOU PARTICIPATING IN TO ADVANCE YOUR PROFESSIONAL OBJECTIVES:
1. PROFESSIONAL SOCIETIES (LIST PROFESSIONAL SOCIETIES, INDICATING WITH RESPECT TO EACH YOUR DEGREE OF ACTIVITY)

2. OTHER ACTIVITIES (LIST YOUR OTHER ACTIVITIES, SUCH AS SPEAKING TO CLUBS, CLASSES, OR OTHER GROUPS OR WRITING ARTICLES. ATTACH COPIES OR OUTLINES OF ARTICLES PUBLISHED OR SPEECHES GIVEN, IF AVAILABLE)

C. EXPERIENCE ON THE JOB RELATED TO ATTAINING YOUR CAREER OBJECTIVES:
1. WHAT ASSIGNMENT(S) COMPLETED OR IN PROCESS HAS/HAVE BEEN THE MOST CHALLENGING TO YOU DURING THE PAST YEAR?

2. WHAT SPECIFIC ASSIGNMENT(S) HAS/HAVE BEEN THE MOST SATISFYING TO YOU PERSONALLY?

3. WHAT TYPE(S) OF ASSIGNMENT(S) APPEAL(S) TO YOU LEAST? MOST? WHY?

D. HOW DO YOU EVALUATE YOUR PROGRESS IN ATTAINING YOUR PROFESSIONAL AND CAREER OBJECTIVES?

E. CAN YOU IDENTIFY ANY OTHER WAYS IN WHICH YOUR CAPABILITIES COULD OR SHOULD BE STRENGTHENED TO ENHANCE YOUR CAREER OBJECTIVES IN THE GENERAL ACCOUNTING OFFICE? IF SO, CAN YOU SUGGEST WAYS IN WHICH THE OFFICE COULD ASSIST YOU?

F. ACTION PLAN

SIGNATURE (Staff Member)

DATE

SIGNATURE (Career Counseling Committee Member)

DATE

committee reviews the form and suggests, if needed, additional development action for the staff member to consider and follow for the ensuing year.

By this yearly process then, we have collective judgment and constructive planning for each individual's development. Should a staff member's self-analysis response reveal high career development aims, when current performance is minimal, collaborative planning provides a comfortable occasion to stress the necessity for concentrating on present training needs.

Although GAO's career development planning program aims to provide every one of its professional employees an opportunity to progress in his career by individualized and systematized development planning, there will be some whose further promotion possibilities are limited, even though present performance is satisfactory. Frequently the self-analysis yields the acknowledgment of this fact by the responder himself. When that does not

occur, the counseling process helps to soften the impact of that management determination. On the other hand, the greater objectivity achieved by use of the counseling committee sometimes will enable the discernment of higher career potential than the staff member may have been given credit for previously.

Summary

In summary, the essence of GAO's current management practices lies in increasing personal involvement by its staff members in planning, reviewing, and other staff development activities. Professionals particularly find high motivation for performing at their best levels of competency when they participate actively in shaping their own career development programs.

Only time will tell all the values of the program; however, we have found that, once started, the staff members want to continue their personal participation in the program.

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An Opportunity for Career Development

By Robert W. Hanlon

This article is designed to give staff members greater insight into the advantages of career planning and development.

David R. Hampton in his book on "Behavior Concepts in Management" stated:

Most managers do not participate in decisions which affect their careers nor do they have a large voice in the kind of self development in which they wish to participate.

A manager who finds himself in this situation is merely a puppet insofar as the development of his own career is concerned, and his development is controlled entirely by his superior's pulling the strings. Fortunately for us this situation does not exist in GAO. GAO, like many organizations in private industry and in Government, is offering its employees the opportunity of a lifetime—the opportunity to select the area in which they want to participate and to develop their career development program accordingly.

An effective career development program requires enthusiastic support of the employer as well as the employee. Furthermore, both parties must work together harmoniously—considering the interests, ambitions, and past performance of the employee and the goals

of the employer—to develop a career program for the employee. It is hoped that the ideas of career development planning presented in this article will be of assistance to employers, counselors, and employees involved in career development planning.

Need for Career Development

A distinguishing aspect about the era in which we live is the constantly accelerating rate of change—population explosions and advances in education and technology. In this regard, the increased expenditures in research since World War II have produced new technologies and new knowledge at an extremely rapid rate and we are hard pressed to keep up with it, let alone know how to use it effectively. This fast-moving and progressive society demands that each professional carefully determine his career development goals and obtain the experience and knowledge necessary to attain these goals.

To enable us as individuals to meet the responsibilities of tomorrow, re-

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ardless of where we stand on the organization ladder, we must generate greater personal concern for career development. Our reasons for career development may be different, and each of us may see the need for career development in a different light, or we may not even be conscious of the need for a continuous program of career development. Although we all want the benefits of increasing income and expanding prestige which are derived from career development, there are those who expect these benefits to come more or less automatically with length of service and see no reason to do anything about their own career development.

The extent to which an individual develops and the manner in which an individual prepares himself to meet the challenges of tomorrow are problems that must be faced today. Furthermore, it is the individual's responsibility to see that he is continuously developing the skills and abilities necessary to attain the career goals which he himself has established. In this regard the individual must get involved in establishing his goals, establishing a program of self-development and improvement, and implementing that program for himself. His superiors can furnish advice and offer suggestions, but *the implementation of a career development program is a personal responsibility*. However you look at it, the individual who aspires to increased responsibility must see to it that he is involved in a continuous career development program so that, when the opportunity presents itself, he will be well prepared to undertake the new responsibilities.

George W. Bricker, Jr., as a vice president of Celanese Corp. of America, set forth the elements of a self-development program basically as follows:¹

1. Set the goals.
2. Appraise your present status with regard to your need to reach these goals.
3. Choose the means for satisfying those needs.
4. Set aside time for study, whether it be specific courses or regular reading.
5. Put what you learn into practice.
6. Continuously reappraise your achievement.

Need To Develop Appropriate Career Goals

There are countless professionals attending evening courses at colleges and universities. The sacrifice in time and effort by these people, I believe, demonstrates their desire to prepare themselves for the challenges of tomorrow. However, in discussing career development with several of these people in Government and in private industry, I have found that in most cases their reasons for participating in career development activities are not related to what I would consider appropriate career goals. In this regard, they have not given sufficient thought to the determination of their career goals—either they have not considered establishing career goals or they have established career goals that are inappropriate. Most often they consider

¹ "The Individual's Program for Self-Development," *Advanced Management Journal*, September 1958.

a promotion or a certain position or salary as a goal; however, this type of goal can be self-defeating. Advancement in an organization or salary increases are rewards for serving well—yardsticks toward the achievement of goals—but not goals in themselves.

Furthermore, I found some people who are pursuing career development activities on the theory that the certificates or degrees will in themselves justify advancement. However, advancement within any organization should be on the basis of performance on the job, not on the basis of education, degrees, or honors received. Ideally, the man with more education should advance further and faster than the man with less education. However, this is not necessarily so. The individual with more education will advance further and faster only to the extent that his additional education is related and is applied to his work.

Planning a career development program is not an easy task. The initial challenge in planning such a program is the development of an appropriate career goal. A career goal should be conceived in terms of offering services to an organization that will aid the organization in meeting its goals in a more efficient and effective manner. One should therefore concentrate on things that produce advancement rather than on advancement itself. Examples of appropriate goals are: (1) to fully develop your capabilities as an auditor, (2) to fully develop your capabilities as a manager, (3) to develop your capacity to grow, and (4) to be prepared to accept and deal with change.

Need To Develop a Career Development Program

After you are satisfied with the career goal you have established for yourself, you should establish, with the aid of counseling, a career development program—a program that will provide the knowledge that will enable you to progress toward the attainment of your career goal. I believe the decision on what knowledge you should acquire may be made in one of two ways.

This first method I will call the specialist method. It requires that you perform a careful analysis of your areas of interest together with an assessment of the direction in which your organization is moving. To perform this analysis effectively, you should obtain counseling. For example, if one of your principal interests involves an area of work that you like but the office is de-emphasizing, heavy concentration in this area could very well be a waste of time. On the other hand, if there is expected to be an increased amount of work in the field of data processing but this subject matter is of little interest to you, you should probably not concentrate too heavily in this area. In this respect, your career development program requires your enthusiastic support and, if you select an area for study that is not of particular interest, progress toward your career goal will be limited.

The second method of developing your career development program is the generalist method, which I believe for most people is the best method. In our profession I believe that, except for a few who choose fields of specialization including data processing, opera-

tions research, or mathematics, most of us will find our greatest opportunity as generalists. This requires that you obtain a working knowledge in a variety of specialty fields including auditing, economics, public administration, and management.

To enable you to evaluate your progress toward your career goal, I suggest that, after you have developed your career development goals and your career development program, you establish short-range objectives or milestones to enable you to measure your progress. If you find that on your own initiative you are not progressing satisfactorily toward your career goal, you may wish to obtain further counseling. At any rate, you should obtain counseling on your program once a year at a minimum.

Management Must Assist in Career Development Programs

There are personal skills that, if acquired, will make it possible for an individual to do his job better. The development of these skills may take place as the result of guided experience on the job, outside reading, or through formal classwork. How much of these personal efforts should be left to the individual to initiate and pursue and to what extent should his organization intervene?

Career Development Goals Should Be Related to Goals of the Organization

Many management development programs are truly self-development programs, whereby career development is left entirely up to the individual. The

problem with this type of program is that generally the individual cannot effectively develop his career on his own. Although a man's initiative, desires, and energy are of great importance, there are considerations within his environment not under his control that must be recognized in developing an effective career development program. In other words, the individual is not the complete master of his destiny, and the success of a career development program will depend on a combination of the individual and his environment. To be effective, a career development program must be related to the goals of the organization and must consider gaps in an individual's performance, both of which require assistance from within the organization.

There are many circumstances outside the individual which have a material bearing on a successful program of career development. For example, where is the organization going? What type of work can I expect to be doing 1 year—or 5 years—from now? What will I need to know to do that job better? Help is needed from your organization to answer these questions. In this regard, misdirected career development may be no more helpful than no career development at all.

Many of the executives of successful large businesses in the United States who rose through the ranks to head large concerns came from humble backgrounds. These success stories entice individuals to pursue self-development activities. The problem is, however, that, when self-development activities fail to consider the relationship of the studies to specific work as-

signments and/or fail to coincide with the objectives of the organization, the individual may fail to attain his ultimate and possibly his immediate objective.

**Career Development Planning
Should Consider Past
Performance**

In any career development program there is a need to assess the potential of the individual concerned and to determine the pace at which the individual can go forward. The career program not only is concerned with performing tomorrow's job better, but is also involved with performing today's job better tomorrow. In this regard, an effective program of career development must consider weaknesses that exist in an individual's work performance. For example, if effective writing can be expected to be an important part of the individual's job responsibility for some time to come but he has difficulty in writing, then his program for career development should include means for improving his writing.

The individual also needs an outside observer, a counselor, to recognize his strengths. Modern writers on manager

development such as Peter Drucker in "The Effective Executive" say that the individual should use his strengths. In this regard, you cannot attain your goals by overlooking the best that is in you. Furthermore, the best in each individual must be recognized and applied in ways that will help in providing a satisfying and growing life that expresses unique excellence. Unfortunately, an individual often is not objective about himself and therefore needs an outside observer to identify his strengths for him.

Conclusion

When an organization fails to meet the demands placed on it, its effectiveness will be limited. In our rapidly changing society, we as individuals must face up to the need for change or as individuals we will not be able to cope with the responsibilities and challenges of tomorrow. The General Accounting Office has a continuing obligation to meet tomorrow's challenges, and, through enthusiastic staff support of the GAO career development program, tomorrow's challenges will be met.

A Senior's Look at On-The-Job Training

721349

By Eugene G. Horwitz

Two articles in the Winter 1968 issue of the *GAO Review* discussed the supervisory review of working papers and the role of the supervisor. This article continues upon those thoughts with a discussion of the onsite senior's responsibility in the training and development of staff members.

The training and development of staff members is a fundamental responsibility of every supervisory auditor. In one way or another, training is responsible for many acts of behavior in which people engage when at work. It prepares us, when combined with practice and experience, to adapt to the challenging demands of our environment.

On the basis of my experience as a senior, I have found that the benefits which may be derived from a good on-the-job training program far outweigh the senior's time expended in administering it. Therefore I would like to share some of my ideas concerning training in hope that other seniors may find some useful information which would assist them in discharging their responsibilities as supervisors.

The word "training" may have a different connotation to each of us. In this article, however, "training" includes such actions as instructing a new staff member on how to prepare his work papers in accordance with Office policy to counseling him about sources

of information which he may pursue in developing his ability as an auditor and as a future supervisor. Training, in this sense then, includes the communications from the senior to staff members that provide them with an opportunity to perform their jobs better, to develop professionally, and to understand what is expected of them.

On-the-job training, which is training by doing, where the staff member produces while he learns, is the method which most often falls within a senior's responsibility and control. The discussions in the following sections of this article describe (1) some of the major objectives of on-the-job training, (2) assessing training needs, (3) administering a training program, (4) evaluating the program's success, and (5) evaluating the senior's performance as a trainer. It must be realized that there are no magic training methods which fit every situation; but, instead, each training need has to be evaluated in light of related environmental factors in order to determine the best course of action.

Mr. Horwitz is a supervisory auditor in the Los Angeles Regional Office. He joined GAO in 1965, after receiving a B.S. degree in accounting from California State College at Long Beach.

Objectives of Training

Training prepares people to do their jobs well. It develops the skills that make for timely and effective work, the knowledge that makes for intelligent decisionmaking, and the attitudes that foster cooperation between fellow members of the audit team.

The tangible benefits of training include:

1. An increase in productive work by improving the skills of staff members;
2. A reduction in required supervision time;
3. Improvement in the quality of work by encouraging compliance with technical standards of performance;
4. Maintenance of staff attitudes which encourage individual self-development and promote actualization of the individual's own personal goals; and
5. Preparation of staff to assume supervisory positions.

Assessing Training Needs of Staff Members

The senior should determine where an investment of his time in training of staff members may be most profitably made. An evaluation of past results of the staff's performance in such matters as the application of technical procedures, or the organization of subject matter on individual workpapers, will provide some meaningful clues for needed training. In addition, careful review of future audit plans as they translate into changes in requirements for the number and/or duties of pres-

ent audit staff will also provide information about training needs.

The training needs of staff members may be analyzed by (1) a systematic collection of data about job tasks, their specific objectives, required skills and knowledge, and attitudes which the jobholder must have, and (2) an evaluation of the performance of individuals to determine whether the performance is up to expectations and a determination of whether and how current staff members may improve their performance through appropriate training.

Planning and Conducting Training To Meet Assessed Needs

Training plans should provide for a continuous broadening of knowledge for all staff members in the skills and attitudes which they require to perform effectively. In line with the determined training needs, the senior should (1) carefully explain the job or methodology to individual staff members, including the sequence in which tasks should be performed, (2) allow an adequate amount of time to explain each step, demonstrating the procedures and encouraging questions as he goes along, and (3) have individual staff members explain the prescribed tasks and duties as they perceive what is expected of them. After the senior is assured that the staff members understand what is expected of them, he should allow them to perform their duties by checking on their performance from time to time and by gradually tapering off the degree of

supervision as they become more proficient.

Evaluating Effectiveness of the Training

Planning the training and placing it into operation are only the initial processes of on-the-job training. It is necessary to provide a means for continuously monitoring the effectiveness of the training to ensure that it is periodically readapted to the changing needs of the individuals and the audit as a whole.

Evaluating the effects of training consists primarily of performing "before and after" measurements of the indicators of effectiveness in individual performance and the audit. This evaluation may be accomplished by the following steps:

1. Discussion of the training with the staff members for the purpose of obtaining their ideas on any training needs which are not being fulfilled.
2. Determining the extent to which staff members have learned the principles and techniques which they are expected to understand and apply.
3. Measurement of the impact of training on an audit basis, such as overall increases in quality or quantity of total performance, improved working paper organization or content, better development of information supporting opinions, or improved accuracy.

To ensure that all training needs are being effectively met, it is important that the senior creates an atmosphere for free exchange of ideas with his

staff members. In essence then, the evaluation process should provide a continuing cycle of defining training needs, determining how these needs can be satisfied, and taking action to meet these needs.

Evaluating the Senior's Performance as a Trainer

Where does a senior start in developing his capabilities as a trainer? First, he should examine his own past performance. To facilitate this I have included a series of questions which the senior may ask of himself. A negative answer to any of the following questions indicates that an essential element of an effective training program is absent and identifies where the senior needs to improve his performance as a trainer.

1. *Assessing staff training needs.*
 - a. Do you analyze the results of past operations, looking for such things as wasted effort or poor performance, for clues of needed training?
 - b. Do you review future plans as they translate into requirements for the number and/or duties of the present work force?
2. *Design and operation of the training program.*
 - a. Are *all* your staff members receiving training?
 - b. Have you made an effort to become cognizant of the various training methods available to you and of the advantages and disadvantages of each?
 - c. Do you use a variety of appropriate training methods to con-

- tinuously educate staff members in skills, knowledge, and attitudes?
- d. Have you demonstrated your commitment toward training your staff, including provision of adequate time and a climate where training may operate?
3. *Evaluating the program's effectiveness.*
- a. Are you consciously monitoring the effectiveness of your training by means of "before and after" measurements?
- b. Are the results of your evaluations used to readapt the training to the changing needs of individuals and the audit?
- c. Is there a means for feedback

between the staff and you to ensure that problems are solved and needs met?

Conclusion

Each senior must decide for himself where he needs to improve his program for on-the-job training of staff members. In making this decision, he should realize that, if his staff members are to work at their maximum level of effectiveness, they must know what is expected of them. It is, therefore, a fundamental responsibility of each senior to consciously identify the performance which he expects of his staff members and to provide his staff with any guidance they may require to meet these expectations.

721350

GAO Review of the Economic Opportunity Programs

One of the most comprehensive, complex, and difficult examinations ever undertaken by GAO was that directed by the Congress when it enacted the Economic Opportunity Amendments of 1967. This act directed the Comptroller General to investigate the programs and activities financed under the Economic Opportunity Act to determine (1) the efficiency of their administration, and (2) the extent to which they achieve the objectives set forth in the authorizing legislation.

The Comptroller General's summary report on this examination was submitted to the Congress on March 18, 1969. This was followed by five related reports prepared by an independent contractor, Resource Management Corp., Bethesda, Md., on special aspects of the examination it had been engaged to assist on. In addition, about 50 supplementary GAO reports are being prepared for submission to the Congress on the detailed examination work performed at specific locations.

This examination pertained to an important national program commonly referred to as the war on poverty. Because of the controversial nature of the program as well as the nature of the examination GAO was directed to make, the GAO summary report received widespread attention.

The *Review* includes in this issue a selection of excerpts of explanatory

and evaluative commentary about this work.

By Gregory J. Ahart, Deputy Director, Civil Division, at Conference on Federal Affairs Sponsored by the Tax Foundation, Inc., March 25, 1969

About 15 months ago, in the 1967 Economic Opportunity Amendments, the Congress threw the Comptroller General two very tough questions. With reference to the various programs authorized by the Economic Opportunity Act, the Congress directed him to determine.

(1) the efficiency of the administration of such programs and activities by the Office of Economic Opportunity and by local public and private agencies carrying out such programs and activities; and

(2) the extent to which such programs and activities achieve the objectives set forth in the relevant part or title of the Economic Opportunity Act of 1964 authorizing such programs or activities.

If you are at all familiar with these programs, and particularly if you have read the excellent report on them which was published by the Tax Foundation in December, you will appreciate the enormity of the task we have been struggling with for the past 15 months.

As you know the actual operation of the war on poverty was carried out by several departments and agencies besides OEO. Programs were delegated

to the Departments of Labor; Health, Education, and Welfare; and Agriculture. The Small Business Administration also played a part.

Our review was directed to each of the principal economic opportunity programs and included in-depth field examinations of the programs at selected locations, a survey of prior evaluations made by others, and to the extent possible, economic and statistical analyses of available data relating to the operations and results of the programs.

We were assisted in our work by three outside contractors in the areas of analyzing available data and previous evaluations, assessing information needs and information availability, and interviewing program participants and others to obtain information about the programs.

