



Hazardous Waste Disposal: A Staggering Problem!



Charles A. Bowsher

Sixth Comptroller General of the United States

President Ronald Reagan nominated Charles A. Bowsher, a partner in Arthur Andersen & Company, as Comptroller General of the United States. Since 1971, Mr. Bowsher supervised Arthur Andersen's work for such Federal entities as the Departments of Interior and Treasury, the Agency for International Development, the Federal Energy Office, the Federal Reserve System, AMTRAK, and the General Accounting Office.

Mr. Bowsher was appointed by President Johnson to be Assistant Secretary of the Navy for Financial Management in 1967 and reappointed to that post by President Nixon. He served until returning to Arthur Andersen in 1971. During his Federal career, he received the Navy Distinguished Public Service Award twice and the Department of Defense Distinguished Public Service Award in 1971.

Having served on numerous public and private sector advisory committees, Mr. Bowsher brings a wealth of experience to his new position. He is past Chairman of the Board of Visitors of the Defense Systems Management School; a member of the Board of Trustees and Executive Committee of the National Security Association; a member of the Deputy Secretary of Defense Acquisition Review Committee; and a member of the Deputy Secretary of Defense Advisory Committee, Metropolitan Board of Trade; served on the Advisory Committee to the Secretary of Health, Education and Welfare (now HHS) and Commissioner of Social Security on Medicare Administration; and the Federal Government Executive Committee and Management Advisory Services Division Task Force, American Institute of Certified Public Accountants.

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From Our Briefcase

Hard Times Could Inspire Grant Reform

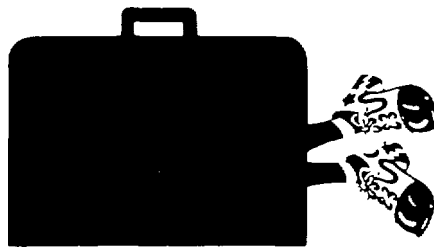
The unbelievable growth in the Federal grant system over the past 20 years has defined federalism in a new context. It has created such an interdependence between Federal, State, and local governments in the delivery of public services that issues once considered the exclusive domain of State and local governments have become national concerns. It means that the Federal Government cannot afford to ignore the impact of Federal policies on the ability of State and local governments to effectively manage Federal and non-Federal resources alike.

This was the thrust of GAO's testimony on intergovernmental issues before the Senate Subcommittee on Intergovernmental Relations. For the past several years, GAO has pursued an active intergovernmental work program, focusing on the impact of Federal grant policies and the need for grant reform. Now in the climate of fiscal austerity, such reform seems imminent as well as urgent.

GAO highlighted four major issues involved in intergovernmental grant reform: consolidating fragmented and restrictive categorical grants into broader purpose programs, allowing greater flexibility in issuing Federal mandates, better targeting of Federal resources, and improving the oversight and accountability of grant administration.

Currently, our Federal grant system, with its narrowly defined categories, fosters duplicative and overlapping programs. As a result, in the health area alone, for example, there are maternal and child centers, mental health centers, community health centers, lead poisoning programs, and so on. Services in this and other areas now dissipated through fragmentation could be strengthened by consolidation.

More than 1,260 Federal mandates—nationwide regulations, such as right-turn-on-red, 55 mph speed limit, clean air and water acts—apply to State and local governments. Often Federal funds are tied to a government's compliance with these mandates.



Although the mandates were written with noble and worthwhile goals intended, inflexible regulations designed to achieve these goals can undercut a government's capacity to render services effectively and economically. It could be wiser, for example, to allow a community with a small handicapped population to provide dial-a-ride services rather than to retrofit all its transportation vehicles to comply with the equal access mandate. Although little is known about the prevalence or impact of mandating, GAO is beginning an effort to better define the problem and potential solutions.

Fiscal austerity also highlights the need to examine the ways in which scarce Federal dollars are allocated among States and localities. GAO is forming a small staff with the requisite technical skills to coordinate a sophisticated, scientific approach to evaluate existing formulas for distributing Federal dollars among the States.

As governments learn to cope with reduced resources, management control over and accountability for Federal funds must increase. Although State and local governments need to share with the Federal Government the responsibility for managing and overseeing federally funded programs, they have little incentives to do so. For one thing, grantee oversight is discouraged because they have little discretion over program definition and scope for categorical programs. For another, dollar savings through greater productivity improvements or reductions in program scope accrue to the Federal Government, whereas States are rewarded for higher spending in over one-third of Federal formula grants.

With fiscal constraints throughout the public sector as the likely scenario in the 1980's, the need for im-

proved intergovernmental cooperation and coordination becomes critical and should serve as the impetus for the often called for, but seldom acted on, improvements in the massive Federal aid system. Interest in reforming the way Federal assistance is allocated, regulated, and administered is clearly increasing. The basic theme emerging is that every possible effort must be made to make better use of scarce public resources.

Indeed this quickening interest is reflected in the Reagan Administration's recent proposals to consolidate a number of existing categorical grant programs into block grants for social services, health services, and education. Further, Senator Roth's proposed Federal Assistance Improvement Act, which would significantly reform the ways Federal assistance is managed, will probably get some active attention this Congress.

Single Audit Steering Committee

Governmental auditors are concerned with the efficient management of not only Federal programs but also their own audits. This efficiency is the net effect hoped for by the Single Audit Steering Committee in implementing the single audit approach.

Under this approach, Federal, State, and local governments seek to avoid duplicative or overlapping audit efforts by providing for one financial and compliance audit of an organization's total funds rather than for a separate audit of each grant program within an organization. Of course, this audit approach requires much coordination and cooperation among governmental and private sector auditors as well.

An intergovernmental Single Audit Steering Committee has been organized to help implement the single audit approach. Sponsored by the Joint Financial Management Improvement Program, the Committee includes inspectors general, State auditors, city auditors, and GAO's Chief Accountant Don Scantlebury.

The Committee was formed as a result of a number of questions and problems raised by those involved in the single audit implementation. Because these issues deal with several

agencies and governments, an inter-governmental mechanism was needed to effectively deal with them. The Committee recognizes the importance of involving other interested governmental and nongovernmental organizations and plans to open future meetings for observation. For further information, you can contact the Committee's project director Ernest Davenport at (202) 275-5200.

Unresolved Audit Findings Worth Billions

In the cost-cutting climate of the new Administration, the elimination of Federal waste and mismanagement is of renewed significance. As early as January of this year, GAO reported that progress in resolving audit findings worth billions is disappointing.

Although Government agencies spend millions of dollars annually to audit Federal programs and operations, most of them still lack effective systems for taking corrective actions on findings. In 1978, GAO reported \$4.3 billion in unresolved findings at 34 agencies; today the problem is worsening.

After GAO's 1978 report, the Office of Management and Budget revised its policy guidelines emphasizing prompt and proper resolution of audit findings. Most agencies' systems, however, are still not in compliance. GAO turned up numerous examples of agency failures to correct problems or improve operations as recommended by audit.

According to the GAO report, OMB needs to clarify its policy guidance on audit resolution and extend its oversight to make sure agencies comply with it. The report also stresses agency management's accountability for taking appropriate actions to resolve audit findings.

Requests for copies of "Disappointing Progress in Improving Systems for Resolving Billions in Audit Findings" (AFMD-81-27, Jan. 23, 1981) should be addressed to GAO's Document Handling and Information Services Facility, P.O. Box 6015, Gaithersburg, Md. 20760.

Crisis in Federal Executive Pay Situation

"The pay situation for top Federal officials has reached a crisis." This GAO Review/Summer 1981

alarm was sounded by then-Comptroller General Staats in a February congressional hearing on executive, legislative, and judicial salaries.

Some two-thirds of executives who resigned in fiscal year 1980 left the Senior Executive Service for higher paying jobs, according to a survey by the Office of Personnel Management. Respondents cited their concern about continued pay ceilings and lack of regular adjustments as an important reason for their leaving.

Personnel officials at Federal agencies cite low salaries and infrequent adjustments as a major source of their difficulties in recruiting individuals for higher level jobs from outside Government. Despite extensive advertising, agencies often get few qualified applicants because prospective applicants frequently earn more than the Government can pay.

Filling a position from within is not necessarily easier because SES promotions entail increased responsibility without increased pay. SES salaries cannot exceed the \$50,112.50 ceiling, which means that despite the six different executive levels, virtually all SES members are paid at the same rate.

Comptroller General Staats commended the Commission on Executive, Legislative, and Judicial Salaries for its recommendations to improve the serious pay situation. Among several things, the Commission recommended

- permitting the automatic pay adjustment, required by the Executive Salary Cost-of-Living Adjustment Act, to take effect;
- that the President appoint a Special Commission on Federal Employee Compensation for a 2-year period to work on resolving the problems inherent in the current complex total compensation system for Federal employees; and
- enacting legislation to modify the quadrennial review process to provide for a biennial Commission on Executive, Legislative, and Judicial Salaries.

Government Accounting Standards Board Proposal

Should there be a new organization to establish accounting and reporting requirements for State and local governments? Yes, is the conclusion

of an *ad hoc* Governmental Accounting Standards Board Organization Committee. The Committee formed in April 1980 after a year of informal discussions to consider the need for the new organization and to develop its structure, funding, standards, and ways to interact with the Financial Accounting Foundation and Financial Accounting Standards Board.

In an exposure draft issued in February, the Committee recommended forming a separate independent board to establish, and enforce compliance with, accounting standards for State and local governments. At this writing, the Committee was awaiting comments due at the end of April and a public hearing in early May.

Why is a new body needed when there already is a Financial Accounting Standards Board which sets accounting rules in the private sector? According to the organization committee's report:

Many individuals believe that the objectives of financial reporting are different for government than for business enterprises. They believe that governments operate in a different economic, legal, political and social environment and therefore there are differences that significantly affect the objectives for financial reporting of state and local government.

Many people question whether the financial reporting objectives and resulting standards for government are different from those of non-government. [. . .] There is concern that this question would not be adequately addressed if a single body set accounting standards for both government and non-governmental organizations.

As envisioned by the Committee, the Governmental Accounting Standards Board would be an independent body including government representatives—in part, to insulate it from political pressures. Oversight and funding responsibility would be vested in an independent Governmental Accounting Foundation, representing various governmental perspectives. (Adapted from GAO's *Management News*, Feb. 24, 1981.)

Policy Issues in the Eighties

The American public will have to adjust to a changing economy, the

energy predicament, persistent inflation, and increasing global interdependence, concludes the report of the President's Commission for a National Agenda for the Eighties. "In the face of limited resources and slowing productivity growth, trade-offs will be necessary among economic, social, and international objectives."

Several policy considerations will be important in the eighties: without increasing funding, the United States could fall behind in scientific and technological developments. Reports of eight panels address problems of energy, environment, science and technology, economy, social justice, cities, regulation, quality of life, and foreign affairs and offer proposals for actions. Specific topics include the role of scientific expertise in policymaking; the compromises for new energy sources, environmental policy, and impact of the economy; and reforms which could facilitate long-term decisionmaking.

Copies of the report are available in GAO's technical library. (Adapted from *Futures*, newsletter for Congressional Clearinghouse on the Future, February 1981.)

Technical Information Specialists Help With Research

In the course of a day's work, the GAO evaluator is often asked to do the impossible: to become a subject matter expert on topics ranging from nuclear powerplants to Government food programs. Reading the available literature is a good way to develop a working familiarity with a given topic, but does the evaluator's schedule allow sufficient time for research? Does the evaluator know how to locate sources of information, and how can the best source be identified?

Research consumes valuable time that is needed in other phases of an evaluation. In headquarters, staff can use the GAO library to gather information, but regional offices lack this option. To fill the gap, a technical information specialist works with regional personnel in their research efforts.

Most information specialists have master's degrees in library science, and all have experience in research procedures. They receive additional

training in information gathering and retrieval from GAO, the Library of Congress, and several private companies. But often the most valuable experience is gained on the job.

Technical information specialists use a variety of resources when searching for information. Some of the more useful sources are compilations of publications by GAO and related agencies, and directories, periodical indexes, and encyclopedias. Computer-assisted searching provides a unique approach to gathering information. Access to over 150 computer-based files makes it possible for the information specialist to research subjects from accounting to zoology, and everything in between. These files can be used to compile bibliographies, research the literature on a particular topic, and, in some cases, provide abstracts of articles and reports.

Many of the questions received from evaluators are concerned with researching congressional legislation. Here are some of the steps used when tracing the history of a bill. For example, if you wanted to compile a legislative history of the Military Construction Authorization Act (MCAA), where would you begin?

- Since a legislative history outlines the steps a bill progresses through in Congress from introduction to passage into public law, a good starting point would be the bill number. Bill numbers can be found in the *Congressional Record's* (CR's) Daily Digest section or by calling the bill status office. (See reference chart at the end of this article.) The MCAA was introduced into the Senate as S.1319 during the first session of the 96th Congress. (All bills and reports are numbered sequentially as they are introduced in the House/Senate; therefore, this was the 1319th bill introduced.)

- Committee calendars should be checked next to determine if the bill has been reported, held in conference, or passed into law. You can refer to the *Calendars of the United States House of Representatives and History of Legislation* since it is published daily and contains the history of bills from both chambers.

- Hearings often contain very useful information (such as the testimony of experts), but they may be difficult to obtain, especially for prior Congresses like the 96th, 95th, etc.). For-

tunately, the *Congressional Information Service/Index and Abstracts* can prove to be an invaluable tool when searching for hearings, reports, and other materials. Popularly known as *CIS*, this reference source covers most of the congressional documents published since 1970.

CIS is published in two parts—the subject/title index and the abstract volumes. Documents indexed include hearings, House and Senate reports, testimony, etc. Documents not included are those related to private bills, ceremonial issues, or internal affairs. The *CIS* index volume also contains the names of subcommittees, official and popular names of laws, and the name and affiliations of witnesses and authors. The *CIS* abstract volumes contain concise abstracts of the reports, hearings, committee prints, etc., indexed complete with references to page numbers. The public law section includes a brief, but useful, legislative history. All of the material indexed and abstracted is available on microfiche. (Check with individual libraries for availability on microfiche.) The index and abstracts are updated monthly and cumulated quarterly and annually. Remember that material is usually published in *CIS* about 4 months after it is received; i.e., reports, etc., abstracted in September 1980 will appear in the January 1981 index and abstract volumes.

This is just a sample of the myriad sources available to the researcher. You can feel somewhat relieved, however, knowing that if you need to locate identical bills (bills introduced in the same chamber with identical language), companion bills (bills introduced in the opposite chambers with identical language), agency reports, executive orders, military regulations, etc., you can contact your technical information specialist.

Finally, the ready reference chart and phone numbers (figure 1) have been compiled to help you quickly identify and locate some popularly requested legal resources.

This information was adapted from an article by Elizabeth Toiya Nyang.