We were also assisted by individual consultants with expertise in manpower training and development, education, health, and other areas. These individuals helped us principally in developing criteria and standards by which program results might be measured and in critiquing the conclusions and recommendations which grew out of our work.

It was a massive and difficult undertaking. Our summary report was issued to the Congress on March 18, just a week ago today. This report will be followed by many supporting reports covering our field reviews of individual programs at specific locations. Also, reports prepared by our contractor on economic and statistical analyses and other aspects of the war on poverty will also be available.

Time today will not permit an adequate discussion of the findings, conclusions, and recommendations which grew out of our study. But I would like to mention some of the things we had to consider in evaluating the efficiency with which the programs were administered and in evaluating their effectiveness. I would also like to discuss briefly certain of our conclusions and recommendations concerning the planning, coordination, and evaluation of Federal antipoverty efforts.

The accomplishments achieved under the Economic Opportunity Act must be appraised in the light of certain difficulties encountered by OEO and the other agencies involved. These difficulties include:

- The urgency of getting programs underway as quickly as possible.
- Problems in the development of a new organization and in obtaining experienced personnel.
- Problems involved in establishing new or modified organizational arrangements at the local level.
- The delays and uncertainties in obtaining congressional authorizations and appropriations.
- The problems of working out relationships with other agencies and with State and local governments.
- Lack of consensus as to the meaning of poverty.

Achievements of the programs authorized by the act can be assessed only in judgmental terms. This is so for several reasons some of which I have already mentioned: The programs are new; they deal with such intangible concepts as the social levels of disadvantaged people; they impose require-

ments and are subject to conditions which are not amenable to reliable, and in some cases any, quantitative measurement. More specifically:

- Criteria is lacking by which to determine at what level of accomplishment a program is to be considered acceptably successful.
- The methods for determining program accomplishments have not yet been developed to the point of assured reliability.
- The large volume and variety of pertinent data necessary to ascertain program results have been and still are either not available or not reliable.
- Program results may not be fully perceptible for many programs within a relatively short time frame.
- Other programs—Federal, State, local, and private—aimed at helping the poor, as well as changes in local conditions—employment, wage scales, local attitudes—have their effect upon the same people who receive assistance under the programs authorized by the act.
- Amendments to the act and revisions in agency guidelines at various times have necessitated redirection of programs and other changes, which have affected the progress of programs in the short run.

A basic objective of the Economic Opportunity Act was to strengthen, supplement, and coordinate efforts to provide to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity.

Included in this basic objective was coordination of the programs authorized by the act with one another and with related programs administered by other agencies. This coordinating task was assigned to the Economic Opportunity Council created by the act and to the OEO, the former having the dominant role.

The Council has never functioned effectively and as recast by the 1967 amendments to the act has not been established.

OEO, preoccupied with setting up the machinery to get a new agency started and then with its responsibility for initiating and administering programs authorized by the act, was not able to devote as much effort to its coordinating function as that function demanded. This coordinating task was made difficult by the necessity of OEO's influencing the actions and policies of older established agencies; as a consequence, effective coordination has not been achieved. It was our conclusion that effective coordination cannot be achieved under the existing organizational machinery.

On the basis of our study and other experience with the antipoverty efforts of the Federal Government, we believe that a central staff agency is needed to carry out overall planning, coordination, and evaluation responsibilities with respect to antipoverty efforts. This agency, to be effective, would require the full support of the President.

Our report contains our recommendation that such an agency be created by the Congress.

Our report also contains many conclusions and recommendations con-

cerning the various programs covered. I might mention that OEO is in agreement with many of these conclusions and recommendations.

***From Statement by Senator
Winston L. Prouty of Vermont,
Congressional Record,
May 13, 1969***

This is the most factual and in-depth study that has been made of OEO and of the Job Corps program. I remember our 1967 hearings on poverty programs when many of us on the Labor and Public Welfare Committee were frustrated over our inability to ascertain specifics and facts with respect to the operation and administration of many of these programs. Generally, the people who appeared before us as witnesses said, "Give us more money and we will do a better job."

This study by the General Accounting Office, which incidentally was undertaken as the result of an amendment I offered on the floor of the Senate, included not only personnel of the General Accounting Office but also numerous other individuals, as well. I shall not undertake to read all of their names, but they appear in the GAO report to Congress. To assist in this examination the General Accounting Office engaged the services of three firms under contract: Resource Management Corp., of Bethesda, Md., Peat Marwick, Livingston & Co., of Washington, D.C., and Trans Century Corp., of Washington, D.C., and many individuals, all of whom had great expertise in various related fields.

***From the Journal of
Accountancy, May 1969***

The accounting profession faces an awesome task in seeking to measure the effectiveness of social action programs. This became clear with the publication last month of the most massive study yet undertaken to evaluate the progress being made in the federal government's war on poverty, or, as it is known officially, the "Economic Opportunity Act of 1964."

Although the GAO made many far-reaching recommendations for sharpening the attack on the problems of poverty, the government auditors readily conceded that they were in uncharted seas when it came to making a precise management judgment about the cost effectiveness of the total federal expenditure for assistance to the poor. This total stood at \$9.8 billion in 1961 and by 1968 had grown to \$22.1 billion. However, the funds appropriated for programs administered by the Office of Economic Opportunity in fiscal 1969 amounted to only \$1.9 billion.

With respect to the role it is playing in the evaluation, the GAO said that "we were directed to formulate judgments as to the extent to which the Office of Economic Opportunity's antipoverty programs are achieving the objectives set forth in the act."

The GAO said that the "task is an extremely complex and difficult one. The methods of evaluating social programs such as these and the indicators of progress or accomplishment are not well developed or understood."

Looking toward a future when the efforts to combat poverty will be expanded, the GAO added:

"We recognize that, as the scope of governmental activity broadens and as the complexity of governmental programs increases, the Congress is recurrently confronted with the necessity of appraising accomplishments that cannot be measured in terms of dollars expended or in terms of such tangible yardsticks as the number of miles of road built or pieces of mail delivered.

"We recognize that it is essential that efforts be made to develop new yardsticks of effectiveness to meet the needs of the Congress."

The GAO used the services of three non-government contractors in the study: Resource Management Corporation, of Bethesda, Md.; Peat, Marwick, Livingston & Co., of Washington; and TransCentury Corporation, also of Washington.

Resource Management was asked to conduct economic and statistical studies of anti-poverty programs and in the process made assessments of the usefulness of national data

banks, available evaluation criteria and methods, and the numerous evaluation studies that have been conducted.

Peat, Marwick, Livingston assisted in reviewing the information systems relating to the war on poverty and TransCentury conducted interviews among participants in the programs. The GAO also consulted with a number of educators and other specialists to advise on the programs under review.

The GAO said that its problem in evaluating the programs was made doubly difficult since Congress sought dual judgments, i.e., a determination of the efficiency of administration and the extent to which the programs are achieving the objectives of the legislation.

"These are not mutually exclusive," the GAO said. "The quality of performance of many administrative functions has a direct bearing on the extent to which the economic opportunity programs achieve their objectives."

Although there is an urgent demand for "timely and reliable quantitative data" from thousands of fund spending points throughout the nation, the GAO said that "for the most part, needed data were unavailable, incomplete, or of doubtful reliability at the local levels and/or at the regional and headquarters offices of the federal agencies responsible for the economic opportunity programs."

The Office of Economic Opportunity tried to remedy this shortcoming in 1967 by setting up machinery to supply data of the sort sought by the GAO. But, the GAO concluded, "this system has not been successful principally because of certain basic faults and because of failures in reporting by local bodies."

The failure stems partly from the fact that prior to the legislation in 1964, little had been done about developing criteria for judging the programs and there still exists "a serious lack of agreed-upon criteria."

The GAO pointed to an observation made by one of its consulting firms that "when one drops below the level of the overall goal of alleviating poverty one discovers that the objectives of poverty programs are mixed, embracing economic and noneconomic, specific and vague, and approximate and ultimate objectives. In fact, low income itself is only an indication of deeper problems that may have

social, psychological, medical, legal, educational and political ramifications."

The major recommendations made by the GAO for reforming the antipoverty drive focus on management techniques. About the aims of the poverty war, there is broad agreement between the GAO and the Office of Economic Opportunity, although the GAO, observing that the Job Corps has not achieved success, said it doubted if "the resources now being applied to this program can be fully justified."

From the Government Executive, April 1969

* * * the GAO report on OEO programs is a studied, evaluated report. It does not make sweeping condemnations any more than it makes acclamatory evaluations of the effect of the several programs that comprise OEO. It is a measuredly temperate document, damning seldom, condoning some and acclaiming selectively—based solely on dedicated detachment—which, in itself, by its very nature, is an impossibility, considering the emotional ingredients involved. It does point out weaknesses, as will others in subsequent (some 50) follow-on reports.

Views of the National Association for Community Development

Excerpts from position paper adopted in May 1969 by Board of Directors of this association

Our overall feeling is that although we may not agree with the entire report, it is a rather good job and shows a new level of competence and a new sense of social awareness on the part of the General Accounting Office which has not always characterized it in the past.

The National Association for Community Development originally viewed the Congressional mandate to the General Accounting Office to conduct an investigation of Economic Opportunity Act programs as a most important review. GAO reports have tended to be critical without sufficient understanding of the problems or to be somewhat calloused to social and human concerns. We recog-

REVIEW OF ECONOMIC OPPORTUNITY PROGRAMS

nized the great respect in which the Congress holds the GAO and thus knew that the conclusions reached by the GAO would have a great bearing on the future of the anti-poverty program.

It is indeed unfortunate that early press leaks on the report gave it a somewhat unfair image. Although we obviously do not agree with all of the conclusions of the GAO, we did find it a reasonable and honest effort to review not only Economic Opportunity Programs but to assess in the process the tools available for evaluation. The report is relatively balanced and contains some justifiable praise as well as criticism of anti-poverty efforts. We agree that anti-poverty activities, for example, have been uncoordinated but we share GAO's point that OEO controls only a small percentage of anti-poverty program funds and thus, without active White House support and involvement, could not have been expected to master a challenge which has faced the Federal government in every program front for decades.

The report also recognizes—and wisely so—that some evaluation questions cannot yet be answered, and that there is a clear and continuing need for innovative exploration and new program approaches. We concur that some program approaches have been greatly handicapped by fund allocation, administrative and legislative procedures which are a part of our National and State grant-in-aid structure, and which do not offer a true test of program effectiveness.

In essence the report makes these major points:

- The anti-poverty programs are dealing with very difficult problems—far more difficult than we have been aware of.
- OEO is but a small part of the Federal government's total effort to cope with these problems.
- This country has developed programs and services which serve certain needs but do not reach the fundamental causes of poverty. Many well-established programs play a helpful role, perhaps, but

they will not be ultimately successful on their own.

In considering the areas in which the GAO recommends improvements, we must first note that a call for improvement is not in itself a criticism but rather the identification of an aspect of relative weakness. We, however, do not concur with the recommendation that income eligibility is a constructive program tool. Income eligibility becomes a new game or barrier to effective services to people which constantly diminished their dignity and reminds them of the "we" and "you" of local community action. Barriers are not needed. They exist already and must be diminished, not built upon.

Many of our members have long complained about the negative impact which unrealistic time frames and lack of continuity have had on program effectiveness. Many have argued with other evaluative institutions that more time is needed, and better data is required, and that new forms and areas of research must precede evaluation on which great significance or reliability can be based.

NACD particularly agrees with the need for stronger planning but notes that that planning must be realistic and relevant, particularly where the planning is taking place in the context of a social change institution. * * *

In conclusion the willingness of such a highly respected body as GAO in accepting and supporting the participation of the poor in anti-poverty efforts and in recognizing the valuable contributions being made by Community Action Agencies is encouraging to us as it should be to the President, the Congress, and the Nation.

Perhaps having demonstrated the ability to develop insight and restrain itself from a purely "audit" approach, the GAO, with Congressional blessing, should now extend its efforts and begin a similar review to other Federal programs which deal with problems of the disadvantaged such as Title I of the Elementary and Secondary Education Act.

7-2-351

Training in Statistical Sampling Techniques

On May 7-9 and 12-14, *Frank Gentile*, senior statistician in the Office of Policy and Special Studies, conducted two statistical sampling workshops in Denver for members of the Denver Regional Office. Over 80 persons attended these workshops, including 13 from other Federal agencies and one from the Colorado State Auditor's office. On behalf of the entire regional office staff, the Denver Regional Manager, *Stewart D. McElyea*, cited Mr. Gentile's conduct of these sessions as an "outstanding job."

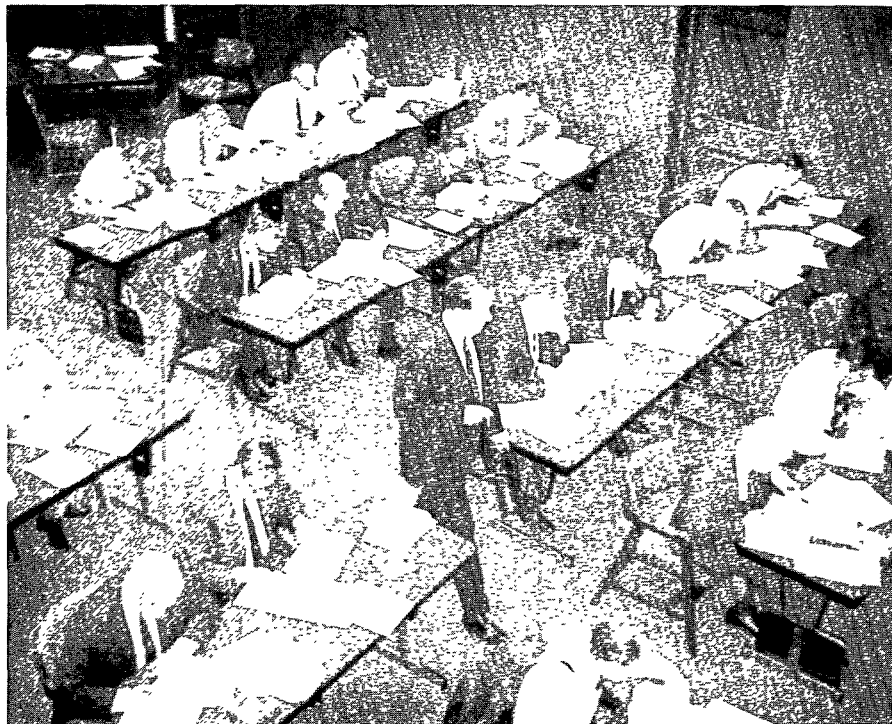
Previous workshops in this subject provided for GAO regional staffs were held in St. Louis, Mo., December 10-11, 1968; Kansas City, Mo., December 12-13, 1968; and Indianapolis, Ind., March 5-7, 1969. *Louis L. Fink*, also of the OPSS statistical staff, assisted in conducting the Indianapolis session.



Participants in May 7-9 Statistical Sampling Workshop, Denver, Colo.



Participants in May 12-14 Statistical Sampling Workshop, Denver, Colo.



Workshop Participants at Work Solving Assigned Statistical Sampling Problem.

NEWS and NOTES

GAO Reports on Pesticide Regulation

In introducing a bill (S. 1799) in the Senate to establish a National Commission on Pesticides and to provide for a program of investigation, basic research, and development to improve the effectiveness of pesticides and to eliminate their hazards to the environment, fish and wildlife, and man, Senator Gaylord Nelson referred to two GAO reports to the Congress on pesticide regulation, as follows (Congressional Record, April 14, 1969, p. S 3620):

Two recent General Accounting Office reports have been very critical of the Agricultural Research Service's handling of its pesticide responsibilities. Last September, GAO stated that ARS did not have an adequate system for tracing misbranded, adulterated, or unregistered pesticides and was also failing to report violations to the Justice Department for prosecution.

In another report in February, GAO indicated that ARS was allowing the pesticide Lindane to be used in commercial and industrial establishments, including food handling businesses, without resolving certain questions of safety that the American Medical Association and the Department of Health, Education, and Welfare have raised.

The GAO reports cited are as follows:

Need to Improve Regulatory Enforcement Procedures Involving Pesticides, Agricultural Research Service, Department of Agriculture—B-133192, Sept. 10, 1968.

Need to Resolve Questions of Safety Involving Certain Registered Uses of Lindane Pesticide Pellets, Agricultural Research Service, Department

of Agriculture—B-133192, Feb. 20, 1969.

Hall Article on Armed Services Procurement Act of 1947

Bert Hall's prize-winning article entitled "The Armed Services Procurement Act of 1947 Should Be Reformed" was printed in full in the Congressional Record for May 27, 1969, at the request of Senator Philip A. Hart of Michigan. The article won first prize in the 1969 annual competition of the National Contract Management Association and was printed in the Spring 1969 issue of the Association's *Journal*. The article also appeared in the Spring 1969 issue of the *GAO Review*.

In requesting that the article be printed in the Congressional Record, Senator Hart stated:

Mr. President, I wish to invite attention to an article entitled "The Armed Services Procurement Act of 1947 Should Be Reformed," written by Robert B. Hall, and published recently in the National Contract Management Journal. Mr. Hall is Assistant for Planning, Procurement Staff, Defense Division, General Accounting Office, and was a member of the staff which accompanied the Comptroller General of the United States, Elmer B. Staats, to the hearing on defense procurement which the Subcommittee on Antitrust and Monopoly held on June 21, 1968. Mr. Hall has informed me that the article grew out of that subcommittee hearing and that it would not have been written had the hearing not been held.

Mr. Hall received his degree of bachelor of science from the University of Louisville, later was designated C.P.A. and then attended the advanced management program of the Harvard Business School. He has been

associated with the General Accounting Office for 15 years. He is a member of the Washington, D.C., chapter of the National Contract Management Association. The article was awarded first prize in the annual competition of the National Contract Management Journal.

Mr. Hall calls attention to the fact that the Armed Services Procurement Act gives primary recognition to only one method of procurement—formal advertising. But formal advertising has only limited application to defense and space activities. He points out it cannot be used for classified material, or where there are no fixed specifications, or to enlist specific sources whose existing know-how or facilities are crucial to the success of the procurement, or to obtain new knowledge or techniques in order to avoid early obsolescence, or to permit early start of procurement and great speed of delivery.

As Mr. Hall points out, his ideas are not new, since procurement literature of the past 10 to 15 years have emphasized the need for modernization of our procurement legislation. I believe Mr. Hall has performed a public service through his article. I ask unanimous consent that it be printed in the RECORD. I find his ideas stimulating, and I believe that other Senators will be challenged by a study of these ideas.

New York Staff Commended

The co-director of the University of Rochester's Atomic Energy Project commended the performance of the GAO in its review of the administration and management of AEC's biology and medical research program. In his April 21, 1969, letter to the Comptroller General, the co-director stated:

I wish to congratulate you and your staff on a careful, thorough, and objective investigation and report.

* * * I feel that they went to considerable effort to understand our operation in depth. They were reasonable, considerate, and objective.

The New York Regional Office performed the work at Rochester.

The report on this review which covered six of AEC's contractor-operated laboratories was submitted by the Comptroller General to the congressional Joint Committee on Atomic Energy on April 16, 1969 (B-165117).

Course in Administrative Practices and Human Relations

The following comments were prepared by *Eugene G. Horwitz*, supervisory auditor, Los Angeles Regional Office.

During the fall semester of 1968, I attended the course "Administrative Practices and Human Relations" at San Fernando Valley State College. The objective of the course was to enhance the students' understanding of human behavior in the work situation.

In my career with GAO, I have found that as a person reaches higher managerial positions, a greater percentage of his time is required in being a catalyst for stimulating motivation and creativity in staff members. Auditing is becoming a science of specialists. People are specializing in usage of such tools as ADP equipment and statistical sampling. While such specialization is certainly valuable in increasing audit effectiveness, I believe that learning to understand and guide those whom we are leading is a most important responsibility of a manager.

In this respect, this course was invaluable in providing me with insight into the needs of those for whom I am responsible as a manager. Through the course readings and class discussions,

I believe that I have improved my understanding, sensitivity, and responsiveness to others; and that I have gained added confidence in my role as a senior.

Counseling others to study human relations must be done cautiously. Research has shown that not all managers will necessarily benefit from human relations training. If a person is to benefit from such training, he must first realize that there is much that can be learned about managing. He must also have a sincere desire to improve his performance as a manager and to understand the needs of others.

Forest Service Accounting System

On April 29, 1969, the Forest Service briefed the Comptroller General on the work it is doing to improve its accounting system. The presentation was held at the General Accounting Office and was attended by Joseph M. Robertson, Assistant Secretary for Administration, Department of Agriculture; Edward P. Cliff, Chief of the Forest Service; the Comptroller General; and members of their respective staffs. Representatives of the Treasury Department and the Bureau of the Budget also attended the briefing.

In 1967, the Forest Service engaged a management consulting firm to develop a description of an improved accounting system for the Forest Service. The Service worked closely with the contractor and has undertaken "in-house" the project of developing a new accounting system based on the concepts provided by the consulting firm. The Forest Service's efforts in design-

ing its accounting system are being carried out by a full-time group of professional accountants and electronic data processing experts.

Forest Service spokesmen emphasized that two essential ingredients are present: (1) The group is free of all other duties, and (2) the entire undertaking is receiving the full backing of the Chief of the Forest Service. As it was said in the meeting, "when the Chief hunts ducks, *everybody* in the Forest Service hunts ducks."

The group has developed a statement of accounting principles and standards that received approval from the Comptroller General and, at the present time, work on the design and detailed documentation stages of the new accounting system is in progress.

As part of the overall effort to improve the Service's accounting system, a study group was formed to determine the most effective and economical organizational structure for accomplishing the financial and accounting functions. These functions are presently performed at nine regional offices and about 140 forest and station offices. Based on the findings and recommendations of the study group, the Forest Service is now planning to establish a centralized finance office to serve all the accounting and financial reporting functions of the entire Service.

The Forest Service is planning to implement its new accounting system concurrently with the establishment of the centralized finance office.

The system, as planned by the Forest Service, is (1) to be fully automated, (2) to be on a current accrual basis and integrated with the Forest Service

NEWS AND NOTES

work planning system, (3) to employ a standard-labor-rate system for charging personal services costs to projects and cost centers, and (4) to employ a 28-day accounting period for internal reporting purposes. When the system

is installed, financial control over program operations is to be maintained through the use of cost-based operating plans which will be compared with accrued costs produced by the accounting system.

HEARINGS *and* LEGISLATION



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

Procurement and poverty program matters have been principal subjects of legislative concern in this session of Congress and on which the GAO was asked to furnish substantive information.

Following the release of GAO's summary report on the review of the economic opportunity programs in March 1969, Senator Prouty on the floor of the Senate congratulated the Comptroller General and members of the General Accounting Office who worked on this project for "having put together a report to Congress containing a clear, precise, and balanced factual account of programs operated by the Office of Economic Opportunity." He further stated that "this report will result in the Congress being able to put many matters in clear perspective as they relate to those members of our society who are living in poverty. * * *

A major conclusion which can be drawn is that we should take a new look at how we intend to combat poverty in this country * * *." ¹

Similarly Congressman Brademas before the Defense Appropriations

Subcommittee stated in connection with GAO's current study of military weapons:

The General Accounting Office was placed in the legislative branch of the Government to provide the committees and Members of Congress with independent reports on the management operations of the executive branch. The unremitting duty of the Comptroller General and General Accounting Office staff is to serve Congress by searching continually for means of achieving greater effectiveness, economy, and efficiency throughout the Government.

Although the General Accounting Office has not yet completed its review (of the Army's XM-805 and M-715 programs) I have been greatly impressed both by their findings to date and by the thoroughness of their investigation.²

Data Processing System in the Legislative Process

On May 20, 1969, the House Government Operations Committee reported favorably to the House of Representatives a bill, H.R. 10791, to amend the Budget and Accounting Act, 1921, to establish information and data processing systems for the Congress. The pur-

¹ 115 Cong. Rec., Mar. 20, 1969, 3009-10.

² 115 Cong. Rec., June 11, 1969, H4742.

poses of the bill as set forth in House Report No. 91-258 are:

The purpose of H.R. 10791 is to provide for the efficient and effective utilization of modern data processing techniques to give committees and individual Members of Congress better information for decisionmaking.

This proposal does not alter the jurisdiction or authority of any committee. Nor is the authority or jurisdiction of any of the subordinate units of either the House or the Senate, or the Congress as a whole, affected to any significant extent.

The bill delegates authority to the Comptroller General of the United States to provide for and coordinate electronic data processing usage in the Congress. Three closely related, but distinct, responsibilities are delegated to him:

First is the responsibility to cooperate with the Director of the Bureau of the Budget in the development of a compatible data system to support the budget and appropriations cycle. Under this authority, the Comptroller General would see that the system and the data base under development in the executive branch of the Government have those inherent characteristics necessary to meet the needs of the Congress.

Second, the Comptroller General is delegated the coordinating authority necessary to extend these basic concepts of compatibility to all other data processing systems to be developed in the Congress to process substantive data pertinent to the legislative process.

Third, the Comptroller General is given responsibility to coordinate the general management of computers in the legislative branch, irrespective of their application or use, to assure effective and efficient exploitation of these techniques in the Congress.

Under this approach, Congress can work toward the development of an optimum level of computer capability without unnecessary duplication in computer capacity.

The Comptroller General had presented his comments on an earlier bill at a hearing before the Government Activities Subcommittee of the House Government Operations Committee on

April 23, 1969. At that time while approving the purposes of the bill, certain suggestions were made in connection with the specific language of the bill relating to GAO responsibilities. The clean bill reported by the committee reflected the suggestions made by *Mr. Staats* at the hearing. (Other participants with *Mr. Staats* at the hearing were: Messrs. *Keller*, *Mahoney*, and *Thompson*.)

Indirect Costs on Research Grants

On April 22, 1969, the Comptroller General presented a statement before the Subcommittee on Government Research of the Senate Government Operations Committee. At that time he reviewed information developed by GAO to assist legislative and appropriations committees in achieving a realistic and uniform formula for ascertaining indirect costs on research grants. *Mr. Staats* recommended that more specific guidelines and uniform administration of the grant programs would reduce the variations in the rates of indirect costs. The problem of the differences in the handling of indirect costs under the many Federal assistance programs has been before the Congress for some time. (Other participants: Messrs. *Rasor*, *Rubin*, and *Thompson*.)

Grant-in-Aid Programs

The Subcommittee on Intergovernmental Relations of the House Government Operations Committee requested GAO to testify at hearings on H.R. 7366 and H.R. 10954, bills to simplify and improve the financial management and

to consolidate the many grant-in-aid programs. Mr. Staats presented the views of the Office at a hearing on June 19, 1969. At that time he offered some specific recommendations on the language relating to accounting and auditing aspects of the Federal assistance programs. (Other participants: Messrs. *Ahart, Smith, and Thompson.*)

Poverty Program

The Comptroller General was invited to testify before both the Senate and the House committees having legislative overview of the administration of the poverty programs.

On May 2, Mr. Staats appeared before the Subcommittee on Employment, Manpower, and Poverty of the Senate Labor and Public Welfare Committee and on May 9, before the full Committee on Education and Labor of the House. At these meetings Mr. Staats discussed the results of the GAO review of the economic opportunity programs undertaken pursuant to Title II of the Economic Opportunity Amendments of 1967. Since the Job Corps program was of particular concern to the committees, this part of the GAO study was discussed at length. (Other participants: Messrs. *Keller, Morse, Ahart, Eschwege, Staples, Marvin, Kelley, Patterson, Woods, Masterson, and Blair.*)

Senator Nelson, when he cosponsored a bill to provide for the continuation of the poverty programs, stated: "The extremely detailed audit of the OEO conducted by the General Accounting Office made as its number one recommendation the suggestion that a strong coordinating and evaluating

agency be established in the White House to oversee all Federal programs relating to poverty" and that he had provided for this recommendation in the bill.³

Government Procurement and Contracting

The extensive hearings conducted by the Military Operations Subcommittee of the House Government Operations Committee chaired by Congressman Chet Holifield has focused on procurement problems of all major procurement agencies.

The first round of hearings at which the Comptroller General was invited to testify was concerned with H.R. 474, a bill introduced by Chairman Holifield and six other Members of the House to establish a temporary commission on Government procurement. Mr. Staats endorsed the bill and recommended its favorable consideration stating that "a broad mandate for an across-the-board investigation and study would achieve beneficial results and could result in improvements in procurement procedures which would benefit both Government and industry."

In addition to commenting on the procurement commission proposal, Mr. Staats was asked to report on the current status of major activities of GAO relating to procurement and to summarize the legal aspects of the GAO's Government contract work. (Other participants: Messrs. *Keller, Welch, Gutmann, Hammond, Ahart, Hall, Chemery, Rubin, Hylander, and Thompson.*)

³ 115 Cong. Rec., June 12, 1969, S6233.

Contract Appeals Board Decisions

Another aspect of the Military Operations Subcommittee hearings dealt with the GAO authority in relation to decisions of boards of contract appeals. On May 22, 1969, the general counsel, *Robert F. Keller*, presented comments on an opinion of the Attorney General issued January 16, 1969, in the *Southside Plumbing* case. In this opinion the Attorney General concluded that the Air Force did not have to comply with a request of the Comptroller General that a disputed contract claim be remanded to the Armed Services Board of Contract Appeals to determine the amount of an equitable adjustment to which the contractor was entitled under the contract.

Underlying this matter was the issue of the GAO authority to review decisions of contract appeals boards. During the presentation, Mr. Keller detailed the background and authority of GAO before and since the Wunderlich legislation of 1954 respecting standards of review in Government contract disputes. (Other participants: Messrs. *Welch*, *Vasiloff*, and *Broxton*.)

Contract Support Services

As another phase of the Military Operations Subcommittee review of procurement matters, GAO was asked to present a statement on contract support services and Bureau of the Budget Circular No. A-76, setting guidelines for the Government's policy of using private enterprises to supply its needs. The Office comments were presented by *Robert L. Raso*, associate director,

Office of Policy and Special Studies, on May 27, 1969. At this time the subcommittee's attention was directed to the problem of determining in-house and commercial costs for comparative purposes. The subject of contract support services is considered an appropriate area for consideration and investigation by the proposed commission on Government procurement. (Other participants: Messrs. *Barclay*, *DiGuseppi*, and *Henig*.)

Indemnification of Government Contractors

Another contract area in which GAO was requested to present its views concerned the indemnification of Government contractors for losses resulting from catastrophic accidents and hazardous risks. The deputy general counsel, *J. Edward Welch*, presented the GAO statement and described for the subcommittee on June 18, 1969, the statutory background of contract indemnification and the questions which have arisen incident to administration of the statutes. (Other participants: Messrs. *Moore* and *Thompson*.)

Measuring Benefits of Social Programs

The Proxmire Subcommittee of the Joint Economic Committee sought the views of GAO on the importance of measuring the benefits from federally funded social programs. In the statement Mr. Staats presented to the subcommittee on May 12, 1969, specific illustrations from GAO's study of the poverty program were given. (See excerpts from statement beginning on

page 62.) (Other participants: Messrs. *Marvin* and *Thompson*.)

Military Budget

During June 1969, the Subcommittee on Economy in Government of the Joint Economic Committee focused its attention on the military budget and national economic priorities. On June 13, the Comptroller General appeared before the subcommittee and commented on recommendations in the subcommittee's report entitled "The Economics of Procurement." Several of these recommendations called for additional information relating to defense contracting to be supplied by GAO to the Congress. (Other participants: Messrs. *Keller*, *Bailey*, *Hammond*, *Gearino*, and *Thompson*.)

C-5A Airplane Procurement

The House Armed Services Committee asked the Comptroller General to review the GAO study on the procurement of the C-5A airplane. This review was given on June 11, 1969. (Other participants: Messrs. *Keller*, *Gutmann*, *Hammond*, *Gearino*, and *Thompson*.)

Post Office Cost Ascertainment

The Subcommittee on Postal Rates of the House Post Office and Civil Service Committee invited representatives of GAO to discuss work relating to the cost ascertainment reports of the Post Office Department. The hearing was held on May 13, 1969, at which time Mr. Staats made an introductory statement and *Gregory J. Ahart*, deputy director, Civil Division, testified. (Other participants: Messrs. *Smith*, *Neuwirth*, *Hogan*, and *Blair*.)

Waiver of Military Overpayments

The views of GAO on a bill, H.R. 7363, to provide for the waiver and refund of erroneous payments of pay and allowances to military personnel, similar to the benefits provided by Public Law 90-616 for civilian employees were presented to Subcommittee No. 2, of the House Judiciary Committee on May 21, 1969. *John T. Burns*, associate general counsel, presented the statement suggesting certain amendments for consideration of the Subcommittee if the bill is to receive favorable consideration. (Other participants: Messrs. *Wertz*, *Campbell*, *Gahagan*, and *Kane*.)

Computer Equipment for the House of Representatives

On April 22, 1969, a Special Subcommittee on Electrical and Mechanical Office Equipment, Committee on House Administration, asked representatives of GAO to attend a hearing in connection with the study on the use of a computer system to meet the needs of House Members and committees. *Edward J. Mahoney*, associate director, Office of Policy and Special Studies, and *Owen Kane*, legislative attorney, testified and assured the subcommittee of GAO's cooperation and assistance in planning and conducting the study. (Other participants: Messrs. *Hunter* and *Brady*.)

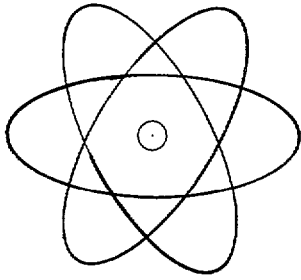
Accounting System in the District of Columbia

During the hearings on the District of Columbia budget by the Subcom-

HEARINGS AND LEGISLATION

mittee of the House Appropriations Committee, *Vernon L. Hill*, assistant director, and *L. Carrel Daugherty* of the Civil Division were asked to testify

on the status of the accounting system for the District of Columbia Government. This testimony was presented on April 25, 1969.



AUTOMATIC DATA PROCESSING

ADP for the Congress

The House Committee on Administration has been designated by Speaker John W. McCormack to develop a program for the use of computers by the House of Representatives.

A hearing was held by the committee's Subcommittee on Electrical and Mechanical Office Equipment on April 22, 1969. At that hearing, it was agreed that representatives of the Library of Congress, GAO, the Clerk of the House, and the House Committee on Administration would work toward the development of a plan of action to be taken in the development of a computerized information retrieval system for the House.

Staff assistance to the committee is being provided by the ADP group of the Office of Policy and Special Studies.

In another development, hearings were held by the Subcommittee on Government Activities of the House Committee on Government Operations on April 23, 1969, on the establishment of an ADP system to support the Congress. The Comptroller General testified favorably on the objective of the legislation. The original bill, H.R. 404, subsequently revised and reported out of committee on May 14, 1969, as H.R. 10791, proposes to amend the Budget

and Accounting Act to direct the Comptroller General to establish information and data processing systems for the Congress.

Successful Auditape Applications

The Washington Regional Office has successfully demonstrated that experience and practice in Auditape techniques, especially in the area of recurring audits, can save time and develop standard techniques that can be used efficiently and effectively time after time.

On two occasions the Washington Regional Office has used the Auditape to select a statistical sample from the 4,400 savings and loan associations which the Federal Savings and Loan Insurance Corporation (FSLIC) considers to be sound and thus "nonproblem" cases. The files of those selected for review are subsequently examined to determine whether we can rely on FSLIC's system for identifying problem cases.

In this application, it was necessary to convert the 4,400 individual FSLIC records to the Auditape format, select specific information required by the audit staff from these records, and print out the totals on assets and liabili-

ties for the entire master file prior to taking a statistical sample. The sample plan gave the staff 95-percent confidence that the printed totals were within ± 2 percent of the actual conditions existing in all FSLIC records.

The Washington Regional Office tried the Auditape sample routine on this project for the first time on April 18, 1968. It took 8 man-hours to fulfill this request through the use of Auditape. Manually, this task would have required 56 man-hours. Therefore, an 86-percent reduction was experienced in the number of man-hours. (The details along with more explicit information on this project are included in the Summer 1968 issue of the *GAO Review*.)

The second application of this sample routine came about 1 year later. On April 23, 1969, the Washington Regional Office applied the same techniques that were used in 1968 to obtain a statistical sample from FSLIC records. The application was directed by *Clarence O. Smith*, ADP specialist, assisted by *Mitchell Morris*, audit manager, and *William B. Maddox*, site supervisor.

The total time required to design the application and process it on the H-200 computer was 4 hours, including less than 20 minutes of actual machine time. This was about one-half the required time for the similar application in 1968. The regional office estimated that it was able to save 53 hours of staff auditor time (approximately \$530).

This time savings, was largely attributed to its experience in running the program last year. The difficulties that

were encountered in 1968 were not repeated in 1969. The Washington Regional Office indicated that practice and experience enabled it to run the program more efficiently this year. This successful application of Auditape techniques clearly reveals that, with more experience, the Auditape program can prove to be an even bigger time-saving device in the future.

UCLA Symposium on the Fourth Generation

During the 3-day period ending March 28, 1969, the Engineering and Physical Sciences Extension, UCLA, in cooperation with Informatics, Inc., a Los Angeles software supplier, conducted a symposium entitled "Interactive Computers for Controlling Machines and Influencing People: Setting the Specifications for the Fourth Generation." *James G. Williams*, supervisory auditor, Los Angeles Regional Office, attended the meeting and provided the following commentary.

The symposium drew together a number of informed American and European EDP professionals, representing both manufacturers and users, with an audience of 245 Government and industry representatives consisting primarily of computing system users. The objective of the symposium was to forecast the future hardware, software, and computing system characteristics through the identification of the current technological trends and the anticipated needs of EDP users.

Papers were submitted to an actively participating audience on the following topics:

- Identification of the user's requirements.
- Translation of the user's requirements.
- Emerging systems in software.
- Emerging systems in hardware and architecture.

Throughout the discussions, emphasis was placed on user dissatisfaction with third-generation computing systems. A frequently voiced statement of the underlying cause of this dissatisfaction was the belief that computer manufacturers had developed third-generation computing systems independent of an adequate consideration for user needs. The result has been the marketing of a generation of computing systems that, because of their significant hardware and software differences from previous generations, have spirited users' resources into unproductive and, in the users' opinions, undesirable operations. In this connection, the symposium focused on two problem areas: (1) The difficulties associated with system conversion, and (2) the nature of third-generation software.

The conversion of prior generation computing system components—application programs, data files, software/hardware interfaces, etc.—to a third-generation system has required a significant divergence of users' resources from productive applications to system conversion. In the opinion of the users, the manufacturers have provided minimal assistance in solving the conversion problem and, where they have provided assistance, the result has been an extended period of inefficient equipment utilization; e.g., the decreased throughput associated with emulation and simu-

lation techniques for processing second-generation software on third-generation hardware. In the opinion of some of the participants at the symposium, the users have incurred too much of the responsibility and cost associated with system conversion.

Although third-generation hardware received little critical attention during the symposium, the participants were highly critical of third-generation software. The major concern was over the complexity and mere bulk of the software that is required to get third-generation computing systems into productive use. The following points were stressed:

1. The expansion of central storage to accommodate the implementing software has increased equipment costs above those that were originally anticipated by the users.
2. The complexity of the software has required an undesirable over-reliance on computer programmers and manufacturers' system advisers. The supply of computer programmers is critically short and system advisers frequently lack sufficient knowledge of the user's system to be of genuine assistance.
3. The software uses an undesirable amount of time in performing housekeeping functions and in maintaining its own domestic business rather than the business of the user.

On the basis of the expressed views of the participants at the symposium, the fourth generation of computing systems is seen as the end product of an evolutionary process that will have

modified third-generation computing systems into devices that the user can control and mold to his individual needs. The following represents the most frequently mentioned characteristics of the fourth-generation evolution:

1. Computing system changes and/or modifications will be made in accordance with identified user needs.
2. Implementation of computing system changes will be preceded by a fully supported supplier solution to the conversion problem.
3. There will be an industrywide development of hardware, software, and data standards to facilitate the following: (a) system changes and/or modifications; (b) interchange of system components and services provided by different suppliers; and (c) communication of information between computing systems.
4. There will be a continued development of hardware modularity to the point where hardware, not software, can be used as the prime means of tailoring a computing system to a user's needs. As a corollary, a hardware environment will be developed that will tend to permit the substitution of hardware operations for software functions; e.g., the use of analogue and parallel circuitry, read-only memories, and microprogramming techniques.
5. Techniques will be developed that will facilitate the measurement and evaluation of total computing system performance.