READY REFERENCE CHART**FIGURE 1**

ITEM	MATERIAL	SOURCE AND/OR REFERENCE TOOL
BILLS	printed bill clean bill	Law Library (published at least 3-6 wks); SCORPIO (Library of Congress Automated Data Base). *OCR (extremely recent material) Bill Status Office
AMENDMENTS	printed amendment	Law Library OCR (extremely recent material)
RESOLUTIONS	printed resolution	Law Library OCR (extremely recent material)
TESTIMONY		Law Library OCR
REPORTS	published reports	Law Library, CIS, *USCCAN OCR
HEARINGS	published hearings	Law Library, CIS, OCR
CLASSIFIED HEARINGS		OCR
GAO TESTIMONY	printed	GAO Document Rm. 1518
CONFERENCE REPORTS	published	Law Library OCR CIS
BILL STATUS		SCORPIO Bill Status Office (Capitol Hill 225-8646) Law Library
LEGISLATIVE HISTORY		Law Library USCCAN CR CIS SCORPIO
ENROLLED BILL INFORMATION		House Enrolling Clerk 225-4470 Senate Enrolling Clerk 225-6250 OCR

*OCR: Office of Congressional Relations.

USCCAN: United States Code Congressional and Administrative News.

**IMPORTANT
PHONE NUMBERS**

Technical Information Specialist (see regional directory)

Office of Congressional Relations 202-275-5388 (FTS 8-275-5388)
GAO/headquarters, Rm. 7014

Bill Status Office—225-8646
Washington, D.C.

Law Library 202-275-2585 Rm. 7056 (FTS 8-275-2585) or
202-275-2585 Rm. 7510 (FTS 8-275-5560)
GAO/headquarters.

On Location

GAO Commemorates Black History Month

GAO marked its observance of the 55th anniversary of Black History Month with a series of events designed to recognize the contribution of black Americans to the country's culture. The nationwide theme of the 1981 commemoration is "Black History: Role Model for Youth."

The GAO observance took several forms, including two art exhibits, one on African culture and the other on Haitian sculpture and paintings. The Blacks in Government (BIG) chapter sponsored a seminar on preparing an effective application for Government employment.

The highlight of the month's activities was a February 20 program, "Progression—Not Regression!," held in the GAO auditorium. The keynote speaker was James Farmer, president of the Council on Minority Planning and Strategy and executive director of the Coalition of American Public Employees. He was the founder and former national director of CORE, the Congress of Racial Equality.

Mr. Farmer noted he was impressed with the capacity of the United States to change, but that the Nation now

needed to be pushed somewhat to complete its unfinished business. The percentage of black high school graduates going to college has actually dropped and cancer and suicide rates for blacks are rising. The latter statistic might actually be an ironic sign of progress. Mr. Farmer noted that Dick Gregory had once been asked about the suicide rate increase and had turned the query back to the questioner with one of his own: "Has anyone ever heard of a cat jumping up out of a basement window?" Maybe it is only now that some progress has been made, that black Americans are "up" enough to contemplate suicide.

While basically giving an upbeat speech, Mr. Farmer cautioned the audience not to be complacent about achievements to date. He is concerned about the resurgence of the Klan and sees the climate as more receptive to them than it was 15 or 20 years ago. He challenged the audience to become more committed to the continuing improvement of the status of black Americans. Mr. Farmer's remarks were accented by the words of the audience as it sang "Lift Every Voice and Sing"; "*Facing the rising sun of our new day begun, let us march on til victory is won.*"



CCD Lunchtime Seminars

Talking about men over lunch could be interesting for both sexes, particularly as it's done by GAO's Counseling and Career Development Branch. As part of the lunchtime seminar program, the Branch showed a highly acclaimed film in June called "Men's Lives," depicting some of the conflicts, pressures, and experiences of being raised as a male in our culture.

The Counseling and Career Development Branch, which offers a broad

range of services to help managers and employees deal better with people and their problems, holds lunchtime seminars monthly except during the summer. Covering such topics as financial management, family and drugs, and writing tips for the Federal 171 job application form, the workshops assume a variety of formats, including guest lectures, films, and discussions. Popular one-time seminars can develop into regularly scheduled workshops. Such was the genesis of GAO's Overeaters Anonymous weekly sessions.

CCD tries to alternate topics month-

ly between work life and personal life. A tentative agenda for lunchtime seminars resuming in the fall of this year includes alcoholism, nutrition and health, and leisure time and will revive the popular financial management and 171 job application workshops.

Organized in 1979, CCD has been a productive and flourishing unit. It offers general guidance through its resource center and workshops, provides staff psychologists for individual assistance, and advises supervisors in the areas of problem identification, referral processes, performance counseling, and career development.

In Memoriam Donald L. Scantlebury

GAO staff and the audit and accounting community at large were stunned by the untimely death of GAO's Chief Accountant, Donald L. Scantlebury, on June 19, 1981. As director of GAO's Accounting and Financial Management Division since 1971, Scantlebury led GAO's battle against fraud, waste and abuse in the Federal Government, arguing for stronger accounting controls as a deterrent.

Scantlebury joined GAO in 1956 after several years in public accounting. He served with the Defense Division until 1964 and as regional manager of the Washington regional office until 1971.

His accomplishments include achievement awards from the Association of Government Accountants and GAO, including the Comptroller General's Award. Having served in executive positions of such professional organizations as the Association of Government Accountants, the Joint Financial Management Improvement Program Steering Committee, and the National Intergovernmental Audit Forum, Scantlebury's distinguished reputation among audit and accounting professionals is nationwide.

We grieve with his wife, Mary, and four children the loss of this outstanding GAO executive.

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Comptroller General Warren's Retirement Letter

As, at this writing, General Accounting Office staff eagerly await the selection of a new Comptroller General, we cast a backward glance over past CG tenures. Lately, Government has been paying homage to one of its finest civil servants, Comptroller General Elmer B. Staats, whose accomplishments are yet recent living memories.

Other Comptrollers General have also left us a proud legacy. During this reflective period, we might also contemplate the message left by our third Comptroller General, Lindsay Warren, who addressed the following letter on March 31, 1954, to each member of Congress:



Comptroller General Of The United States
Washington 25, D.C.

March 31, 1954

My dear Senator:

I have today requested of the President that I be retired for physical disability as of April 30, 1954. Against the advice of eminent doctors I have carried on for over a year under much physical difficulty. The doctors now tell me that unless I retire at once my life will be shortened. I will have served 13 years and 6 months of my 15-year term, which I had hoped to finish so that I could have brought the great program now being carried out by the General Accounting Office to its fullest fruition.

I took office as Comptroller General on November 1, 1940. The General Accounting Office was in a chaotic state. There had been no Comptroller General since 1936, except for a period of a little over a year. Relations with the executive departments and agencies and with the Congress were at a low ebb. In fact, several attempts to abolish the Office had been defeated only by a close margin. The Office was faced with an unprecedented job of auditing defense expenditures. The morale of the employees read "zero".

Immediate steps were taken to diagnose the problem and to administer appropriate remedies, sometimes drastic. As a result of continual attacks on the trouble areas and a constant awareness of the need to meet the demands for improved service at the lowest possible cost to the taxpayers I believe that today the General Accounting Office is an efficient and hard-hitting agency of which the Congress, the President, and the American people can be justly proud. We have earned and gained the confidence of all three. I am proud there has never been a breath of scandal concerning the work of the Office and its employees. I have always insisted that we keep a watchful eye for opportunities to bring about greater effectiveness in the internal operations of the Office. Constant surveys have been made of our work. New procedures have been adopted to simplify and modernize operations. I have just completed a reorganization of the entire Office. There is not an operating division that has not been changed in many respects and for the better. In this way I have found it possible to reduce our personnel from a peak of 14,904 in April 1946 to 5,890 at the present time, a record I challenge any government agency to meet under similar circumstances. It is my opinion that the merit system prevails in the General Accounting Office more than in any other agency. Our employees are dedicated to the public service and consider it a privilege and honor to work for the General Accounting Office.