The attendees at the symposium received a set of lecture notes which are available to GAO staff members who are interested in obtaining more detailed information on the topics discussed at the symposium.

Semiannual Conference of the American Federation of Information Processing Societies

The 1969 Spring Joint Computer Conference was held May 14-16 in Boston. Sponsored by the American Federation of Information Processing Societies, this conference included 34 technical sessions and two floors of auditorium jammed with computers, peripherals, and people. Among the 40,000 attendees were *Kenneth W. Hunter* of the Office of Policy and Special Studies and *Roger F. Verville* and *Ernest Eramo* of the Boston Regional Office.

Social Impact of Information Systems

James M. Gavin, chairman of the board, Arthur D. Little, Inc., set the mood of the conference in the keynote address on the social impact of information systems. He observed two trends that are a consequence of the "age of communications."

- "When people are as well informed on as many matters as they are today, they want action at a rate comparable to that at which they acquire new information. * * * Thus there is a 'need for improved information handling so as to give people a participatory role in their own affairs'."
- "A man today, thanks to information management systems, can control greater amounts of capital, raw materials, peo-

ple, production and marketing systems than ever in history. Hence, we have the growing movement of multinational corporations and these, in time, have tremendous social and political significance."

In turning to domestic problems, General Gavin commented that "the cause of many of our social difficulties is, in the final analysis, lack of information and thus there is inadequate reaction, or no reaction, until a crisis occurs." In pointing out the need for adequate information and analysis on our social needs, he cautions that there must be "participation on the part of those who are going to be affected by the solutions we develop, and the participation of professionals other than computer experts."

General Gavin charged that the "industry to date has concentrated on hardware and relatively straightforward mathematical languages for business usage. It has in many respects grown up in isolation from the most critical problems our nation faces."

The significant increase in the number of technical sessions devoted to the use of computer and information processing technology in social, education, and health problems indicates that the information processing community is beginning to develop the social awareness General Gavin indicates is necessary. In addition, there were many computer users—social scientists, doctors, teachers, managers, and even a few accountants—who participated in discussions of their information problems, indicating a little move toward the interdisciplinary approach General Gavin pointed out is so necessary.

Increased Dialogue with Society

General Gavin's observations were carried directly to a panel session on the need for a dialogue between computer professionals and others on some of the problems and possible actions. The problem areas came out easily.

- The need for a "national data bank" for effective decisionmaking by Government, but at the same time a need to maintain the identity and privacy of the individual.
- The need to reverse the "machine over man" priority system. The initial high cost of computer equipment required that men go to the machine to get their job done, creating a "batch psychology." The computer technology must be brought to the men with real problems to solve.
- The need to thoroughly test new information processing systems and computer analyses for their effects on people before they are implemented or decisions are made. Gullible users accept what the systems designers create without question. The computer people have come from the hard sciences and have little social skills.
- The need to provide for the people displaced by the computer. The computer technology has raised the level of skill needed to perform many jobs. Some people just cannot upgrade their skills and thus drop out of that job market. Can jobs in the computer field be made more simple? Are entrance requirements too high?

The panelists' ideas on approaching these problems were as general as the

issues, thus indicating a lot more hard work is necessary if a dialogue is to be established. Also, the users (including accountants) are going to have to *actively* participate for there to be a dialogue.

MIS and Accounting

The question posed to this panel was "Can an accounting system provide the total information necessary for a manager to perform his functions?"

The panelists, mostly in management services work, each had their own definitions of accounting and MIS and different opinions on where we will be in 5 or 10 years and how we will get there. One panelist saw little change in the concepts of accounting, but significant changes in the collection, storage, and processing of accounting information (this panelist was a university professor). The other panelists predicted major changes in the information flow in organizations, generally to provide management with answers to "what if" questions. Thus the system will have to include information about the socioeconomic environment, the competitive environment, as well as the company or institutional data base. Modeling will be used to perform long term planning on a "rolling" or continuous basis, as changes in the environment or institution occur. Accounting information is, of course, one major input to the hybrid MIS data base.

From the viewpoint of the accounting profession, three points were made and fairly well agreed on.

1. The accounting system provides an excellent base for building a larger information system.

2. The accounting disciplines directed at assuring data reliability and system control must be brought into the MIS.
3. The accounting profession can handle the job of building MIS if it will start absorbing the computer and operations research concepts, merge it with the data management concepts of accounting, and "think big."

Technical Papers

There were 85 technical papers presented which are available for inspection by interested GAO staff members either in the Office of Policy and Special Studies or at the Boston Regional Office. Some of the subject areas were:

- On-line business applications.
- An on-line information system for management.
- Computers in service to libraries of the future.
- Information retrieval and libraries.
- Applications of computers in the urban environment.
- Computer assisted instruction: Current status—future problems.
- Computer systems vs. health systems: Who is winning?
- The successful applications of computer models in marketing.

Other papers deal with problems of equipment design and software development and more technically oriented applications.

CPA Computer Users Conference

On May 19-21, 1969, the American Institute of CPAs held its fifth annual

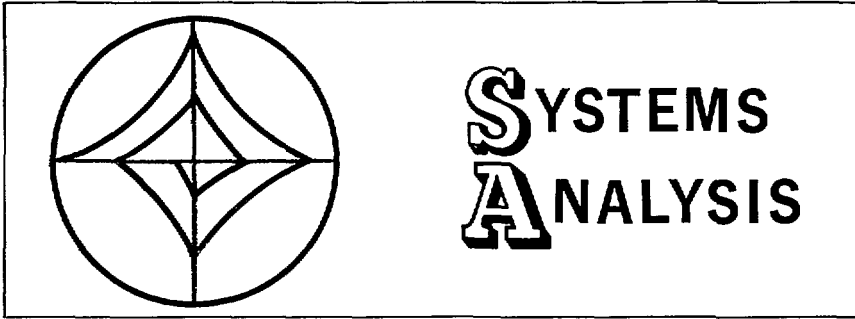
conference of CPA computer users in Chicago. The conference was designed to respond to a broad range of member interests, such as how to get started in computer activities, perspectives on achieving high quality in computer inputs, personnel problems in establishing a computer technical capability, types of computer applications made by accounting firms already in the field, and new computer technology and commercial developments. *Charles R. Shimkus* of the Office of Policy and Special Studies and *Edward C. Mesinger* of the Chicago Regional Office attended.

In noting the need for better utilization of computer personnel and existing equipment, the keynote speaker discussed recent significant ADP developments. He predicted that the magnetic tape cartridge is the coming thing in source data automation and discussed characteristics of the expanding uses of time sharing; graphic displays for management decisionmaking; and problem-oriented languages to define solutions to problems. He also presented information on the relatively new service bureau concept of dedicated services. A dedicated service bureau brings together, under one roof, the resources—computers, programs, and personnel—to serve a specific industry, such as savings and loans.

The services represent a total “dedicated” approach as opposed to the usual general purpose approach of service bureaus.

The AICPA is preparing professional development courses on “Computer Concepts” and “Auditing and Control of ADP.” AICPA representatives described the courses and presented excerpts from the videotape which will be used in the course presentations.

Other subjects discussed included ADP activities of the AICPA, safeguarding the integrity of data fed into the computer information stream, time-sharing applications involving sampling, the circularization of accounts receivable, financial ratio analysis, and the preparation of funds statements. One speaker pointed out implications of the computer in accounting, especially as it pertains to a chart of accounts. He noted that manually designed systems are output-oriented and that under these types of systems questions to be answered are formulated in advance. He also covered the proposed use of input-oriented systems, designed for the ADP environment, in which there is less concern with prior definition of specific questions to be answered and in which any question is permitted that some combination of the data can answer.



Hearings on Measurement of Benefits of Public Expenditures

On May 12, 1969, the Subcommittee on Economy in Government of the Joint Economic Committee resumed its hearings on the Planning-Programming-Budgeting System. On that date, the Comptroller General, *Elmer B. Staats*, testified before the subcommittee on the measurement of benefits of public expenditures.

A condensed version of the Comptroller General's formal statement to the subcommittee follows.

• • • •

We are pleased to appear before your subcommittee to express our views on the importance of measuring the benefits of federally funded programs. We know that your committee has done much to demonstrate the need for more accurate measurements so that the potential value of program-budgeting can be realized more fully.

We appeared before your subcommittee in January 1968 to report on the results of our survey of discounting practices in the Federal agencies. We have followed with interest your subsequent efforts to improve understanding of these important matters. Many conceptual and analytical problems re-

main unsolved and as a result PPB has not yielded the full range of improvements in decisionmaking which proponents expected of the system when it was launched by the President in August 1965.

Measurements and Goals

We believe the lack of agreed upon measurements of public benefit is a major reason why decisionmakers have not made more use of the analytical products of PPB. In effect, the introduction of PPB was proposed on the implied assumption that goals and objectives were known or could be clearly defined for each program.

If our goal were solely economic efficiency, then a process such as PPB would guide us toward that one ultimate objective. But we do not seek one goal. Instead, we have numerous goals, such as security, progress and prosperity, freedom of choice, strengthening of the free private enterprise system, and many others. These goals cannot in all cases be accomplished to be consistent with the highest degree of economic efficiency. However, there is an increasing public recognition that our resources are not unlimited and that for that reason at least we must try to develop better means for making more rational choices.

In our system of checks and balances, striving for local or for selfinterest has generated many benefits, particularly economic, which cumulate to the aggregate national economic well-being. It appears obvious that the same approach has not worked equally well in increasing the social benefits which we all value.

A basic question is whether sufficient attention has been given by either the public or private sectors to disbenefits or undesirable results of public programs and privately motivated actions.

We believe a main reason for limited consideration of undesirable results is that these are sometimes indirect, and are very difficult to measure with criteria on which all can agree. For example, under older legislation, some of the urban highways created problems by fragmenting communities and disrupting existing local services. Amendments to urban renewal legislation have recognized the problems created by earlier projects in dislocating people from their communities and in many cases from the only housing available to them. In another area, the continuing research on pesticides has led to decreases in crop losses, but as one result, some milk must be excluded from markets due to accumulated pesticide residues. It seems to us that greater efforts should be made to avoid overstatement of positive benefits on which proposals are based and the omission of negative aspects.

Evaluation of Benefits by the General Accounting Office

The more detailed statement which we are submitting for the subcommittee's record is drawn mainly from our

study in response to the 1967 amendments to the Economic Opportunity Act of 1964. This required the GAO to evaluate the extent to which the programs authorized by that act were achieving their objectives.

We believe in general, that GAO can assist in appraising the cost-effectiveness studies made in support of programs submitted to the Congress. To do this, we see the need in GAO to increase our knowledge and proficiency or capability in this area from at least three standpoints. First, we want to be in a position to assist the Congress in connection with hearings or studies made by committees, and to help formulate those studies which would be made directly by the committees of the Congress.

Second, there is a possibility that we will be directed by the Congress to make other evaluation studies of Federal programs comparable in scope to the one we are just completing on the Economic Opportunity Programs.

Third, we hope and expect to be able to undertake studies of this kind on our own under the broad authority that we have under the Budget and Accounting Act. How fast we can do this, and how many of these studies we can make will obviously depend on the capability and the total number of our staff capable of conducting these kinds of analyses.

Issues Involved in Measuring Benefits

The Congress is entitled to know why possible program alternatives were not accepted by the executive branch as well as to know whether an adequate analysis was made of available alternatives. Moreover, the Congress needs

to have available to it information with respect to long term costs and benefits, total costs and benefits, the relationship of program growth in one agency to that of related programs in another agency, and so on.

Public Law 90-174, cited as the "Partnership for Health Amendments of 1967," provides that a portion of the appropriations for certain programs and grants be made available for program evaluation. If made available to congressional committees, these evaluations would be more meaningful in the legislative process especially if the Congress specified some of the alternatives to be analyzed or issues to be dealt with. Specifically:

A. There should be more emphasis upon the comparison of long term benefits and costs. This should not be limited to only those programs whose benefits are measurable in dollars. The judgments made by Congress are now influenced heavily by the percent of GNP allocated to different policy and program objectives. However, the Congress can test these judgments over a longer time frame. For example, we could compare in this way the objectives of strategic defense and the provision of decent housing for all Americans. The Special Analyses of the Budget of the fiscal year 1969 indicates that obligational authority of about \$8 billion for strategic defense is roughly four times as great as that for the housing objective. Assuming that the proportion of

investment to total cost is about the same, we are comparing two investments, one of which will last from 30 to 50 years and the other for perhaps 10.

To sum up this point, the public and the Congress should realize that we are allocating not four times as much to strategic forces as to housing objectives but 16 times in terms of the period in which benefits will be derived. If similar strategic defense investments are assumed to be required at 10, 20, and 30 years in the future to maintain the defense capability for a period similar to the life of housing, and if these are discounted to present value, the multiple of strategic defense investment over housing is not four but nine.

- B. The agencies should be expected to explain assumptions on which their choices are based. Whether or not alternatives are shown, there should be some understanding of the range of uncertainty surrounding the proposed output or benefit. Substantial sums are spent in performing studies and analysis. It appears to us that these public funds would be more fully utilized if more of the insight produced by them could reach the Congress.
- C. Efforts should be made to clarify what are regarded as legitimate measures of public benefit. This should lead to definition of the output measures which can be generally agreed upon as indicators of the ultimate benefit.

- D. It should be a requirement that all legislative proposals identify the magnitude of problems requiring Federal funds for their solution. The total national need can be recognized, for example, 26 million housing units or remedial care for 4 million mentally retarded children and youth, but State-local and private sources of funding should also be identified.
- E. We encourage efforts to improve economic analysis of alternatives. Economic analysis has been used in varying degrees as a method of allocating resources most effectively within major categories of activities. Alternative water resources projects have been and should be compared on this basis. As examples in quite different fields, we believe economic analysis also can provide useful insights in health programs such as maternity and infant care, in education programs such as Upward Bound, and in manpower training programs such as Job Corps. We are not proposing that the Congress should decide against a program of one type simply because one of a much different type is shown to have a higher numerical ratio of economic benefits to costs. In fact, on the basis of measurable effects and projected direct economic benefits, a benefit-to-cost ratio of much less than unity is probably characteristic of the Head Start program. Many water resources projects have been shown to have an economic benefit-to-cost ratio greater

than unity. A number of these, including some already authorized, which have a benefit-to-cost ratio of 1.3 or less based on a 50-year life and $3\frac{1}{8}$ -percent interest rate, drop below a ratio of unity under the $4\frac{5}{8}$ -percent interest rate established in 1968 by the Water Resources Council.

- F. The measurement of benefits and costs of these projects now needs to be given careful review. Although a higher interest rate implies more efficient allocation of resources between the public and private sectors, the actual evaluation of projects is equally dependent upon the estimates of undiscounted benefits and costs.

The question may arise as to whether certain Government activities such as power generation or even manpower training compete directly with the private sector in terms of the good produced. We believe it is quite important for such reasons that benefit-cost calculations should be based upon the more tangible benefits and costs and that the calculation of primary benefits should be carefully distinguished in the overall analysis from any significant estimated secondary benefits.

It will be helpful also if anticipated secondary benefits are clearly described, differentiating things which are simply redistribution from those which represent a net addition. It follows that indirect costs should also be recognized and disbenefits should be either offset against positive

SYSTEMS ANALYSIS

benefits or added to costs. We believe such clarification will be helpful to the Congress in making judgments both on a correct economic basis and in terms of other considerations. However, we believe there would be little advantage in an attempt to precisely quantify many of the indirect benefits in economic terms.

Mr. Chairman, I have discussed both the importance and the difficulty of measuring the ultimate public benefit of various Federal programs.

Rational approaches, such as PPB, to allocating our resources must be continued but with a full realization that some of the measurement problems may never be fully resolved. We favor extending the use of economic analysis, and requiring that uncertainties and assumptions be more clearly delineated in the proposals submitted to the Congress. The GAO will attempt to demonstrate the application of these principles in studies it will be performing and in its evaluations of studies performed by the executive agencies.

GAO Honor and Service Awards—1969

The third annual GAO honor awards ceremony was held in the GAO auditorium on June 17, 1969. The Comptroller General, *Elmer B. Staats*, and the Director, Office of Personnel Management, *Leo Herbert*, presented the following awards:

- Comptroller General's Award
- Career Development Award
- Distinguished Service Award
- Financial Management Literature Award
- Meritorious Service Award
- Career Service Awards

The presentations were preceded by an address by the Honorable A. Maxwell Henderson, Auditor General of Canada.

Mr. Henderson's address appears in this issue of the *Review* beginning on page 77.

Recipients of awards and related citations follow.

Comptroller General's Award

CIVIL DIVISION

FIELD OPERATIONS DIVISION

OFFICE OF THE GENERAL COUNSEL

OFFICE OF POLICY AND SPECIAL STUDIES

For their exceptional and outstanding contributions to the operations of the General Accounting Office in reviewing the efficiency of the administration of programs conducted under the Economic Opportunity Act and the extent to which these programs achieved the objectives set forth in the Act.

This task was an extremely complex and difficult one because the methods of evaluating social programs such as the ones involved are not well developed. Additionally, it was unique and unprecedented in that it involved not only a review of management functions of the administering Federal agencies but also statistical and economic analyses designed to broaden the coverage of examinations pertaining to the achievement of objectives.

Career Development Award

W. A. BROADUS, JR.
SUPERVISORY AUDITOR—CINCINNATI
Field Operations Division

In recognition of his outstanding dedication to a career in the General Accounting Office that has been distinguished by superior competence, enthusiastic participation in recruiting and training activities and outstanding leadership in the professional development of the staff.

EDWARD A. DENSMORE, JR.
SUPERVISORY AUDITOR
Civil Division

In recognition of continued and sustained superior dedication to developing a career in the General Accounting Office characterized by superior creativity, initiative, and performance in a variety of challenging assignments in natural resources programs.

MARY JO GIBSON
SUPERVISORY AUDITOR
Civil Division

In recognition of her dedication to the development of a career in the GAO marked by superior creativity and initiative in the carrying out of audit programs. Mrs. Gibson's performance throughout her career has been marked by enthusiasm and professional competence.

CLIFFORD I. GOULD
ASSISTANT DIRECTOR—FAR EAST BRANCH
International Division

In recognition of outstanding contributions to the General Accounting Office in the course of a progressive career marked by superior organizational, administrative, and supervisory ability in the development and execution of audit programs pertaining to defense and international activities.

JOHN M. LOXTON
ASSISTANT TO THE DIRECTOR
Transportation Division

In recognition of sustained superior competence and creativity throughout a

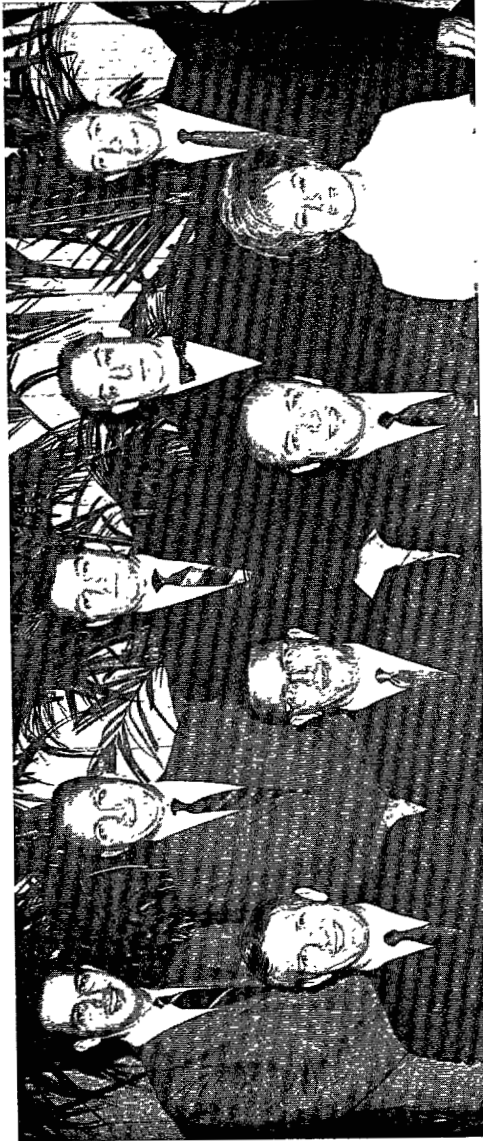


Photo Courtesy of GAO Waichidog

Career Development Award. Seated from the left: J. Dexter Peach, Civil Division; Clifford I. Gould, Far East Branch; Donald L. Scanlebury, Washington Regional Office; and Mary Jo Gibson, Civil Division. Standing from the left: Lowell Minger, Detroit; Charles A. Schuler, Defense Division; W. A. Broadus, Jr., Cincinnati; John M. Loxton, Transportation Division; and Edward A. Densmore, Jr., Civil Division.