The General Accounting Office is one of the few agencies that not only pays its way, but makes a substantial contribution to the Treasury each year. Collections from 1941 to date total \$915 million, most of which had been illegally or otherwise improperly paid out. This amount is twice the cost of running the Office during the same period, and it is a fair statement to say that little, if any, of the amount collected would have ever been recovered except for the work of the General Accounting Office. Prior to 1941 collections were negligible. This year, as in many past years, the Office will again come in asking for a reduced appropriation.

It has been a source of great satisfaction to me that Congress, particularly in the last 8 years, has strongly supported the Office. Our reports showing illegal expenditures and wasteful practices have always been upheld after hearings by Committees of Congress. In our work we have never pulled a punch regardless of who might be affected.

The past decade has seen some of the most significant developments in financial management in the history of our Government. The General Accounting Office has been one of the leaders in bringing about these developments.

In 1945 Congress enacted the Government Corporation Control Act which placed 101 government corporations under budgetary and auditing controls. Since then the General Accounting Office has sent to Congress nearly 20 reports of audits of the Government corporations containing numerous recommendations for better management, improved financial control, and return on the Government's investments. Many of our recommendations have been adopted, saving millions of dollars.

The joint accounting program, inaugurated in 1947 by the Secretary of the Treasury, the Director, Bureau of the Budget, and myself, has achieved outstanding success in improving accounting, budgeting, financial reporting, and auditing throughout the Government. Its continuance is vitally necessary. The prime purpose of this program is to make the books of the Government speak the truth, including full disclosure of the cost of government operations. That means full disclosure for the President, full disclosure for the Congress, and full disclosure, if you please, for the taxpayer. The adoption by the General Accounting Office of comprehensive and other on-the-site audits of the departments and agencies has produced broader coverage, more effective results, less paper work, and a greatly reduced flow of documents into Washington.

The concepts of the joint accounting program and of the comprehensive audit were unanimously adopted by the Congress in the Budget and Accounting Procedures Act of 1950 and the Post Office Department Financial Control Act of 1950. Revisions of procedures and improvements in the budgeting, accounting, and auditing fields have had a far-reaching effect. I do not want to give the impression that all is perfect. However, I believe firmly that the foundations for better control of Federal funds have been laid.

The General Accounting Office was established by the Budget and Accounting Act of 1921. That act brought into existence an audit and investigative agency in the Legislative branch. For the first time Congress had the means of securing information concerning the financial transactions of our Government from a completely nonpolitical agent, independent of the Executive branch. Through the years that vital independence has not gone unchallenged. There have been several abortive attempts to destroy the Office. They have come not only from within the Government but from the outside. Those attempts were rejected by the Congress. As late as 1950 an ill-conceived attack was launched from outside the Government. The action of Congress in repelling this last assault spoke for itself. Not a single voice or a single vote was mustered in support of the proposal.

Motivated by dislike of restraint or adherence to discarded theories, new attempts are already being made to water down legislative control of public funds and destroy the effectiveness of the General Accounting Office. If the Congress is to retain its own means of securing impartial and factual data on Federal financial transactions, its means for insuring that appropriated funds are spent only in accordance with the laws it passes, and its primary weapon for preventing unbridled and unchecked spending, then the Congress must be ever alert to and adamant against attempts to weaken or destroy the powers of the General Accounting Office or to affect its independent status.

The General Accounting Office is *your* agency. To be worth its salt it must continue always to be independent, nonpartisan, and nonpolitical. To be effective, it must always have your wholehearted support and your vigilant safeguarding of its functions and powers. I have no doubt that it will.

I personally appreciate the many friendships and courtesies shown me by members of the Congress during my 30 years of public service in Washington.

Sincerely yours,

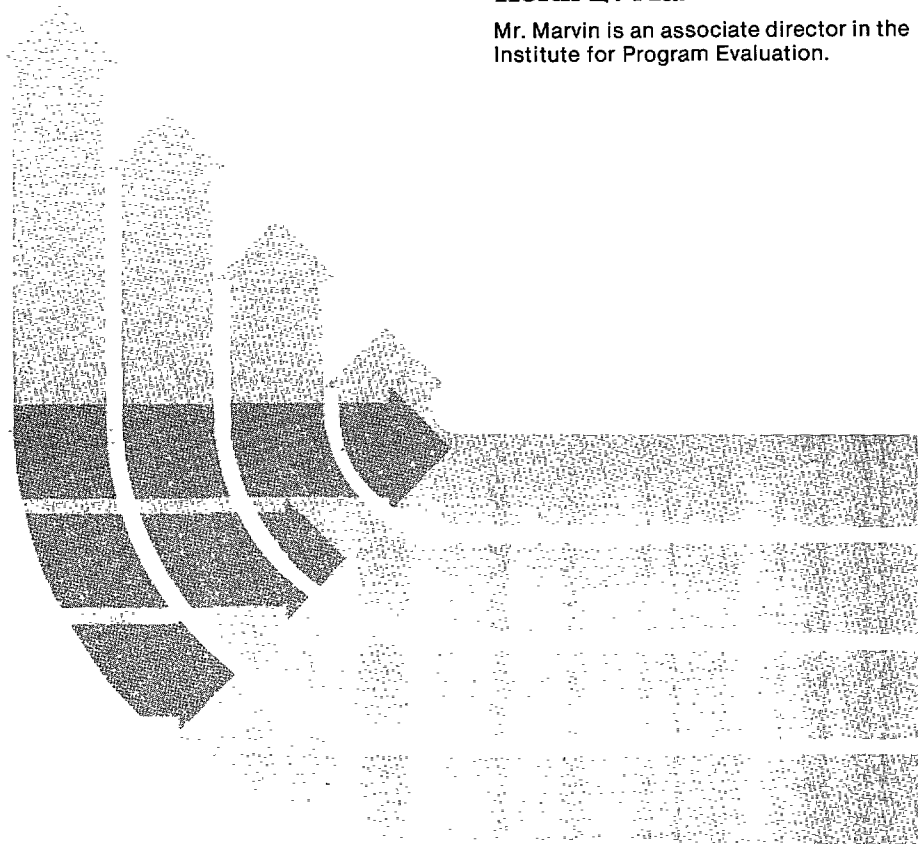


Comptroller General
of the United States

Trends in Evaluation

Keith E. Marvin

Mr. Marvin is an associate director in the Institute for Program Evaluation.



About 2 years ago (Fall 1979), in the first of these columns on trends in evaluation, we hoped that current research in evaluation methodology would improve evaluation results and close the gaps between theory and practice in program evaluation. In this issue we will examine some of the progress made without minimizing the clear evidence that much work remains to be done.

Even in the estimating of program and project cost, certainly fundamental to any useful support of efficient decisionmaking, much work remains to be done. In a separate article in this issue, I have attempted to explain some of the reasons for a lack of research in cost estimating for evaluation and show the evidence that evaluators are now more aware of the importance of including this in their research agendas.

Readers who want to keep up on the developing state of the art of evaluation will need to do more reading in the future as the results of methodology research are published. For ex-

ample, the *Sage Research Progress Series in Evaluation*, published in cooperation with the Evaluation Research Society, has nine published works to date designed to present notable, previously unpublished writing on topics of current concern to the evaluation community. These volumes are based on selected papers presented at the Society's annual meetings. Another series which has resulted in a similar number of volumes is *New Directions for Program Evaluation*, published by Jossey-Bass Inc. The volumes in this series of quarterly sourcebooks are designed to serve both as convenient compendiums of the latest knowledge and practical experience in the field of evaluation and as long-life reference tools. Another useful series containing frequent articles on methodology development is a journal of applied social research, *Evaluation Review*, now in its fifth year, three as a quarterly and two as a bimonthly. These and other publishers list a number of excellent recent books in which evaluation methodology is presented.

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A sample of the methodology treatments from the February 1981 issue of *Evaluation Review* is particularly interesting because it illustrates the growing understanding of evaluators that any particular method is subject to pitfalls and biases which may be checked by using alternative methodologies. The particular article compares the results of alternative evaluation techniques applied to a county-wide narcotic addict control project in Santa Barbara County, California. The authorities were experimenting with intensified enforcement of a section of State law "which provides for a minimum of 90 days in jail (up to a 1-year maximum) for being convicted of being under the influence of narcotic drugs."

The classical social research model of applying an experimental treatment to randomly selected individuals could not be used, and the evaluation could be based only on aggregative measures of effect. An attempt was to be made to measure whether any change took place in offenses for burglary and larceny in the area covered by the experiment.

The method initially chosen was a comparison of the county with four cities from which comparable offense data were available. An attempted improvement was the development of a composite comparison city consisting of a weighted average of values of the 13 variables thought to be relevant in putting together a profile of characteristics. In addition to the 13 variables which were subject only to long-term trends, the evaluators were concerned about relevant variables subject to considerable month-to-month variations. They constructed a statistical time series estimating equation from data covering several years prior to the experiment. This equation (second method) was used to predict the levels of property offense rates which would have occurred during the experimental time period in the absence of the experimental program. A third method used was a statistical method designed to test whether the level or slope of the property offense rate time series had changed significantly as a result of the experiment. In addition to the comparison of three methods of evaluation, the author checked results after eliminating certain data which were thought to have significant errors.

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The article contains an interesting discussion of the comparison of results using the three methods. The article indicates that, although all three approaches to evaluation yield consistent results, other methods could be tried, some requiring improved data collection. The article notes that the alternatives seemed to be a reasonable mix which could be implemented at modest cost. This kind of evaluative reporting appears to offer great promise as guidance for future data systems design, particularly if evaluators would also report more specifically the cost of implementing the various alternatives. Such reporting would provide the basis over time for more precise estimates of cost/effectiveness of alternative evaluation approaches in the planning stage. The benefits of this, particularly for procurement of evaluations through contracts, are obvious.

It is also important to improve evaluation methodology applied to non-experimental environments, i.e., where the bulk of Federal expenditures are incurred. Attempts to apply sophisticated methods have been particularly frustrating in these environments where little or no control of comparison groups is feasible (or even ethical). Costly evaluations have repeatedly failed in these environments to prove conclusively whether the program in question had any significant effect. One reason may be that studies, by and large, have been conducted as independent efforts without formally incorporating prior knowledge into the design, at least in a quantitative sense. Theoretical methods for doing this have been around for many years, but these methods have not been popular among the classical statisticians who presently govern the bulk of social research and statistical methods for program evaluation.

Determined efforts are being made to construct flexible and adaptive procedures for designing and carrying out evaluations in statistical settings. In a technical sense, an advantage of adaptive methods is that evaluation resources might be reallocated during an evaluation to not only conserve resources but also to come closer to meeting the objective of the study as limitations of data and institutional and other constraints are more fully defined. Perhaps more important, adaptive evaluation meth-

ods are more suitable to the nature of management and policymaking, particularly in a political environment. To the extent such methods can be made supportable and generally acceptable, evaluation results may better accommodate the changing needs for information of their intended users. Although not an area where we expect dramatic application soon, the potential of adaptive methods merits attention.

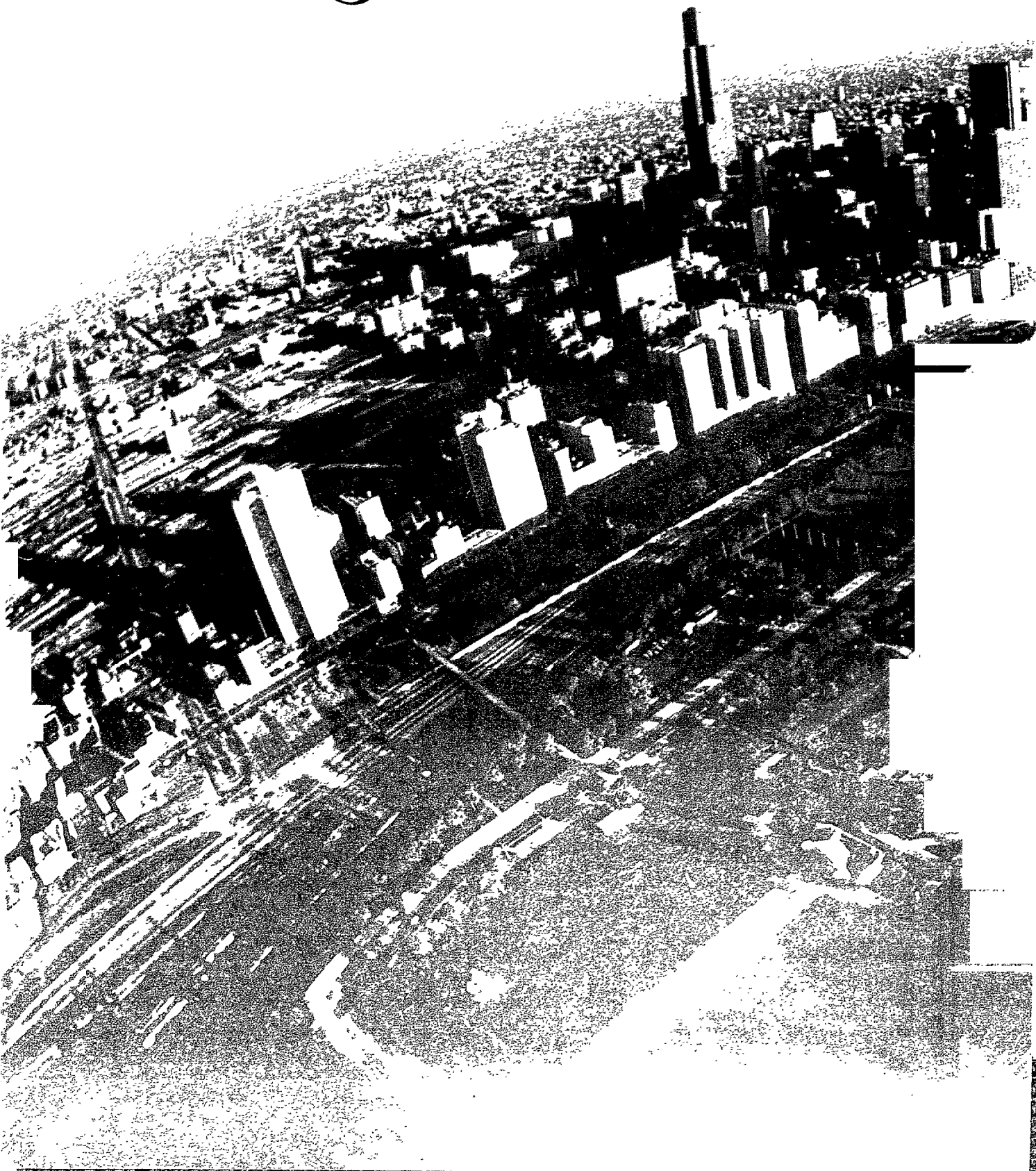
Chicago!