GAO AWARDS

progressive career with the General Accounting Office particularly in relation to the development and application of automatic data processing to management needs and to the audit of transportation payments.

LOWELL MININGER
SUPERVISORY AUDITOR—DETROIT
Field Operations Division

In recognition of a career marked by notable and innovative contributions to the General Accounting Office in a wide range of audit activities and by his leadership and personal dedication to the advancement and improvement of written communication, including the preparation and processing of audit reports.

J. DEXTER PEACH
SUPERVISORY AUDITOR
Civil Division

In recognition of a career marked by outstanding dedication to the mission of the General Accounting Office, superior competence in a variety of diverse assignments, and selfless devotion to the recruitment, training, and development of professional staff.

DONALD L. SCANTLEBURY
REGIONAL MANAGER—WASHINGTON
Field Operations Division

In recognition of a career marked by outstanding initiative, creativity, and leadership in positions of progressive complexity and by superior competence in the development of our professional staff.

CHARLES A. SCHULER
SUPERVISORY AUDITOR
Defense Division

In recognition of his dedication to a career in the General Accounting Office which has been characterized by self-improvement particularly in areas of automatic data processing and statistical sampling and by initiative and resourcefulness in the use of effective audit techniques.

Distinguished Service Award

In recognition of distinguished service with the General Accounting Office, marked by sustained high quality performance and exceptional efficiency.

L. KERMIT GERHARDT

ASSOCIATE DIRECTOR

Civil Division

ROBERT L. RASOR

ASSOCIATE DIRECTOR

Office of Policy and Special Studies

HAROLD H. RUBIN

ASSOCIATE DIRECTOR

Defense Division

J. EDWARD WELCH

DEPUTY GENERAL COUNSEL

Office of the General Counsel

MYER R. WOLFSON

REGIONAL MANAGER, CHICAGO

Field Operations Division



Photo Courtesy of GAO Watchdog

Distinguished Service Award. From the left seated: J. Edward Welch, Deputy General Counsel; Myer R. Wolfson, Regional Manager, Chicago. Standing from the left: L. Kermit Gerhardt, Associate Director, Civil Division; Robert L. Rasor, Associate Director, Office of Policy and Special Studies; and Harold H. Rubin, Associate Director, Defense Division.

Meritorious Service Award

In recognition of meritorious service with the General Accounting Office, marked by superior performance.

Office of the Comptroller General

Roland J. Sawyer

Office of the General Counsel

L. Mitchell Dick

Clarence G. Phillip

Civil Division

Philip A. Bernstein

Thomas J. Gaffney

Maurice S. Moody

Hugh J. Wessinger

Defense Division

Donald O. Benedict

Lewis E. Hahn

James F. Walsh

International Division

Charles E. Hughes

Clarence E. Seigler

Claims Division

Lena C. Nead

Joseph Yusas

Office of Administrative Services

Margaret E. Carr

Eugene R. Hagerman

Henry O. Wenzel

Field Operations Division

William B. Agnew—San Francisco

James D. Childress—Washington

Joyce E. Clark—Washington

Charles R. Coughenour—Detroit

James Grace—New York

Clifton Kuchinski—Boston

William McGee—New York

Lee M. Stevens—Chicago

Dean E. Stuck—Seattle

John H. Wheeler—Denver

GROUP AWARD

International Division, Financial Management Group

Francis C. Chlan

L. Jack Ell

Harlan B. Epley

John J. McGarry

John P. O'Carroll

Carl T. Trisler

Frank M. Zappacosta



Photo Courtesy of GAO Watchdog

Meritorious Service Award. From the left: First row: Clarence G. Phillip, Office of General Counsel; L. Mitchell Dick, Office of General Counsel; James Grace, New York; Eugene R. Hagerman, Office of Administrative Services; Lewis E. Hahn, Defense Division; Clifton Kuchinski, Boston; William McGee, New York; and Maurice S. Moody, Civil Division. Second row: Joseph Yusas, Claims Division; Philip A. Bernstein, Civil Division; James D. Childress, Washington Regional Office; Lena C. Nead, Claims Division; John H. Wheeler, Denver; Hugh J. Wessinger, Civil Division; Henry O. Wenzel, Office of Administrative Services; and Donald O. Benedict, Defense Division. Third row: Margaret E. Carr, Office of Administrative Services; Joyce E. Clark, Washington Regional Office; Charles R. Coughenour, Detroit; Lee M. Stevens, Chicago; Thomas J. Gaffney, Civil Division; Dean E. Stuck, Seattle; James F. Walsh, Defense Division; and William B. Agnew, San Francisco.

***GAO Award for Significant Contribution to Financial
Management Literature***

Cash awards for the best articles written by staff members and published in the *GAO Review* during the calendar year 1968 which have contributed to the knowledge and professional development of the staff.

Best article by author 31 years of age or under—co-winners:

“Development of a Congressional Committee Assignment”
(*GAO Review*, Winter 1968)
FREDERICK R. CROSS, JR.
Field Operations Division, Boston

“The Role of the Supervisor” (*GAO Review*, Winter 1968)
LESTER C. FARRINGTON, JR.
Field Operations Division, Boston

Best article by author over 31 years of age—co-winners:

“Computerized Audit of Transportation Bills”
(*GAO Review*, Fall 1968)
JOHN M. LOXTON
Transportation Division

“Statistical Sampling Procedures in the Examination of Vouchers”
(*GAO Review*, Winter 1968)
SUSUMU UYEDA
Office of Policy and Special Studies

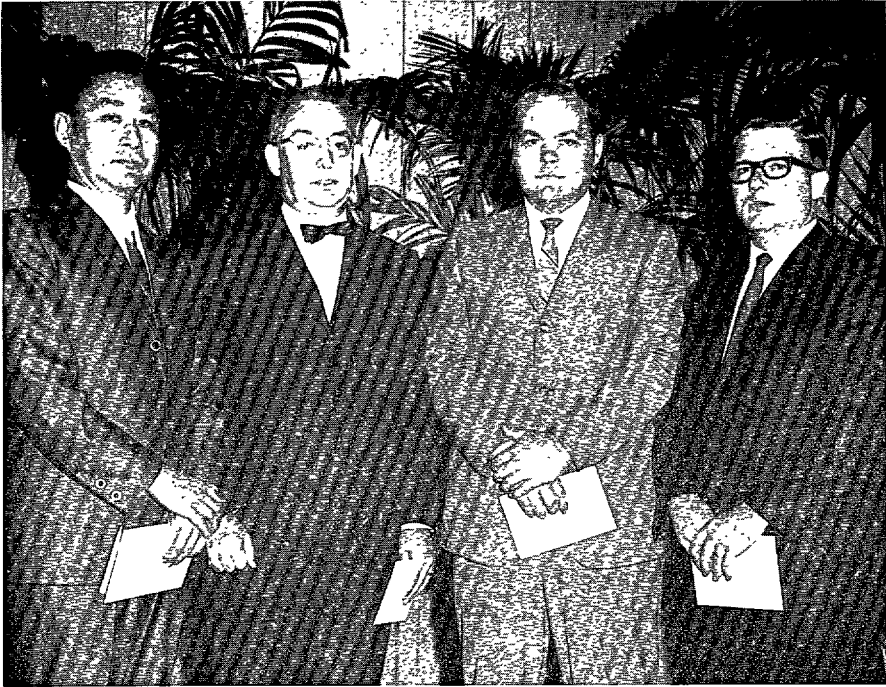


Photo Courtesy of GAO Watchdog

GAO Award for Significant Contribution to Financial Management Literature. From the left: Susumu Uyeda, Office of Policy and Special Studies; John M. Loxton, Transportation Division; Lester C. Farrington, Jr., Boston; and Frederick R. Cross, Jr., Boston.

Career Service Award

40 YEARS

<i>Claims Division</i>	<i>Office of the General Counsel</i>
Joseph R. Sesso	John T. Burns
<i>Field Operations Division</i>	Raymond H. Dixon
Regional Office—Washington	Arthur G. Eaton
Pearl B. Scherick	Carl R. Greimel
Regional Office—Kansas City	<i>Transportation Division</i>
Lehman F. Woodside	James Lewis

30 YEARS

Employees Located in the Metropolitan Area of Washington, D.C.

Alfred L. Beaver.....	Transportation Division.
Dorris H. Beck.....	Transportation Division.
Joseph R. Bloomingburg.....	Transportation Division.
Thomas W. Brashears, Jr.....	Transportation Division.
Paul E. Gunther.....	Civil Division.
Thomas O. Holohan.....	Transportation Division.
Edward T. Johnson.....	International Division.
Darrell L. Jones.....	Office of the General Counsel.
Carl R. Lee.....	Civil Division.
Kellis E. Lively.....	Transportation Division.
William G. McQuitty.....	International Division.
Sara I. Porter.....	Office of the General Counsel.
Odous G. Rider.....	Field Operations Division.
Robert E. Smith.....	Transportation Division.
J. Fred Stamps.....	Transportation Division.
Aliene C. Torrens.....	Office of Administrative Services.
Eunice R. Walters.....	Transportation Division.

Employees Located in Field Offices

George F. Connolly.....	Denver.
William L. Davies.....	Seattle.
Esther F. Dolson.....	Indianapolis.
Noble V. Graham.....	Chicago.
Margaret P. Junio.....	Chicago.
Leo Mayer.....	Philadelphia.
Charles H. Moore.....	Detroit.
Wildon M. Orahood.....	Denver.
Robert L. Robeson.....	Seattle.
Harold Taylor.....	Indianapolis.

**Address of the Honorable A. Maxwell Henderson, Auditor
General of Canada, at the Third Annual Honor Awards
Ceremony of the General Accounting Office
June 17, 1969**

I am honoured to accept the invitation of Mr. Elmer B. Staats, Comptroller General of the United States, to speak to you assembled here for your Third Annual Honour Awards ceremony today. This is the first time that the Auditor General of Canada has been invited by the Comptroller General of the United States to speak to you like this and I greatly appreciate the honour bestowed on me personally, on my office, and on my country.

The Office of the Auditor General of Canada has always enjoyed the happiest of good neighbour relationships with the Comptroller General and his staff and it extends back over many years, in my case to two enjoyable visits I had with your previous Comptroller General, Mr. Joseph Campbell, in 1960 and 1966. In Canada we have welcomed your former Assistant Comptroller General, Mr. Frank Weitzel, and as recently as last September, Mr. Oye Stovall, the Director of your International Division, and Mr. Frank C. Conahan, the Assistant Director. A few months earlier, Mr. H. H. Rubin was in Ottawa and a couple of years prior to that Mr. Pin and Mr. Drakert of your New York office came to see us in connection with matters relating to the St. Lawrence Seaway. Several of my own officers, including Mr. George Long, the Assistant Auditor General, and Mr. Jack Doug-

las, one of my Directors, have met with Mr. Ellsworth Morse, Mr. W. A. Newman, and others on specific matters. It now only remains for us to have the pleasure of receiving a visit from the Comptroller General, and I should like to take this occasion to extend a most hearty invitation to Mr. Staats himself to visit us whenever his busy schedule permits.

I hope that Mr. Staats will find it possible to do this before he—and I hope a number of you—comes to Montreal to attend the VIIth Congress of the Organization of International Supreme Audit Institutions—INTOSAI—when Canada plays host to this body in September 1971. INTOSAI is a fairly new interest on our part and yours. I think the Comptroller General would agree with me that the VIth Congress held in Tokyo a year ago was an outstanding success. This was not only because of the widespread attendance by the Controllers and Auditors General of some 70 countries, but because of the outstanding quality of the papers submitted and the magnificent organization brought to the discussions and arrangements by Mr. Yamazaki, the Auditor General of Japan, and his colleagues. We are hoping for an even greater attendance in terms of number of countries when the VIIth Congress takes place in Montreal in September

1971. The agenda for this Congress as well as the arrangements surrounding it are at the present time my responsibility, and I shall be discussing them with the Governing Board of INTOSAI when it meets in Vienna in September of this year under the direction of its Chairman, Mr. Yamazaki, the Auditor General of Japan, and its Vice-Chairman, Dr. Jorg Kandutsch, the President of the Austrian Court of Audit. Arrangements for this meeting are now being made in Vienna by Dr. Kandutsch because it is the Court of Audit of Austria that operates the International Secretariat of INTOSAI on a permanent year-round basis. All of us in INTOSAI remain very indebted to Dr. Kandutsch, Dr. Marshal, the Vice-President of the Court of Audit, and their associates for their excellent work here, which is financed exclusively by the Austrian Government.

The Comptroller General asked me to talk to you today about some of the similarities and differences of our problems in Canada to yours and to say something about the United Nations whose accounts I am presently engaged in finalizing at United Nations Headquarters with my colleagues on the Board of Auditors.

Constitutional Background

Before speaking about the first of these matters as it involves my Office in Canada and explaining to you how it functions, I think I should attempt a brief comparison of your system of government with ours. Here we must begin with the constitutions of our respective countries which determine the

rules under which our respective governments operate.

The American constitution is a written one for all to see. If you look for the British one you would look in vain because no such document exists—their constitution goes back over centuries to things like the Magna Carta, the parliamentary act of 1911, centuries of customs and usage, and so on. We do have a written constitution in Canada—the British North America Act—passed by the British Parliament at the time of Confederation in 1867, which sets out the rules for the government of Canada which, as you know, is divided into eleven Provinces, even as the United States is a confederation of individual States. But as one of our eminent writers says, if you read this act of the British Parliament you would think we live in a dictatorship because of the autocratic rule of one single figure—the Governor General acting for the sovereign, whose task seems to be defined as one of governing the Dominion with little reference to or control by the people. Little is mentioned in this act about the kind of government we have, even the existence of a Prime Minister.

Perhaps the most striking difference between all three of these constitutions is illustrated by the way in which each of us can change it. Changes in the American one, generally speaking, have to be ratified by the States making up the union. Major changes in the Canadian one generally require ratification by the Provinces after which we must take it to Westminster and ask the British Parliament to pass an amending act. The British have the simplest

method of all—they just pass a simple act of Parliament.

Now all of these governments have one thing in common, namely three different levels or branches: the executive or administrative level; the legislative or law-making one; and the judicial one. In very general terms, the parliamentary system is based on an interrelationship of these levels, while your congressional one here in the United States is based on keeping them apart. As a consequence, a greater power is concentrated in the hands of a few men in Canada and in Britain under our system. Your congressional system in the United States, as we understand it at least, is designed to prevent this.

To understand how this happens in a parliamentary system, I should explain the principle of “responsible government.” This means that the people who form the executive are in fact those who have the support of the majority of the popularly elected branch of the legislature—in our case and Britain’s, the House of Commons. They will remain in power only so long as they retain that support, but once they lose it—as in an election or the defeat of a government bill or the passage of a motion of nonconfidence—they must resign. In practice, these men come from the party with the majority of the seats in the House of Commons. It is they who form the government which consists of the Prime Minister and his Ministers, that is the members of his Cabinet. Consequently, it follows that these men not only have the administrative power but they also control the legislative power in the House of Commons or Parliament.

Your congressional system in the United States works differently. For example, the defeat of a government bill will not bring down the government. The executive is not determined by the composition of the legislature but rather by the Electoral College which is elected by the people. Therefore you do not have “responsible government” in our sense of the word. As we know, it is not rare for Congress to be controlled by one party and have the executive representing the other. This is one safeguard against concentration of power. Another protection you have in the United States is the variation in the terms of office. The President or chief executive is elected for 4 years, the House of Representatives for two, and the Senate for 6, although I believe it should be noted here that there is a senatorial election every 2 years as one-third of the Senate stands for reelection, thus creating the possibility for change every 2 years.

The Auditor General

The Auditor General of Canada is an officer of Parliament, not of the government of the day, in other words the executive. The Office had its origin at the time of Confederation, now over a hundred years ago, and I myself am the seventh incumbent. The independence of the Auditor General from the government of the day is a principle of paramount importance. An Act of Parliament provides that his salary is to be paid directly out of revenues of the government instead of being dependent on annual appropriations, and he can only be removed from office by means of a joint resolution of our Sen-

ate—which corresponds roughly to the House of Lords in Britain, being life appointments—and the House of Commons. My position in this respect is similar to that of the Auditor General of the other Commonwealth countries simply because the constitution of each country in the Commonwealth has had its origins in Westminster.

Britain's centuries-long struggle for control over the public purse goes back as we all know to the days of Charles I, with the House of Commons at Westminster wresting the right to taxation from the Crown and later the right to appropriate moneys for specific purposes. But this process was not completed until the 19th century when the Comptroller and Auditor General of the United Kingdom came into being and was charged with examining the expenditures incurred in order to ensure that moneys raised through tax levies had in fact been expended only for purposes duly authorized by Parliament. This third aspect of parliamentary control over finances has itself three characteristics. First, it obliges the executive to account for the expenditures incurred by means of annual financial reports; secondly, it involves an audit by an officer responsible to the House, namely the Auditor General; and thirdly, it contemplates consideration of and reporting upon the audited accounts by a Standing Committee of the House of Commons. Thus when the Auditor General has made his annual report to the House of Commons, it is by tradition referred for examination to the Standing Committee on Public Accounts of the House of Commons.

The work of the Auditor General is concerned with administrative practices as well as with the correctness of the accounts but not, under our system, with the underlying government policy as such. It is not his function to question a sum voted by Parliament for a given service or to suggest that a policy approved by Parliament may result in a waste of public money. But he may, and as you know does, freely criticize the way in which he finds the executive spending the money Parliament has voted.

As in the case of the Comptroller General here in the United States, this lays a heavy burden on the Auditor General, not only in the exercise of his judgment but in the extent to which he must go to check and double-check the correctness of his facts. If he is to make his maximum contribution to parliamentary control of public expenditure, then his reputation for accuracy and fairness must at all times be above reproach.

Control of Public Expenditure

There are such vast considerations involved in the complexities of government today that it is fundamental that these standards of accuracy and fairness of presentation be maintained in reporting to Parliament or to the Congress. It is easy to criticize the size of government spending and the size and multiplicity of the taxes we have to pay. The facts to be presented must not only explain their nature at the layman level but have full regard to the underlying processes and controls operating in every area. Various groups and associations across your country and mine are becoming increasingly vocal as gov-

ernment spending climbs and taxes increase. Personally, I think many of the professional bodies, particularly those in accounting and related fields, could be more vocal in speaking up on matters of public interest, particularly those involving public finance and accounting. In Canada, I like to see my contemporaries in professional accounting bodies make use of the Public Accounts of Canada and of my reports on government spending when they embark on a critical analysis of government finances.

In any discussion of the role of the Auditor General, like that of the Comptroller General, as it relates to the control of public expenditure, we have to begin by reminding ourselves that it is always government policy that determines public expenditure. The biggest problem governments face is how to keep the growth of public expenditure under control and at the same time discharge their responsibilities to the public. The system of control depends in turn, of course, on the attitude of Parliament and on public opinion. Strong external pressures bear down on every government to reduce expenditures and taxes. Thus one of the major questions is how this control can be strengthened to better enable Parliament to discharge its responsibilities, particularly its control of public expenditure. It is not my responsibility in Canada to determine how public money should be spent, but as the servant of Parliament it is my duty to guard Parliament's control of the process. I might mention that I had quite a bit to say about this in my last report to the House of Commons, tabled

in March, when I suggested that Parliament itself give consideration to commissioning a study of the management, administration methods, and procedures of the government of the day and do so at least once every decade. My suggestion was discussed briefly in the House of Commons at the time the report was tabled. It is an odd coincidence—and I hope will support my idea—that it was left to President Nixon the following week to come out and set up precisely the sort of thing I was urging in Canada. But there is, however, a difference here that perhaps you will note, namely that for Canada I want Parliament itself to commission its own study for reporting back to Parliament, not necessarily to have the government examine itself by means of its own constituted commission, however helpful that may be.

The Work of the Auditor General

I might say a word now about the various processes and rules which we have developed over the years in Canadian practice. As I have tried to explain, the essence of responsible democratic government is, in our view, the financial responsibility of the executive branch of government to the legislative branch. This is the principle whereby the executive, that is the government, must make expenditure proposals but may neither levy any tax nor make any expenditure without the authority of Parliament—and no expenditure may be made for a purpose not authorized by Parliament. This principle is embodied in our tradition and also in our constitution, such as it is, which contains several provisions

relating to Parliament's control of finances. This is why all taxing and appropriating measures must originate in the House of Commons, and why all requests for grants must be made by the Crown on the recommendation of responsible Ministers. Thus it is that Parliament is supreme and stands at the very centre of the process for controlling government finances, just as it is at the centre of the process for raising taxes from the people.

As I have said, the report of the Auditor General each year is, following its tabling in Parliament, referred by the House of Commons to its Standing Committee on Public Accounts, which then proceeds to call witnesses and examine evidence. The origin of this committee, like so many of our aspects of government, is to be found in the United Kingdom. In Canada it goes back to a committee of the legislature in Upper Canada in the early 19th century set up to examine the public accounts before they were sent to Britain. The committee's terms of reference have always been broad. It has the right to inquire into any matter reported on in the Public Accounts or in the Auditor General's reports. The meetings are open to the press and to the public. The Auditor General is the adviser to this committee; he attends each meeting and works closely with it as his reports are examined and discussed paragraph by paragraph. The committee is in session right now—it is actually meeting today as I talk with you, the members having graciously granted me special leave to be with you today. The committee has held some 40-odd meetings since its session started

last November and will conclude if the House of Commons recesses as expected on June 27th.

The reports that I submit to the House of Commons are, of course, annual ones and over the past several years have been quite lengthy due to the failure of the executive to remedy not only past situations but some 39 on which the Public Accounts Committee has made recommendations to the House. Some of the cases with which I deal may be of interest to you. One of these has to do with what might be called Canada's "balance sheet," its Statement of Assets and Liabilities. This has always had an explanation associated with it to the effect that, since 1920, assets to be included therein should be confined to those that are realizable or which are interest- or revenue-producing. This policy was followed fairly consistently until 1957-58 when funds required by a Crown corporation for the purchase of land to be held for long terms by the government were recorded as loans instead of being included in budgetary expenditures, as had formerly been the case. The Crown corporation does not have any revenue, however, with which to service such loans either as to principal or interest and accordingly the Public Accounts Committee agreed with me and pointed out that these were not loans and should not be treated as assets but charged directly to budgetary expenditure. This practice was then later extended whereby our Canadian Broadcasting Corporation secured loans in the same way to finance capital expenditures. These loans were likewise treated as assets despite the fact

that the Corporation can only have recourse to the government for further funds with which to service the principal and interest on the loans. The same situation obtained in the case of the Crown corporation which operated Expo '67, held in Montreal in the year of our Centennial. The requirements of this Corporation roughly approximated \$300 million, most of which was loaned by the government and shown on its balance sheet as an asset although the Corporation had no resources with which to repay the loans. As a result, handling advances like these as loans instead of grants has, of course, had the effect of understating the annual deficits over the past years in the Public Accounts of Canada. This is of very direct concern to an auditor required to certify such accounts.

You will probably be wondering at this stage how large my Office is. I am afraid we are very much smaller than you would expect for a country of some 20 million compared with your 250 million. We are only 200-odd strong at the present time, the majority of my staff being located in Ottawa with small regional branches across the country. About 80 hold accounting degrees. Our assignments have expanded considerably in the past several years as our government has created additional Crown corporations, government agencies, and departments. We have rather more than 35 Crown corporations and agencies but the Auditor General is not the auditor of seven of these, the work being done by private firms. Questions are being asked in the committee and the House as to why the Auditor General should not be the sole

auditor of these seven public corporations because public funds are involved on which an accounting is to be given to Parliament. While I cannot disagree with the principle behind this recommendation, I should prefer to work in partnership on these audits, so to speak, with the private firms, whereby the Auditor General would be the joint auditor with them of the accounts of these particular corporations. With a small Office like mine, I think there is much to be gained by a good working arrangement along these lines with our friends in the private sector, most of whom share my view. I already audit several on this basis now.

The United Nations and Its Specialized Agencies

The Canadian Audit Office also undertakes important international auditing assignments. For many years the Auditor General of Canada has been the external auditor of the International Civil Aviation Organization, a specialized agency of the United Nations, while in 1967 and 1968 the Assistant Auditor General served on the Audit Committee of the International Monetary Fund here in Washington, latterly as its Chairman. In November 1967 the Auditor General of Canada was appointed by the General Assembly to the Board of Auditors of the United Nations.

I am presently working at United Nations Headquarters in New York with my two colleagues on the Board of Auditors, the Comptroller and Auditor General of Pakistan, Mr. S. M. Raza, and the Controller General of Colom-

bia, Dr. Victor G. Ricardo, as we finalize our reports on the accounts of the United Nations for the year 1968.

In this work, my Canadian audit team has been concentrating on the United Nations operations in Geneva, Vienna, The Hague, Cyprus, and the Congo. At the request of the United Nations, the scope of the work of the members of the Board was extended in 1968 into management and operational auditing in certain areas. Canada has carried out this expanded scope in the case of two of the major agencies of the United Nations in Europe—the United Nations High Commissioner for Refugees in Geneva and the United Nations Industrial Development Organization in Vienna. Similar studies in the case of certain of the other agencies have been carried out by my Pakistan and Colombian colleagues. These reports are now in process of finalization for transmittal to the Secretary-General for his distribution. The Board of Auditors will, of course, in accordance with established practice, be making appropriate reference to their contents in its formal reports on the accounts to the General Assembly.

One of our Canadian reports is a study of the electronic data processing facilities of the United Nations in New York, Geneva, and Vienna. This was commissioned as a special matter by the Secretary-General last December and represents a detailed and extensive examination of the facilities and needs of the United Nations which are very wide as it seeks to discharge its vast world responsibilities, particularly to the developing nations. As such, the report constitutes a blueprint which we hope will stand the test of the close examination to which it is going to be subjected over the next several months.

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It is my firm belief, shared I know by the Comptroller General, that our respective Offices can make a very real contribution in the international field, and particularly in terms of welcoming visitors from overseas to spend some time with us participating in our work.

In this way, auditing standards and the scope of work in their countries and ours can be broadened and improved. It is my hope that we can continue to advance this work together in the interest of international harmony and understanding.



Photo Courtesy of CAO Watchdog

A. Maxwell Henderson, Auditor General of Canada (left) receives plaque from Elmer B. Staats, Comptroller General of the United States, in appreciation for his participation as guest speaker at the Third Honor Awards Ceremony.

GAO Staff Changes



H. Edward Breen

H. Edward Breen, assistant director, Office of Personnel Management, retired from active service on May 2, 1969.

Mr. Breen came to the General Accounting Office in 1956 from the University of Illinois where he had served on the accounting faculty for many years. He was assigned to the former Office of Staff Management which had been established in 1956 under the direction of Leo Herbert to provide increased direction and leadership in the continuing development and expansion of the professional accounting and auditing staff. In 1958, Mr. Breen was made an assistant director.

Mr. Breen, a native of Cairo, Ill., received a B.S. degree from the University of Illinois in 1932. In 1937, he received a M.S. degree and, in 1953, a Ph. D. from the same institution.

He is a CPA (Illinois) and a member of several professional associations, including the American Accounting Association, the American Institute of CPAs, the District of Columbia Institute of CPAs, and Beta Alpha Psi.

During his career in GAO, he received awards for meritorious service in 1958 and 1965. He was an active participant in the GAO sports programs and served as president of the GAO Employees Association during the past year.



Thomas A. McQuillan

Thomas A. McQuillan was designated assistant regional manager of the New York Regional Office, effective April 20, 1969.

Mr. McQuillan served in the U.S. Army from 1946 to 1948. He received his bachelor of science degree from Fordham University in 1952 and attended the Program for Management Development at the Harvard University Graduate School of Business in 1965.

Mr. McQuillan has had a wide range of audit experience since joining the staff of the New York Regional Office in 1952.

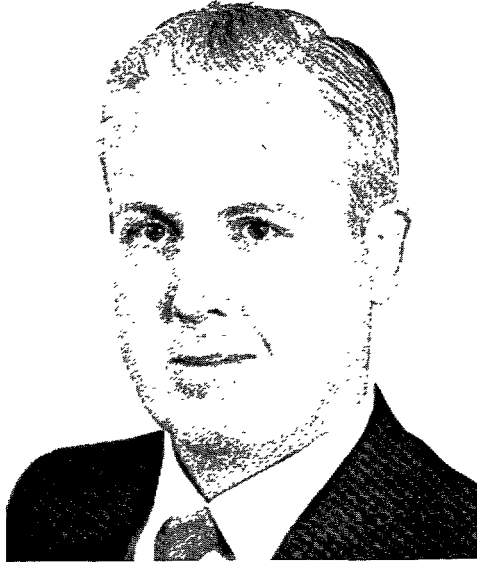


Edward C. Messinger

Edward C. Messinger was designated as assistant regional manager of the Chicago Regional Office, effective May 4, 1969. In this position he will be concerned with professional development, training, and recruiting, and certain technical assignments involving ADP applications, financial management, and accounting systems.

Mr. Messinger served in the U.S. Army during World War II. He graduated with distinction from Northwestern University with a B.B.A. degree. He was a staff accountant for several years with a national public accounting firm and joined GAO in the Chicago Regional Office in 1957.

Mr. Messinger attended an executive program at the University of Wisconsin in 1967 and a series of computer courses at Roosevelt University in 1967 and 1968. He is a CPA (Illinois) and a member of the American Institute of Certified Public Accountants, the National Association of Accountants, and the American Management Association.

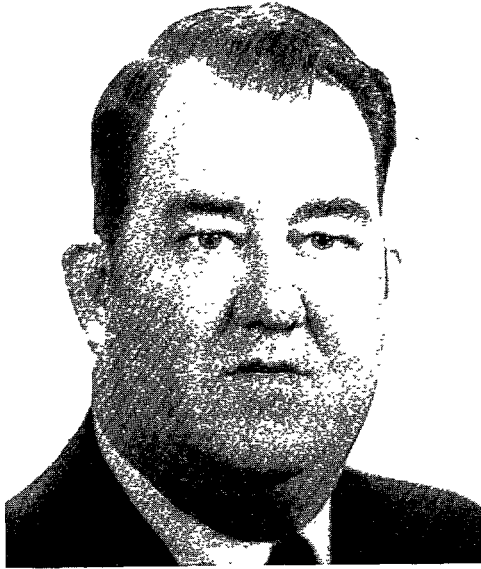


John E. Murphy

John E. Murphy was designated as assistant regional manager of the Denver Regional Office, effective May 4, 1969.

Mr. Murphy graduated from the University of Colorado in 1950 with a bachelor of science degree in accounting, and attended the Executive Development Program at the University of Michigan in 1965. Mr. Murphy is a member of the Federal Government Accountants Association, the Colorado Society of Certified Public Accountants, and the American Institute of Certified Public Accountants.

Mr. Murphy joined the Corporation Audits Division of the General Accounting Office in 1950 and has been with the Denver Regional Office since 1953. He received the Meritorious Service Award in 1967. Prior to joining GAO, Mr. Murphy worked in public accounting and served in the U.S. Navy from 1945 to 1946.

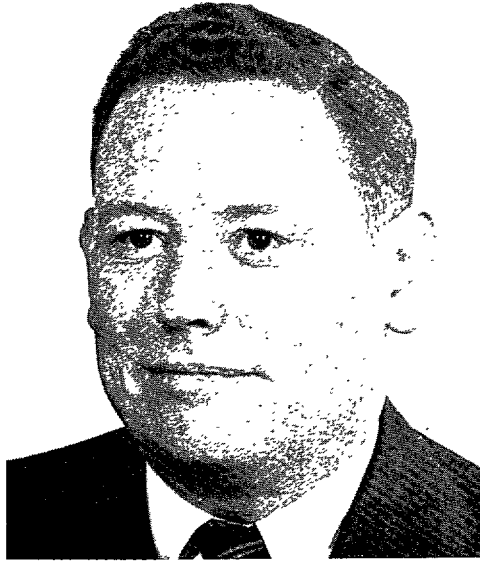


Roberson E. Sullins

Roberson E. Sullins was designated as an assistant director in the International Division, effective April 20, 1969. He will have the primary responsibility for directing the activities for development and maintenance of foreign assistance information and data needed by the International Division for shaping short-term and long-range plans from a countrywide standpoint.

Since joining the General Accounting Office in 1957, Mr. Sullins has had a wide diversity of experience with the Civil Division, the Defense Division, and the European Branch of the International Division.

Mr. Sullins served in the Army from 1953 to 1955. He received his bachelor of science degree in accounting from Central Missouri State College in 1957 and attended the Harvard University Program for Management Development in 1966. He received the Meritorious Service Award in 1964 and the Superior Performance Award in 1968. He is a CPA (Virginia) and a member of the American Institute of Certified Public Accountants.



Elmer Taylor, Jr.

Elmer Taylor, Jr., was designated as assistant regional manager of the Cincinnati Regional Office, effective April 20, 1969.

Mr. Taylor served in the U.S. Air Force from 1950 to 1954. He received a bachelor of science degree in commerce from the University of Kentucky in 1957 and attended the Executive Development Program at the University of Michigan Graduate School of Business Administration in 1965. He is a CPA (Ohio) and a member of the Federal Government Accountants Association.

Since joining the General Accounting Office in 1957, Mr. Taylor's service has been with the Cincinnati Regional Office. He received the GAO Meritorious Service Award in 1961.

GAO STAFF CHANGES



Valentine D. Tomicich

Valentine D. Tomicich was designated as assistant regional manager of the New York Regional Office, effective April 20, 1969.

Mr. Tomicich joined the New York Regional Office in 1953 after graduating from Fordham University with a bachelor of science degree, majoring in accounting. In 1967 he attended the Executive Development Program at the University of Michigan Graduate School of Business Administration.

He is a member of the Federal Government Accountants Association and the American Society for Training and Development.

Professional Activities

Office of the Comptroller General

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

Civil Service Commission's Federal Executive Institute, Charlottesville, Va., April 26.

Joint meeting of the Gamma Epsilon Chapter of Pennsylvania State University, Beta Alpha Psi, and the Central Pennsylvania and Williamsport Chapters, National Accountants Association, University Park, Pa., May 12, on "The Growing Importance of Management Auditors in Government."

American Society of Women Accountants, District of Columbia Chapter, May 14, on "The Role of Women as Professional Accountants at the General Accounting Office."

Foreign Service Institute's Senior Seminar in Foreign Policy re "Washington's Bureaucracy—Some Observations and Reflections," June 3.

Mr. Staats also:

Delivered the convocation address at Elizabethtown College, Elizabethtown, Pa., April 24, on "Social Responsibility and the Public Service."

Was commentator on Congressman John N. Erlenborn's speech before the Department of Agriculture Graduate School, April 30, "The Management Gap: At the Federal Level."

Read paper on "Fiscal and Management Dilemmas in Research and

Development" before the University of New Mexico's Program for Advanced Study in Public Science Policy and Administration, Albuquerque, N. Mex., May 15. This paper was prepared jointly by William D. Carey and Mr. Staats.

Gave keynote address before the 18th Annual National Symposium and Exposition of the Federal Government Accountants Association, Washington, D.C., June 9, on "The Financial Management Scene, 1969."

Acted as session chairman for theme "Responsive R&D Programming for National Progress" at the 1969 National Security Industrial Association Research and Development Advisory Committee Symposium, June 12.

Served as panel participant before the National Institute of Public Affairs' Conference of the Executive Officers Group, Charlottesville, Va., June 21, on "Executive Leadership in Democratic Government—1969."

The Assistant to the Comptroller General, *Lawrence J. Powers*, addressed the Brookings Institution Conference for Business Executives on the "Role of the General Accounting Office," on April 28, 1969.

Harry C. Kensky, director, Program Planning Staff, participated in the activities of the National Symposium and Research Committees and the Washington Chapter Membership Committee of the FGAA.

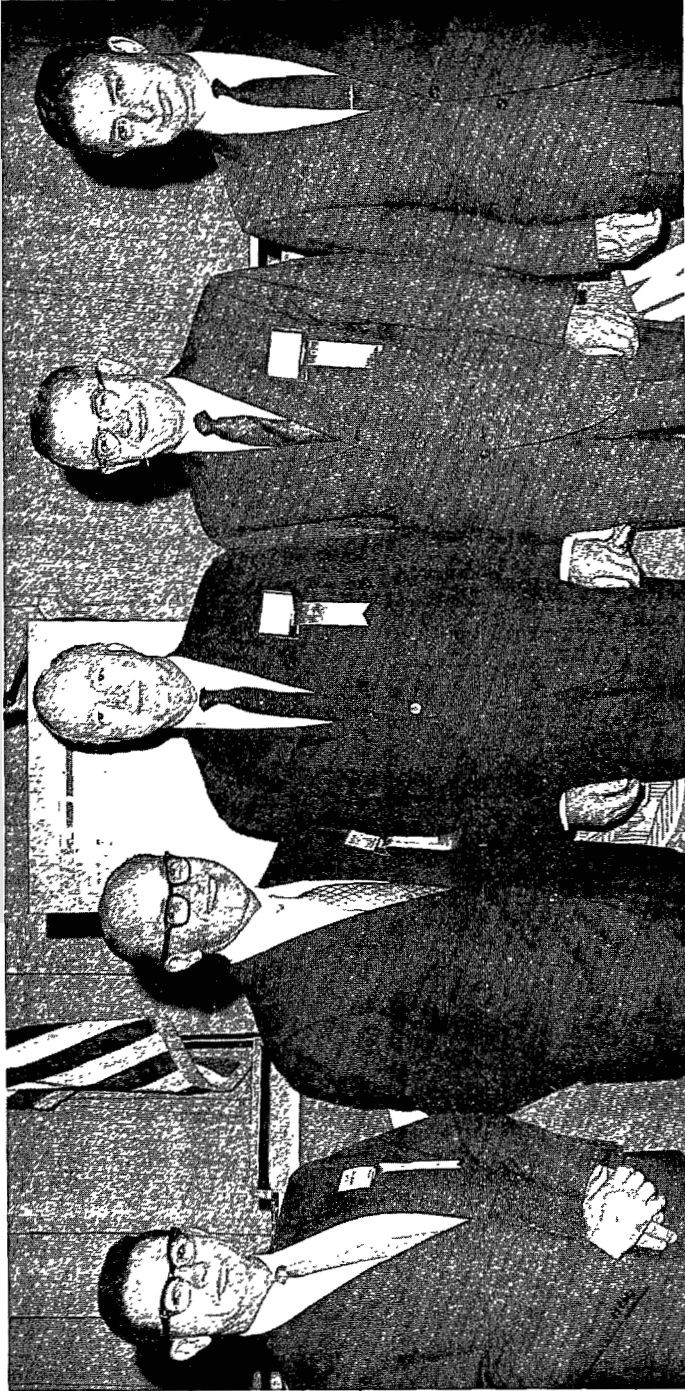


Photo Courtesy of GAO Watchdog

Comptroller General and FGAA officials at opening on June 9 of Association's 18th Annual Symposium at the Sheraton-Park Hotel, Washington, D.C., at which Mr. Staats delivered the keynote address. Left to right: Bernard B. Lynn, national president for 1969-70; Nathan Cutler, national president for 1968-69; Comptroller General Staats; Leo Herbert, chairman, National Education Committee; E. H. Morse, Jr., national president-elect (1970-71).

Mr. Kensky was also selected as one of 125 distinguished alumni of the State University of New York at Albany in connection with the 125th anniversary of the university and dedication of the new campus.

The Special Assistant to the Comptroller General, *William A. Newman, Jr.*, addressed the Federal Government Accountants Association, Baltimore Chapter, on April 17. The subject of his talk was "The Need for Cost Accounting Standards for Defense Contractors."