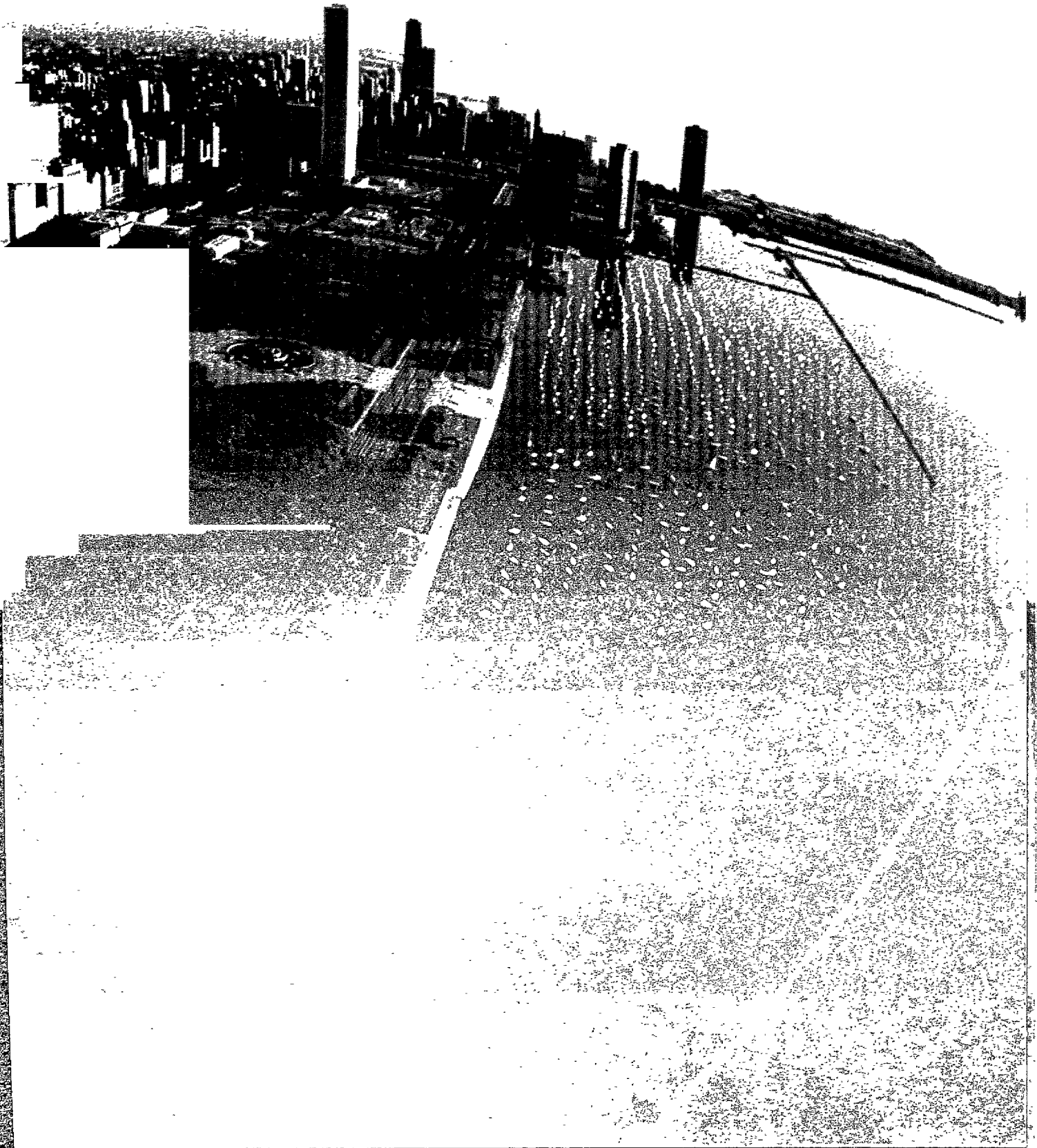
The Chicago Regional Office:
Our Kind of Town...and Region

By Karyn Bell & Jonathan Silverman

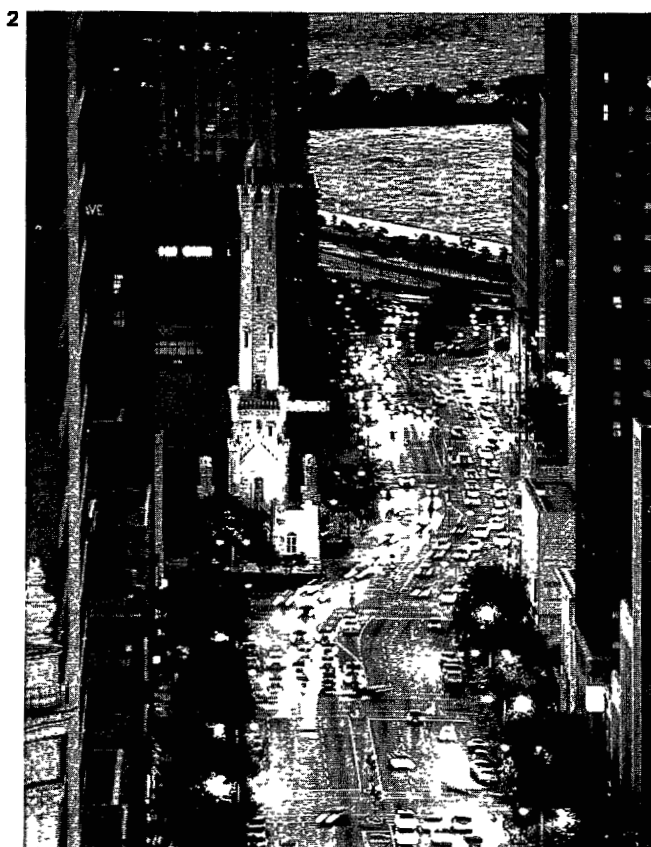
Photo courtesy of Steve Reymers

National Geographic Society



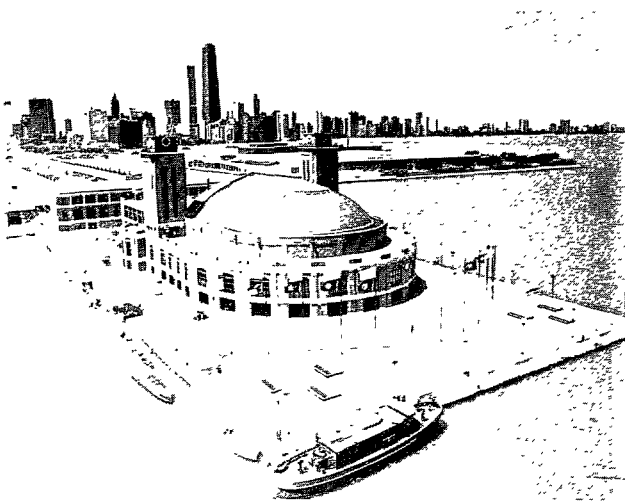


- 1 The twin towers of Marina City, condo complex, set on the edge of the Chicago River.
- 2 North Michigan Avenue's "Magnificent Mile" dazzles with exclusive restaurants, boutiques, and department stores.
(Photo by Steve Raymer (c) National Geographic Society.)
- 3 Navy Pier is a major unit of the Port of Chicago and provides docage for ocean going vessels that travel via the St. Lawrence Seaway. The pier is also used for trade shows and special events, including the music extravaganza, **Chicagofest**.
(Courtesy of Commission on Chicago Historical and Architectural Landmarks.)
- 4 In Chicago's skyscraper skyline, Sears Tower stands apart. The building tops out at 1,454 feet, making it the tallest in the world. At the far right is the Standard Building, world's fourth tallest, and to the left the John Hancock Building, fifth tallest.
(Courtesy of Chicago Convention and Tourism Bureau.)
- 5 Chicagoan Claes Oldenburg's 100-foot high Batcolumn reflects against the new Social Security Administration Building.
(Photo by Steve Raymer (c) National Geographic Society.)
- 6 Pablo Picasso's sculpture at the Richard J. Daley Civic Center Plaza.
(Chicago Convention and Tourism Bureau.)