Mr. Newman also spoke on GAO's study of the feasibility of developing and applying uniform cost accounting standards to defense procurements at the plenary session of the Northeast Regional Group meeting of the American Accounting Association, Bentley College, Waltham, Mass., on April 11; before the Twelfth Annual Symposium, Philadelphia Chapter, Federal Government Accountants Association, on May 2; before the Aerospace and Electronics Industry Committee of the Los Angeles Chapter of the California Society of Certified Public Accountants, on May 22; and before the Procurement Advisory Committee of the National Security Industrial Association at Hot Springs, Va., on May 27.

Mr. Newman also served as keynote speaker and panelist at the Federal Government Accountants Association, Cape Kennedy, Fla., Chapter's Second Annual Symposium on April 25. The subject under discussion was "Uniform Cost Accounting Standards." He served also as a panelist and speaker at the 18th Annual National Symposium and Exposition of the Federal Government

Accountants Association, Washington, D.C., on June 9. This technical session was directed to the uniform cost accounting standards study and the possible impacts on Government and industry.

Office of the General Counsel

Robert F. Keller, general counsel:

Participated in the 1969 Procurement Law Institute sponsored by the Section of Public Contract Law, American Bar Association, Statler Hilton, Washington, D.C., March 22.

Spoke at the Public Contracts Section of the American Bar Association, San Diego, Calif., on "How Can the Government Contractor Protect Himself from Fishing Expeditions in His Records?" May 16.

Stephen P. Haycock, assistant general counsel:

Spoke on Public Law 87-653 before the Contract Management Institute, Mayflower Hotel, Washington, D.C., March 26.

On May 9, spoke on "Procurement Problems" at a seminar conducted by the ABA, University of Virginia Law School, and the Judge Advocate General's School, Charlottesville, Va.

On June 5, spoke before the Procurement Law Course, Judge Advocate General's School, Charlottesville, Va., on "GAO's Role in Government Contracting."

Melvin E. Miller, assistant general counsel:

On March 21, spoke before Region 3, Public Contract Law Section, American Bar Association, on "Bid

Protest Procedures of GAO," Philadelphia, Pa.

Spoke on March 25, before the Procurement Management Course, Fort Lee, Va., on "The Role of GAO in Defense Procurement."

On May 20, spoke before the Defense Procurement Management Course at Los Angeles Procurement Agency, Pasadena, Calif., on "The Role of GAO in Defense Procurement."

On May 27, spoke before the Defense Procurement Management Course, Fort Lee, Va., on "The Role of GAO in Defense Procurement."

Paul Shnitzer, deputy assistant general counsel:

On March 12, spoke at Hofstra University, Garden City, Long Island, N.Y., on "Recent Important GAO Procurement Decisions."

Lectured in the GSA course on "Procurement Contracting and Policy"; "Role of GAO in Procurement"; "Mistakes in Bids"; "Bid Protests"; and the "Appellant Role of GAO in Connection with Disputes under Contracts," Denver, Colo., March 17, 18.

Spoke on "Competitive Range Provisions under Public Law 87-653," Federal Government Accountants Association, New Orleans, La., March 27.

Spoke before the Basic and Advanced Courses in Government Contracts on "Special Procurement Methods and Recent Important Procurement Decisions," sponsored by the Small Business Administration, at Louisiana State University, New Orleans, La., March 31 and April 1.

Lectured in the GSA course on "Procurement Contracting and Policy"; "Role of GAO in Procurement Field"; "Mistakes in Bids"; "Bid Protests"; and the "Appellant Role of GAO in Connection with Disputes under Contracts," Washington, D.C., April 14 and 15.

Spoke at the Department of Agriculture Graduate School on "GAO in Government Contracting," April 24.

On April 29, spoke at the Department of Agriculture Graduate School on "Competitive Range Provisions under Public Law 87-653."

On May 5, spoke before the Defense Advanced Procurement Management Course, Fort Lee, Va., on "Problems in Formal Advertising."
Robert H. Rumizen, deputy assistant general counsel:

Spoke on April 7 and June 2, before the Defense Advanced Procurement Management Course, Fort Lee, Va., on "Problems in Formal Advertising."

Office of Policy and Special Studies

E. H. Morse, Jr., director, was recently elected as national president-elect of the Federal Government Accountants Association. After serving a year as president-elect, Mr. Morse will serve as national president of the association for fiscal year 1971.

Mr. Morse addressed the following groups in recent months:

Agency Management Analysis Officers Group, April 24, on the revised GAO statement of basic prin-

ciples and concepts for Federal agency internal auditing.

Seminar on accounting and administration for Federal grants co-sponsored by the Missouri Society of CPAs and the University of Missouri, Jefferson City, Mo., on May 8. Mr. Morse spoke on "Accounting and Auditing Aspects of Grant Administration."

Seminar on "What's Ahead—Military Comptrollership in the 1970's," sponsored by the American Society of Military Comptrollers, Washington Chapter, Fort Myer, Va., on May 22. Mr. Morse spoke on "What's Ahead in Accounting and Auditing."

Frederic H. Smith, deputy director, moderated the technical session on "Financial Administration of Grants to State and Local Governments" at the 18th Annual National Symposium and Exposition of the Federal Government Accountants Association, Washington, D.C., on June 10. Others active in this symposium were *Richard W. Maycock*, assistant director, who moderated the workshop session on "Fundamentals of Accrual Accounting," and *Susumu Uyeda*, assistant director, who moderated the workshop session on "Recording Contractor Performance under the Constructive Delivery Concept of Accrued Expenditures."

Keith E. Marvin, associate director:

Participated as a discussion leader on PPB at a Harvard Business School Association Seminar, Sea Island, Ga., January 17 and 18.

Addressed the American Society for Public Administration Comprehensive Program Planning Study

Group, Washington, D.C., February 13.

Participated as a panelist in the Cost-Effectiveness Section of the Joint National Meeting of American Astronautical Society and the Operations Research Society of America, Denver, Colo., June 17.

William L. Campfield, assistant director, has been elected to serve as secretary of the Washington Chapter of the FGAA for fiscal year 1970.

Francis W. Lyle, assistant director, has been serving as president-elect of the Washington Chapter of the FGAA and will assume the office of president for fiscal year 1970.

Richard W. Maycock, assistant director, is serving as a member of the Program Committee of the Washington Chapter of the FGAA for fiscal year 1970.

Civil Division

A. T. Samuelson, director, attended the regional conference of the National Association of Accountants at Las Vegas, Nev., on March 24–25. At the conference, Mr. Samuelson was inducted into the Stuart Cameron McLeod Society, an organization of past national officers and national directors of the association.

Gregory J. Ahart, deputy director, addressed the conference on Federal Affairs sponsored by the Tax Foundation on March 25. He spoke on GAO examinations of antipoverty and welfare programs. His speech was printed in the foundation's *Tax Review* for June 1969.

At a recent meeting of the Washington Chapter of the National Association



Photo Courtesy of GAO Watchdog

SPRING 1969 MEETING OF EDUCATOR CONSULTANTS AND GAO OFFICIALS

Seated left to right: Harley R. Climpson, Assistant Director, Office of Personnel Management; A. T. Samuelson, Director, Civil Division; Leo Herbert, Director, Office of Personnel Management; Elmer B. Staats, Comptroller General; E. H. Morse, Jr., Director, Office of Policy and Special Studies; Oye V. Stovall, Director, International Division; John E. Thornton, Director, Field Operations Division.

Standing left to right: Edward A. Dunton, Director, Bureau of Recruiting and Examining, U.S. Civil Service Commission; C. Jackson Grayson, Dean, School of Business Administration, Southern Methodist University; Harry M. Kelly, Associate Dean, School of Commerce, New York University; Herbert E. Miller, Professor, Department of Accounting and Financial Administration, Graduate School of Business Administration, Michigan State University; Robert H. Roy, Dean, School of Engineering Sciences, Johns Hopkins University; Charles E. Johnson, President, University of Oregon; John E. Champion, President, Florida State University; Alfred M. Pelham, Chairman, Board of Directors, The Great Lakes Mutual Life Insurance Company; Ossian MacKenzie, Dean, College of Business Administration, Pennsylvania State University; Robert W. French, Dean, College of Business Administration, University of Illinois (Chicago Circle); Thomas J. McCarthy, Director, Office of College Relations and Recruitment, Bureau of Recruitment and Examining, U.S. Civil Service Commission; James R. McCoy, Dean, College of Administrative Science, The Ohio State University; Frank P. Sherwood, Director, Federal Executive Institute, U.S. Civil Service Commission.

of Accountants, members of the Civil Division staff were elected to official positions in the Washington Chapter: *Donald Mutzabaugh*, assistant to the director, was elected a vice president; *Jack L. Mertz*, special assistant to the director for staffing, training, and recruiting, was elected director, members attendance; and *Max Neuwirth*, associate director, was again elected director of manuscripts.

Jack L. Mertz, special assistant to the director for staffing, training, and recruiting, recently attended a seminar on recruiting conducted by the University of Vermont in Bolton, Vt. The Vermont Recruiters Seminar reviewed the recruiting scene as it is with the colleges and universities and industry and Government today. The seminar was critical of recruiting as conducted by most industrial and governmental organizations and offered ways in which organizations could improve their programs. Mr. Mertz found that our Office's recruiting program appears to be on course as most of the suggestions offered by the seminar for more effective recruiting have already been incorporated in our program. Those techniques and processes discussed during the seminar which had merit and have not been incorporated in our program have been transmitted to our recruiters and will be considered for inclusion in our program.

Defense Division

Charles M. Bailey, director, addressed the Professional Military Comptroller Course, Air University, Maxwell Air Force Base, Ala., on March 21, on the subject of "DOD/

GAO Relationships." He discussed the organization of the Defense Division with emphasis on the review responsibilities of the functional groups within the Division.

Daniel Borth, associate director, on May 27, acted as moderator for the symposium conducted by the New York Federal Government Accountants Association on uniform cost accounting standards. Mr. Borth was elected vice president of the Washington Chapter, Federal Government Accountants Association, for the year beginning July 1, 1969.

James L. DiGuseppi, associate director, attended the Brookings Institution "Conference for Federal Executives on Business Operations," in New York from April 13 to 18.

Hassell B. Bell, associate director, on June 20, completed an 8-week Civil Service Commission training program in Executive Education at the Federal Executive Institute, Charlottesville, Va.

Marvin Colbs, assistant director, completed a 10-month residence school course at the National War College, Fort McNair, Washington, D.C., on June 6. The course dealt with world affairs and world events, as they affect the national security.

James H. Hammond, associate director, *Hyman Baras*, assistant director, and *Robert B. Hall*, assistant director, were guest speakers during April at the Navy's "Defense Procurement Executive Refresher Course" in Washington, D.C.

Felix E. Asby, assistant director, on June 3, addressed the Army supply management class at the Logistics Management Center, Fort Lee, Va. The

subject of his talk was "GAO Views Materiel Management."

Field Operations Division

Howard G. Cohen, audit manager, and *Gustave Johanson*, supervisory auditor, Boston, have been elected to serve as president and director, respectively, of the Hartford Chapter, FGAA, for fiscal year 1970.

Gerald T. Kelly, supervisory auditor, and *Donley E. Johnson*, audit manager, St. Paul suboffice, Chicago region, have been elected president and director, respectively, of the Minneapolis-St. Paul Chapter of FGAA for fiscal year 1970.

David A. Hanna, audit manager, and *James J. Sobota*, supervisory auditor, Chicago, spoke at a meeting of the Accounting Club at Indiana University, Gary Campus, on April 16. The subject was "Review of the Federal Anti-Poverty Program: Problems, Techniques, and Insights."

On March 27, *D. P. Sorando*, regional manager, Cincinnati, spoke at the monthly meeting of the Dayton Chapter of FGAA. The subject of his speech was "The Current Activities of GAO."

On April 23, *E. H. Stephenson*, supervisory auditor, Cincinnati, spoke at a joint luncheon of the American Society of Military Comptrollers and the Army Finance Association held at Fort Benjamin Harrison, Indianapolis, Ind. The subject of his speech was "The History, Organization, and Functions of GAO."

On April 10, *J. R. Dames*, supervisory auditor, Cincinnati, was elected to serve as vice president of the Indianapolis Chapter of FGAA for fiscal year 1970.

On March 20, *W. J. Schad* and *W. C. Herrmann, Jr.*, supervisory auditors, Cincinnati, spoke at the monthly meeting of the Cincinnati Chapter of FGAA. The subject of their presentation was "The GAO Feasibility Study of Uniform Cost Accounting Standards."

On March 19, *W. A. Broadus, Jr.*, supervisory auditor, Cincinnati, spoke at the monthly meeting of the Accounting Club at Eastern Kentucky University, Richmond, Ky. The topic of his talk was "The Activities of GAO."

The following Cincinnati staff members were elected to serve as officers in the Cincinnati Chapter of FGAA for fiscal year 1970: *W. A. Broadus, Jr.*, president; *W. C. Herrmann, Jr.*, treasurer; and *J. L. Silvati*, secretary.

Walton H. Sheley, Jr., regional manager, Dallas, spoke to the Accounting Club, Texas A&I, Kingsville, Tex., on April 9 and to the Accounting Club, University of New Mexico, Albuquerque, N. Mex., on April 24. His subject was "The Nature of Organizations and the People Who Run Them."

Deon H. Dekker, assistant regional manager, Dallas, spoke on "Career Opportunities for Accountants in the Federal Government" at the April 16 meeting of the Accounting Club, North Texas State University, Denton, Tex., and at the April 30 Career Day exercises at the university.

The following staff members were elected to offices in the Dallas Chapter of FGAA for fiscal year 1970: president, *Walton H. Sheley, Jr.*; treasurer, *Ronald D. Kelso*; and director, *Patrick T. Stelzer*.

Robert J. Piscopink, audit manager, was elected president; *Curtiss G. Love-*

lace, supervisory auditor, was reelected treasurer; and *Donald R. Schmidt*, audit manager, Detroit, was elected director of the Detroit Chapter of FGAA for fiscal year 1970.

David R. Miller, supervisory auditor, Cleveland, was elected director of the Cleveland Chapter of FGAA for fiscal year 1970.

At the Accounting Career Conference held in Detroit on May 10, *Frank G. Farkas*, supervisory auditor, Detroit, spoke to a group of high school students on accounting career opportunities in the Federal Government.

Stewart D. McElyea, regional manager, Denver, was a panelist in a joint workshop on "Management's Needs and System's Response," sponsored by the Association for Systems Management and the Institute of Internal Auditors, held in Denver, Colo., on April 10. Mr. McElyea served as chairman of the annual meeting of the Colorado Society of CPAs in Colorado Springs, Colo., April 26-30, and was appointed chairman of the society's Committee on Members in Government and Industry. Also he was elected president of the Denver Chapter of FGAA for fiscal year 1970.

Robert Van Maren and *Lee Newton*, supervisory auditors, Kansas City, were elected vice president and director, respectively, of the Kansas City Chapter of FGAA for fiscal year 1970.

Earl J. Ogolin, supervisory auditor, Kansas City, completed a 4-week Executive Development Program at the Graduate School of Business Administration, University of Michigan.

Jerry Pennington, supervisory auditor, Kansas City, has been selected to

serve on GAO's Committee for the President's Program for Talented Youth in the Federal Service.

Jerry Reeder, supervisory auditor, Kansas City, will conduct night classes in governmental accounting at Central State College, Edmond, Okla., from September 1969 to May 1970.

In January 1969, *Richard J. Gannon*, audit manager, Los Angeles, gave presentations on GAO's responsibilities and activities in the procurement areas before classes at California State College at Long Beach, Calif.

Four representatives of the Los Angeles Regional Office were elected officers of the Los Angeles Chapter of FGAA for fiscal year 1970. *Edwin J. Kolakowski*, assistant regional manager, was elected president; *William J. McCormick*, supervisory auditor, was elected treasurer; and *Ronald A. Bononi* and *Milo L. Wietstock*, supervisory auditors, were elected directors.

In May 1969, *Hyman L. Krieger*, regional manager, Los Angeles, was appointed to the Government Planning Committee of East Los Angeles College. The committee works with the college in their program of providing special classes for Government employees in the central city area.

Walter H. Henson, regional manager, and *Sidney F. Hecker*, professional development coordinator, New Orleans, assisted officials at Mississippi State University in establishing an off-campus experimental advanced level study program for experienced auditors. The first course under this program started at MSU in the spring term of 1969 with six staff members

PROFESSIONAL ACTIVITIES

of the New Orleans Regional Office participating.

Mr. Hecker has been elected to serve as a member of the Board of Directors of the New Orleans Chapter, NAA, for fiscal year 1970.

The following members of the New York Regional Office were elected to positions in the Long Island Chapter of FGAA for fiscal year 1970: *Herbert E. Larson*, president; *Robert Barbieri*, secretary; and *Raymond Griffin*, *Andrew Macyko*, *Gerald Maguire*, and *Valentine Tomicich*, directors.

Larry Davis and *David Gray*, supervisory auditors, Norfolk, have completed a one-year course of study and qualified for a certificate in data processing at the School of General Studies, Hampton Roads Center, University of Virginia.

E. W. Taylor, audit manager, and *John Payne*, supervisory auditor, Norfolk, spoke and presented slides on the operation of the General Accounting Office before 10 college accounting groups in the Norfolk region during the spring semester.

James H. Rogers, regional manager, Philadelphia, accompanied the Comptroller General to Pennsylvania State University for the presentation to the Comptroller General of honorary membership in Beta Alpha Psi. The occasion was a joint meeting on May 12, of the Gamma Epsilon Chapter, Beta Alpha Psi, and the Central Pennsylvania and Williamsport Chapters, NAA.

Milton H. Harvey, assistant regional manager, Philadelphia, recently participated in two seminars of the National Contract Management Association. The first one, presented by the

Greater Philadelphia Chapter, was on the subject "Proposed Revision to ASPR 15-205.34." The second seminar, presented by the Eastern Pennsylvania Chapter, had as its subject "Uniform Cost Accounting Standards."

Simon Bonderow and *Robert P. Meahl, Jr.*, supervisory auditors, Philadelphia, were recently elected secretary and director, respectively, of the Philadelphia Chapter of FGAA for fiscal year 1970.

Charles Vincent, assistant regional manager, San Francisco, addressed the March meeting of the Sacramento Chapter of FGAA, and on April 16 he spoke before a class at the CSC Executive Seminar Center in Berkeley on GAO management review functions.

Kenneth A. Pollock, assistant regional manager, San Francisco, in his capacity as the local FGAA president, has been awarded a certificate by the San Francisco Federal Executive Board in recognition of the FGAA contributions and assistance to the Board in financial management matters.

Glenn H. Merritt, *Jack W. Erlan*, and *Charles W. Thompson* have recently been awarded CPA certificates by the California State Board of Accountancy.

On April 16, *William N. Conrardy*, regional manager, Seattle, participated in a campus forum which was sponsored by the American Management Association at the University of Portland. The subject of his presentation was "Management in the Year 2000."

On April 16, *L. Neil Rutherford*, audit manager, Seattle, addressed the April meeting of the Oregon Society of Certified Public Accountants, Portland,

Oreg. The subject of his talk was "Performance Auditing."

Mr. Rutherford has also been designated chairman of the Financial Policy Committee of the Puget Sound Chapter of the American Society for Public Administration.

On May 27, *Irwin M. D'Addario*, assistant regional manager, Seattle, addressed the Seattle Chapter, FGAA. The subject of his talk was "Planning—What's It All About?"

Joseph J. Calnan, supervisory auditor, was elected vice president of the Seattle Chapter of FGAA for fiscal year 1970. *Robert A. Higgins*, *Helmer S. Tellhed*, and *Walter A. Choruby*, supervisory auditors, were elected, president, treasurer, and director, respectively, of the Portland Chapter of FGAA for fiscal year 1970.

D. L. Scantlebury, regional manager, and *Jerry D. Sconce*, audit manager, of the Washington Regional Office, have been elected president and director, respectively, of the Northern Virginia Chapter of FGAA for fiscal year 1970.

The article, "A Timesaving Technique for Report Review" by *D. L. Scantlebury* and *Donald G. Goodyear* which appeared in the Fall 1967 issue of the *GAO Review*, was reprinted in the Spring 1969 edition of the U.S. Army Audit Agency Bulletin and in the April 1969 edition of the AEC Audit Bulletin.

Richard E. Nygaard, supervisory auditor, Washington Regional Office, served as a member of the Arrangements Committee at the Annual Symposium of FGAA in Washington, D.C., June 9-11.

International Division

James A. Duff, associate director, completed in June the 10-month senior seminar of the Foreign Service Institute, Department of State. This seminar is the most prestigious training offered by the Institute. It was developed to assist officers to prepare for positions of high responsibility in the field of foreign affairs by stimulating their powers of creative and thoughtful judgment.

Participants in the seminar met with top Government officials at the Federal, State, and local levels, industry officials, and educators. At the completion of the seminar, they were privileged to meet with the President of the United States.

Gilbert F. Stromvall, assistant director, attended the 4-week seminar on International Trade Expansion of the Foreign Service Institute, May 12-June 6.

Oye V. Stovall, director, *Eugene C. Wohlhorn* and *Frank C. Conahan*, assistant directors, spoke on February 11 at the American University Washington Semester Program. They described the international activities of the General Accounting Office.

Transportation Division

T. E. Sullivan, director, attended the Southeastern Accounting Conference of the Association of American Railroads in Atlanta, Ga., from April 8-14. He discussed problems relative to the settlement of rail carrier accounts.

Mr. Sullivan also addressed the Association of American Railroads at its annual meeting held in St. Paul, Minn.,

PROFESSIONAL ACTIVITIES

on June 15-18. *Ralph E. West*, assistant director, also participated in the meeting.

F. J. Shafer, deputy director, in May of 1969, presented a point of view on distribution management to DOD's Joint Logistics Review Board studying logistics support of our forces in Southeast Asia.

Alfred Beaver, traffic manager, participated in a General Traffic Management Conference and seminar workshop, Western Area Military Traffic Management and Terminal Service, San Francisco, Calif., on June 3-4.

Edward J. Will, transportation specialist, participated in the International Symposium on Transportation Pricing

at American University, Washington, D.C., on June 16-20.

Office of Personnel Management

Leo Herbert, director, was Accountant in Residence at the University of Missouri, Columbia, Mo., on March 21. He spoke on "New Audit Developments in GAO." On May 27, he attended a reorganization meeting of the Accounting Careers Council—an organization to induce possible candidates to enter the field of accounting—New York City. On June 27, he spoke before the intern program of the American Management Association, Saranac Lake, N.Y. His topic was "Management in Government."

New Staff Members

The following new professional staff members reported for work during the period March 16, 1969, through June 15, 1969.

**Civil
Division**

Arden, Arthur E.	Bridgewater College
Burnett, Michael A.	Purdue University
Burris, James T.	University of Baltimore
Casterline, Marvin E., Jr.	Wilkes College
Cummiskey, John D.	King's College
Dillard, James B.	Methodist College
Duffy, Michael F.	College of Southern Utah
Ericson, Lee J.	Salem College
Fogelgren, John R.	Frederick College
Fultz, Keith O.	Shippensburg State College
Glenn, Thomas E.	Northeastern State College
Goodmiller, John K.	Oklahoma University
Gough, Kathryn D. (Miss)	Bloomsburg State College
Greenspoon, Peter A.	St. Mary's University
Gryszkowiec, Michael	Wilkes College
Hatchell, Otis D., Jr.	Methodist College
Heil, Jeffrey E.	Elizabethtown College
Hessler, Charles B.	Wilkes College
Hibbitts, Howard D., Jr.	Roanoke College
Hobbs, Rodney F.	Methodist College
Kopec, Joseph G.	Wilkes College
Kotuski, Richard J.	Pembroke State College
Kunzler, John A.	College of Steubenville
Lainhart, John W., IV	Davis and Elkins College
Levy, Murray D.	George Washington University
McAlexander, Douglas L.	Columbia Union College
McMahon, James K.	Pembroke State College
McMannus, John R.	Indiana University of Pennsylvania
Martin, Timothy K.	Point Park College
Mench, Melanchthon W.	Bloomsburg State College
Mood, Marvin C.	University of North Carolina
Motley, Michael E.	Belmont Abbey College
Myers, Donita L. (Miss)	St. Francis College
Nosik, Douglas D.	Westminster College
Procter, Stuart E., Jr.	Methodist College
Schmitt, Eugene C.	Wheeling College
Smith, Raymond H., Jr.	Methodist College
Smith, Warren	Shippensburg State College
Stone, Brian J.	Alfred University
Stoup, William R.	Waynesburg College
Strittmatter, Richard L.	Wilkes College
Summer, Walter B.	Newberry College

NEW STAFF MEMBERS

**Civil
Division—Con.** Sutton, William K. Methodist College
Tate, Carl R. Indiana University of Pennsylvania
Vinovrski, Bernard J. Wilkes College
Walsh, Thomas J., III Baltimore College of Commerce
Walthall, Donald J. Belmont Abbey College
Warholic, George J. Indiana University of Pennsylvania
Weaver, Marvin S., III Pembroke State College
White, Harry L., Jr. Bloomsburg State College

**Defense
Division** Avila, Edwin J. Columbia Union College
Boykin, Jerald L., Sr. Southern University
Bunnell, John G., Jr. Methodist College
Chambers, Norma A. (Mrs.) University of Maryland
Dokken, Theodore J. Wunderlich Co.
Gaston, Lawrence D., Jr. Albright College
Harper, John K. University of Tennessee
Jivatode, John R. Department of the Navy
Kish, Thomas M. Central Connecticut State College
McDermitt, Paul R. Tennessee Technological University
Mehringner, Edward J., Jr. State University of New York
Metzler, Joseph L. Wheeling College
Raimond, William B. West Virginia University
Richards, James R. Point Park College
Stephens, Robert F. Department of Defense
Strauss, John J. Wheeling College

**Transportation
Division** Brinkman, David A. West Liberty State College

**REGIONAL
OFFICES**

Atlanta Barnett, Jimmy R. Louisiana State University
Egger, Steve G. Delta State College
Fulton, Frankie L. Austin Peay State University
Hardy, William C. Austin Peay State University
McGinnis, Claude M. Berry College
Maloney, Larry E. University of Alabama
Mann, Gary E. Western Carolina University
Mayo, William F. University of Georgia
Mays, Carl S. University of Georgia
Reesman, Donald C. Bob Jones University

Boston Bishop, Bonnie S. (Miss) Husson College
Cicoria, Michael J. Raytheon Company
Monticone, John M. Boston University
Smith, Vernon J. University of Maine

Chicago Bacon, Brett K. University of Dubuque
Bothe, David A. University of Wisconsin
Dempsey, William M. Lewis College
Slagel, Vincent L. Loyola University

NEW STAFF MEMBERS

<i>Cincinnati</i>	Cantrell, Glen M. Combs, David F. Demidovich, Michael A. Foreman, Arthur D. Jones, William L. Kahmann, James R. Martin, David R.	Morehead State University Bellarmine-Ursuline College Youngstown State University University of Cincinnati Carson-Newman College Thomas-More College University of Kentucky
<i>Dallas</i>	Armstrong, Gary M. Bradley, William E. Dighton, Harold G. Forbes, William C. Forshee, Kenton L. Giese, Robert J. Greear, Lee T. Harrington, James R. Scrutchins, Samuel H. Stuart, Gaylon R. Taylor, Thomas M. Waldrup, William E. Walker, John G. Westbrook, Vernon, Jr.	Southwestern State College Stephen F. Austin State College Central State College Texas Technological College Oklahoma State University North Texas State University Texas Technological College Stephen F. Austin State College University of Florida New Mexico State University Midwestern University Department of Transportation Stephen F. Austin State College East Texas State University
<i>Denver</i>	Baird, Ted B. Dragseth, Gary K. Kuzmic, Vernon G. Lawton, Patricia A. (Miss) Madsen, Kirtley O. Smith, Robert B.	Utah State University University of South Dakota Southwestern State College University of Colorado University of Utah Montana State University
<i>Detroit</i>	Everitt, David V. Schuster, Louis J.	Michigan State University John Carroll University
<i>Kansas City</i>	Ellis, Lyndle R. Gillispie, Walter J. Hodges, Larry E. Hoff, Bernard C., III Jones, George L. Maxon, Ronald E., Jr. Spence, Robert D. Townsend, Russell E., Jr.	East Central State College Central State College Kansas State College Phillips University East Central State College University of Missouri Southwest Missouri State College Central State College
<i>Los Angeles</i>	Anklewich, Thomas B. Carlton, Van Duke, Jr. Fisher, Charles R.	California State College at Fullerton Northeastern State College University of Southern California
<i>New Orleans</i>	Benigno, Joseph A. Bostic, Thomas R. Hoppe, Norman R., Jr. Kivell, Edwin J. Williams, Ronald H.	Louisiana State University Louisiana State University Louisiana State University Southeastern Louisiana College Delta State College

NEW STAFF MEMBERS

New York	Darmochwal, Ellen T. (Miss)	Fordham University
	Hughes, Sharon A. (Miss)	College of New Rochelle
	McLaughlin, Edward J.	Boston College
	Rich, Bruce B.	University of Bridgeport
Norfolk	Adkins, Floyd J.	Hampton Institute
	Bowman, Terry R.	University of North Carolina
	Carroll, Ray S., Jr.	Elon College
	Echerd, Neddie (Mr.)	Appalachian State University
	Greene, Hamilton C., Jr.	Campbell College
	Mills, Charles D., Jr.	Elon College
	Reardon, Ralph E.	Campbell College
	Sebesan, Dennis J.	East Carolina University
	Turlington, Joseph L.	Campbell College
Wells, James E., Jr.	Elon College	
Philadelphia	Gray, David R.	West Virginia Wesleyan College
	Hurlbrink, Natalie R. (Miss)	Drexel Institute of Technology
	Kredatus, Joseph A.	La Salle College
	Maristch, Peter G.	Temple University
	Scandone, Joseph A.	Philadelphia College of Textiles and Sciences
	Spallone, Richard S.	Temple University
San Francisco	Cullen, Joseph M., Jr.	Golden Gate College
	Piazza, Michael S.	University of California
	Wright, William L., Jr.	Humboldt State College
Seattle	Murphy, George R.	University of Montana
	Ostrem, Ronald E.	Western Washington State College
Washington (Falls Church)	Bieritz, David W.	University of Maryland
	Bouck, James F.	St. Andrews College
	Case, Orville J., Jr.	West Virginia Institute of Technology
	Koonce, Steven R.	Carson-Newman College
	Miller, Roger L.	American University
	Pittrizzi, James W., Jr.	East Carolina College
	Ulans, Gregory R.	The Citadel

Readings of Interest

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

The Modern Management Approach to a Program of Social Improvement

By Robert Beyer, *The Journal of Accountancy*, March 1969.

In this article the author, a partner in the accounting firm of Touche, Ross, Bailey & Smart, describes a management services project started in 1965 by his firm in connection with Detroit's war on poverty. The principal objectives of the project were (1) to design a system for keeping track of services rendered to poverty program clients and of the results achieved and, (2) to outline a management system that would provide certain information useful to program planning, budgeting, and control.

According to the author it is the accountant's job to handle the data, not to decide what data to handle. He refers to the system in Detroit as a social accounting system presumably because (1) quantification and measurement of human needs is part of the system and, (2) the system requires preparation of a program report which reveals program clients' needs, resources available, services rendered to clients and the benefits achieved, and a comparison of actual results with planned results. In the business accounting sense, these

outputs could perhaps be likened to certain budget data, product demand schedules, costs of production, analyses of variable margins on products, and comparisons of actual amounts with budget amounts—in effect, much of the basic and recurring information needs of a manager.

For avoidance of duplicative files and harassment of clients, information concerning individual client's needs related to such matters as housing, health, employment, education, and the client's poverty program service history is kept at one location. Each client's file (the Base Line Data file) is controlled centrally to reduce the probability of both improper use of the files and errors when data is input to the files from the various service centers. On the basis of information contained in the clients' files, quarterly reports are prepared to show the status of each client and other reports required for funding, statistical analysis, and management control are prepared.

Information concerning clients' needs does not involve depth analysis or long questionnaires and professional social scientists. A less expensive and less time-consuming method is used. The sponsoring agency trains nonprofessional interviewers and equips them with decision tables, procedure manu-

als, and other aids. In effect the interviewers use a cookbook approach.

Individual client's needs—that is, the characteristics which when below an acceptable level can be associated with poverty—are quantified by means of a numerical weighting scheme. The author uses "health" as an example. Excellent health might be rated a 7; failing health or continuous hospitalization might be rated a 1; and there would be numerous gradations in between. A client's health status, say a 4, would be compared with an acceptable health level, say a 6; thus, he would be found deficient by 2 points on the health characteristic.

The deficiency for each client for each characteristic (such as health, family income, housing, and urban adjustment, etc.) is computed and weighted according to how important a particular characteristic is to the client. According to the author they found that each client of Detroit's programs could be classified into one of 11 different basic types and that one set of weights could be used to weight the characteristics of each type. Interestingly, their analysis showed that the relative importance of the characteristics, at least the characteristics they identified, was the same for people of all races.

The weights were structured in consultation with poverty program clients on the assumption that priorities of needs would be more realistic if the weights mirrored the true feelings of the program clients. The author does not disclose any details as to how the weights were derived or how the program clients participated in their de-

velopment. It seems likely that more esoteric methodologies, perhaps including the utility theory of the Von Neumann and Morganstern type, might have been involved.

A mathematical model (apparently a linear programming model) and simulation techniques were developed to calculate the best theoretical allocation of resources to programs, in order to reduce the inventory of client needs to a minimum compatible with budget and other constraints. Various alternative policy and program constraints were tested in the model to determine their feasibility and cost and to determine the sensitivity of program results to the constraints.

The net result of numerous computer runs of the model and management decisions is a listing of the chosen policy and program decisions. According to the author the listing would be available to the press, to funding agencies, to representatives of the poor and to other interested parties. He does not state whether this listing was actually made available in Detroit, but he does imply that the various alternatives were not made available to persons other than program managers. The documentation produced in the computer run and decisionmaking processes would furnish program managers with explanations as to why particular policies were selected and with a detailed plan, including an operational plan for each program, the type and location of clients, the needs expected to be fulfilled, and the resources required.

Evaluation of program results is difficult for social programs where program clients may participate in or be

influenced by more than one program, because under such circumstances clients' income gains and benefits cannot all be attributed to one program. The procedure adopted in Detroit was to assume that the relative benefits of programs would not be affected by combining them. Thus, if program A alone would result in benefits of 10 and program B alone would result in benefits of 90, then when clients participate in both programs 10 percent of the benefits of the combined programs would be attributed to program A and 90 percent to program B.

A recent GAO review of the Detroit community action program showed that the system as developed by Mr. Beyer's firm had not been fully implemented. A major problem encountered was the fact that Detroit's antipoverty programs were evolving and changing to such an extent that modifications in the system could not be made quickly enough. The GAO review showed, however, that the system had resulted in guidelines which can be used in carrying out program evaluations and in the design of a system for obtaining information needed for making evaluations.

This article emphasizes the importance of providing evaluative information for decisionmakers in a systematic manner and the need for accountants to try to become involved in such efforts. The article is interesting and should give many readers ideas and second thoughts concerning their involvement in the management process; for these reasons it is worthwhile reading. However, one should not read the article with the expectations of finding

many details or specifics concerning the system in Detroit.

Ted M. Rabun,
OFFICE OF POLICY AND
SPECIAL STUDIES.

The Successful Supervisor in Government and Business

By William R. Van Dersal; Harper and Row Publishers, Inc., New York, 1968, \$4.95.

This book is written as a handbook for practicing supervisors in Government, business, or industry and is a revision of an earlier edition.

Ways by which a supervisor can provide for his development are outlined as follows: (1) relying on books written about supervision, human relations, executive development, management, administration, and related subjects; (2) developing a small personal library including professional journals and magazines; (3) obtaining membership in professional societies for the exchange of ideas and techniques with other supervisors engaged in the same type of work; (4) enrolling in courses offered by colleges and universities; and (5) reviewing and analyzing, as objectively as possible, his work and its results.

Serving as a general outline of the subject matter treated in the book, a listing of what a supervisor of people and a manager of work must do is as follows:

1. Learn to guide and direct the efforts of subordinates.
2. Learn to work in the organization of which he and his people are a part.

3. Learn to train and teach people to do their jobs.
4. Learn to speak, to write, to read, and to listen effectively.
5. Learn to analyze workloads.
6. Learn to make a plan of operations.
7. Learn to schedule work, make a timetable, and assign priorities to the various jobs involved.
8. Learn to improve operating efficiency.

The author recognizes that there are no sure and certain rules for working with people. However, he lists some general principles used by successful supervisors:

1. People must always understand clearly what is expected of them.
2. Good work should always be recognized.
3. Poor work deserves constructive criticism given in private.
4. People should have opportunities to show that they can accept added responsibilities.
5. People should be encouraged to improve themselves.
6. People should work in a safe and healthful environment.

The factors of motivation and participation as they apply to supervisors are discussed in some detail. Examples are given which show that individuals produce at a higher rate when they participate in the planning of their own work than when they do not. Frederick Herzberg's study showing job satisfying factors of achievement, recognition, the work itself, advancement, and responsibility are presented. The author also mentions briefly the studies of motivation and human behavior conducted by

Douglas McGregor, Rensis Likert, and David McClelland.

Suggested approaches to solving problems are demonstrated by brief illustrative cases. These include an analysis of techniques involved and the way the problems were resolved.

A list of books and periodicals that supervisors (and future supervisors) may find useful is included. The list can serve as a useful guide to more advanced reading on the subject or as an aid in planning or adding to a library.

The author's stated goal is to help supervisors at a minimum to approach their supervisory tasks and problems on a commonsense, intelligent basis. I believe that the method of presentation and the material presented achieves this goal through simple writing and concise and brief illustrations. I found the book interesting and fairly easy reading. The principles set forth are explained in brief understandable terms. I would recommend this book to staff members as an introductory text in supervision.

Gerald T. Maguire,
SUPERVISORY AUDITOR,
NEW YORK REGIONAL OFFICE.

The Theory and Management of Systems

By Richard A. Johnson, Fremont E. Kast, and James E. Rosenzweig; McGraw-Hill Book Co., 1967; \$9.95.

In the Spring 1969 issue of the *Review*, William N. Conrardy, manager, Seattle region, recommended "Corporate Excellence Through Grid Organization Development: A Systems Approach" to all students of manage-

ment theory and to all results-oriented managers. These same people should take a look at the second edition of "The Theory and Management of Systems." The authors have done a thorough job of defining, describing, and illustrating the systems approach. In fact, the main deficiency is the lengthiness of the discussions and examples. But they did divide the book into segments on (1) systems concepts and management, (2) applications, (3) implementation, and (4) the future. The first and last segments cover 160 pages and adequately explain the impact of the systems approach on the planning, operations, and controls of organizations. Whereas the traditional organization concepts concern hierarchy, authority, specialization, span of control, and line and staff relationships, and the neoclassic school added human relations, the systems approach concerns:

- The interrelationships of the organization with the environmental systems;
- The interrelationships among the tasks, social, and power structures within the organization;
- The information and communications processes;
- The decisionmaking processes;
- The effectiveness of the system controls;
- The system reliability; and
- In total, the growth and viability of the organization.

Where an organization must perform in a changing environment, the planning, structure, and controls must also be dynamic. This is where the sys-

tems approach, as exemplified in program or project management, can succeed where functional organizations falter because:

1. They emphasize elements at the expense of the whole.
2. They do not tend to develop "general" managers.
3. They tend to be a closed system with no outside input or feedback.
4. They tend to encourage conflict among various functions.
5. They develop a strong resistance to change.

From the viewpoint of the program manager, he must plan, operate, and control the whole program in an unstable environment. Thus, planning must be based on environmental (socio-economic, competitive, etc.) as well as internal data cranked into a model of the project so planning can become a continuous part of the management. The team must be sufficiently interdisciplinary to bring all skills and techniques to bear on the problem. And the team must be structured so that it can quickly detect and react to change (maybe unstructured would be more descriptive).

Although the book presents the subject in a very theoretical, wordy, and dry manner, the reader may get the image of a dynamic and free-wheeling, but purposive, organization attacking major issues of its time that could not be addressed by traditional functional units.

Kenneth W. Hunter,
OFFICE OF POLICY AND
SPECIAL STUDIES.

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

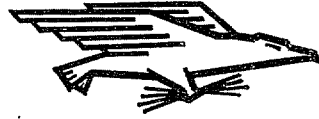
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