Chicago Regional Office

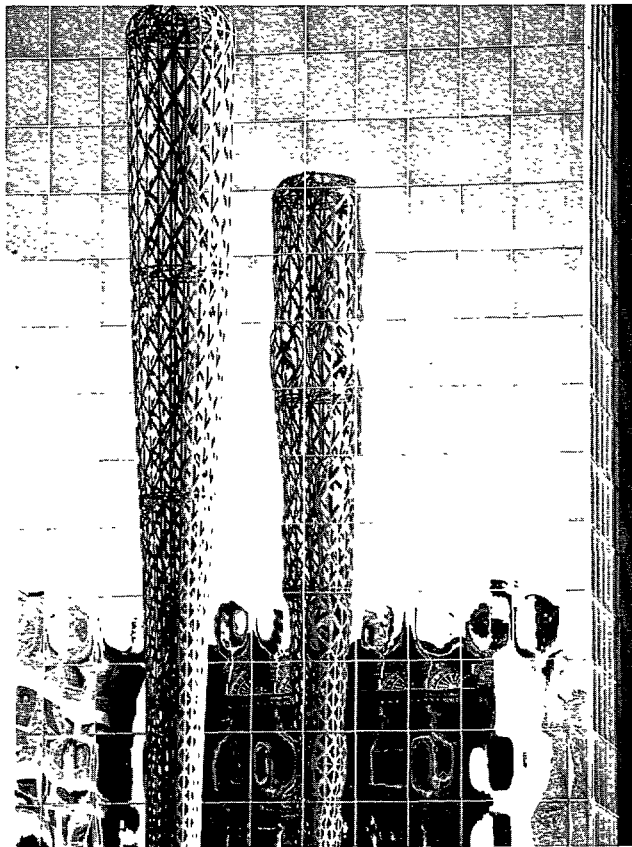
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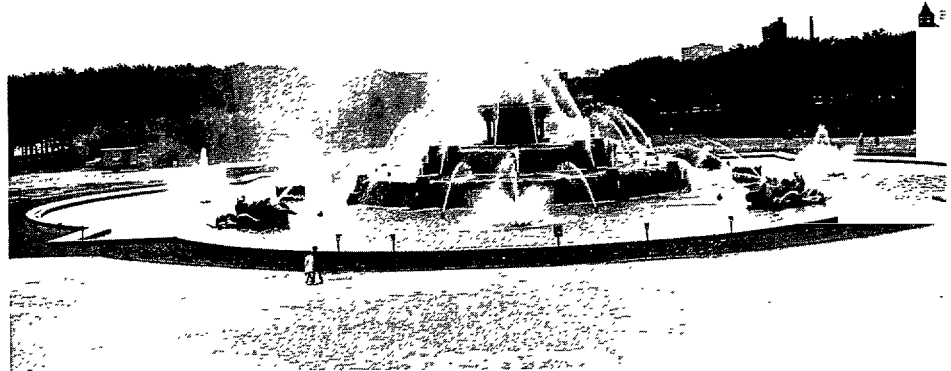


This is twelfth in a series of articles on GAO's regional offices.

Starting from the Nation's second largest city, our five-State region spans the heartland of America—from the lakes of Minnesota, the corn and wheat fields of Iowa, the dairies and breweries of Wisconsin, to the steel mills of Indiana. We're at the country's hub of business, industry, agriculture, and transportation. Downtown Chicago, on the uncluttered shores of Lake Michigan, is home for our regional office. We're surrounded by some of the biggest, most, and best. We have the world's tallest building, the world's busiest airport and truck and rail centers, and the world's largest grain exchange. We're also the world's capital of modern architecture and have the world's largest fountain—even the world's busiest corner—just to name a few. But that's not the way it always was.

Until the early 1800's our region was mainly inhabited by Indians: Sauk and Fox in Illinois and Iowa, Sioux and Chippewa in Minnesota, Winnebago in Wisconsin, and Shawnee and Patawatomie in northern Indiana. The French were the first Europeans to visit our region. Jean Nicolet landed on the shores of Green Bay, Wisconsin, in 1634. First to visit Minnesota were Radison and Chouart in 1660, who foreshadowed 35 years of exploration that included Father Hennepin's discovery of St. Anthony Falls, the future site of Minneapolis. Beginning in 1673, Marquette and Jolliet explored the Mississippi River, started settlements in Iowa and Illinois, veered north on the Illinois River, and reached what is now Chicago.

The French, Spanish, and British all ruled in parts of our region until the late 1700's. The area east of the Mississippi, won in the Revolutionary War, became part of the Northwest Territory in 1787. The Federal Government acquired western Minnesota and Iowa through the Louisiana Purchase of 1803. Despite the new Nation's claims, however, the Indians held sway in much of the region. Through the early years of the 19th century the Indians struggled to keep their land, but treaties with the United States continually pushed them west-



Buckingham Fountain, the largest fountain in the world, at Chicago's downtown Grant Park. (Courtesy Chicago Park District.)



At the navigable beginning of the Mississippi River at St. Anthony Falls, barges start their trips through 27 locks before reaching St. Louis and the lower, lock-free portion of the Mississippi. (Courtesy Minneapolis Convention and Tourism Commission.)

ward. With the Indians gone, settlers surged into the fertile country.

City of Broad Shoulders

Chicago's natural portage to the West and South drew many settlers.

By 1837, when it was incorporated, Chicago had emerged as a major trade center, linking the agricultural west and the urban east. The city established its reputation as the largest grain market in the world, due in

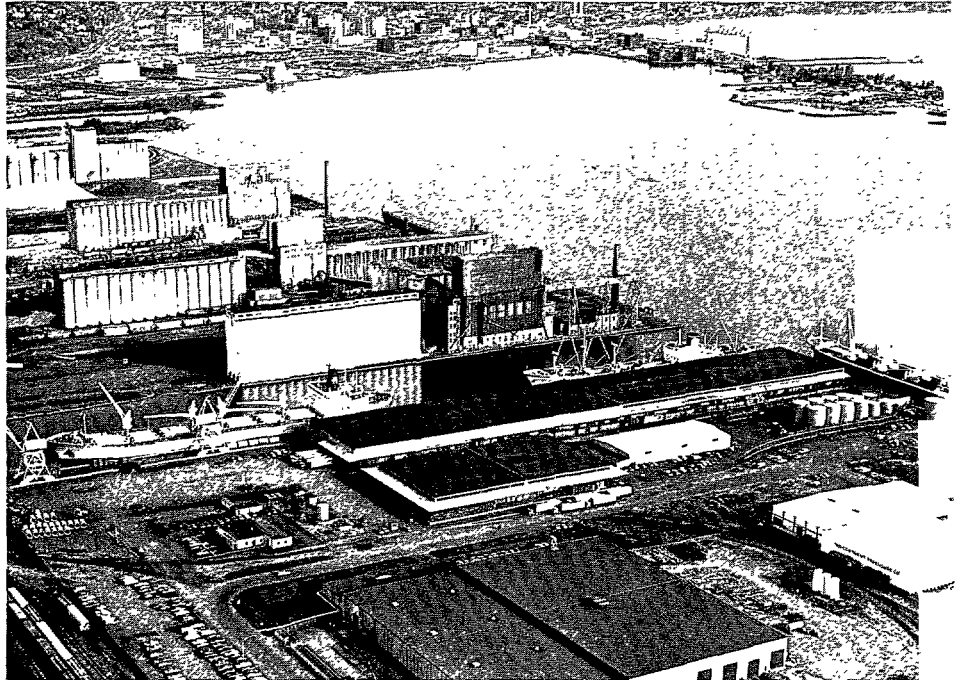
large part to its shipping canal connecting the Great Lakes with the Mississippi system. Industry and production advanced with the aid of the Illinois and Michigan Canal and the construction of railroads.

By the late 1840's Chicago was also earning its name as a convention city. (Currently Chicago hosts over 2 million conventioners annually who spend well over \$500 million in the process.) The early conventions brought many business people, like Cyrus McCormick, who stayed to aid in the city's development. In 1860 Chicago hosted the Republican convention that nominated Abraham Lincoln, a backwoods lawyer from Illinois who had a profound effect on the Nation's history. Today another son of Illinois resides in the White House.

The Civil War brought prosperity to our pro-Union region. Population and industrialization were growing rapidly. Manufacturing and food processing were also expanding. In 1865 the Union Stock Yard opened and Chicago became what Carl Sandburg called "Hog Butcher for the World." With all railroads and waterways leading to Chicago, the city soon became the transportation hub of the country. By the end of the Civil War nearly 100 trains a day brought in and took out goods. Today more than 37,500 freight cars pass through our city each day.

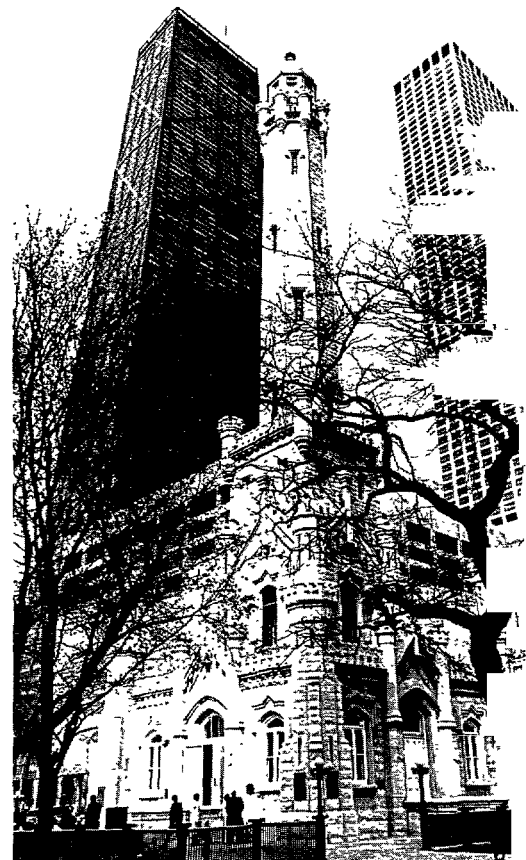
Chicago was growing fast, but in its haste to expand, it constructed many buildings and streets of wood. During the summer of 1871 virtually no rain fell, and the town was a tinderbox by the 8th of October. On that evening a fire started in the O'Leary barn. Within hours the fire had spread to the central business district and eventually leveled 2,124 acres. Lost were 17,450 buildings and much of the city's industrial capacity, valued near \$200 million. But even then Chicago was living up to its current motto, "The City That Works." What followed was probably the most massive and spontaneous urban renewal project in history. By 1875 no evidence of the disaster remained.

Today, Chicago is a thriving metropolis offering everything one could ask of a city: beautiful, spacious parks and beaches; great music from jazz to symphony, great theater from comedy to the classics and the moderns; sumptuous restaurants and famous pizzas; renowned museums



The opening of the St. Lawrence Seaway allowed inland cities on the Great Lakes to become ocean ports. (Courtesy Seaway Port Authority of Duluth.)

Chicago Water Tower, sole surviving building of the Chicago Fire, flanked by the John Hancock Center (left) and the Water Tower Complex. (Courtesy Chicago Convention and Tourism Bureau.)



and revered universities; people from the four corners of the world.

Chicagoans have always been people of enterprise and ingenuity who have contributed to the phenomenal growth of the city, and that spirit still continues. In the worlds of Rudyard Kipling, "I have struck a city—a real city—and they call it Chicago."

Tale of Two Cities

Adding broader dimensions to our "real city" region is our sister office located about 400 miles northwest of Chicago. Divided by the Mississippi River, the Twin Cities—Minneapolis and St. Paul—compete with, yet complement each other to form a mighty northern metropolis. On the river's east bank is St. Paul, State capital. On the west is Minneapolis, the upper Midwest's industrial and financial center.

In true GAO fashion (after a period in St. Paul), our suboffice assumed neutrality by naming itself the Twin Cities suboffice and locating in the Government complex at Fort Snelling. The U.S. Government opened the fort in 1807 to guard against an invasion by the British from Canada. The fort, at the fork of the Mississippi and Minnesota rivers, was the nucleus for St. Paul's development. Settlers were attracted to the area because of its location at the navigation headwaters of the Mississippi. Named St. Paul in 1841, the city prospered on river trade, furs, pioneer traffic, and agricultural commerce. St. Paul was host to the first legislature of the Minnesota Territory and has been the State capital ever since.

Minneapolis' fast growth is attributed to the power source provided by St. Anthony Falls. By the end of the Civil War the town was a flourishing flour and lumber milling center, and today Minneapolis still has a successful flour milling industry. It's the headquarters for four of the largest milling companies in the world: Pillsbury, General Mills, Peavey, and International Multifoods. The State also has an annual harvest of forest products valued at \$1 billion.

Both cities are now experiencing striking growth. The Twin Cities area is home to about half the residents in Minnesota. Each of the Twins is surrounded by many suburbs, and together they offer a wide variety of experiences in work, recreation, education, and culture.

Birth of an Office

GAO auditors arrived in Chicago in 1942 when the Comptroller General established the War Contract Project Audit Section to review war contracts. The field was divided into six zones. Chicago was a field station in the North Central Zone headed by Frank Pelland. As the war ended the Audit Section was phased out, and in 1947 the audit responsibilities and functions were transferred to the Field Audit Section of the Audit Division. The section's duties were soon expanded to include civilian payroll audit functions.

January 1952 saw the merger of all GAO audit functions into the Division of Audits. The field was still divided into the six zones, but the field's staff and operations were growing quickly. On March 30, 1952, the Comptroller General announced the creation of 22 regional audit offices. Chicago and St. Paul were each designated regional offices.

In 1956 the Comptroller General established the Field Operations Division. The new division received its assignments from the Civil and the Defense Accounting and Auditing Divisions. Soon afterwards the Civil and Defense Divisions merged with the Office of Investigations, which examined civil and military disbursing activities. Staff from In-

vestigation's field offices brought their investigative experience and joined the Audit Division's regional offices. In 1960 St. Paul became a sublocation of Chicago, creating the Chicago regional office more or less as we know it today.

Resources for Review

The Chicago region provides the raw material for much of the important work GAO has to do. In such areas as energy and materials, food, transportation, tax administration, environmental protection, housing and community development, health care, and military preparation, the Chicago regional office has a tradition of major contributions to GAO's endeavors.

Take energy. Illinois has the largest reserves of bituminous coal of any State, while Illinois and Indiana are among the leading producers and shippers of coal. For better or worse, Illinois is also the Nation's leader in nuclear power development. Twenty percent of the State's power comes from nuclear energy, compared with 4 percent nationwide. Three States in our region—Illinois, Minnesota, and Wisconsin—plus nearby Michigan have 18 nuclear plants, over a fourth of all those in the United States.

Our region is also a center for energy research. The Institute of Gas

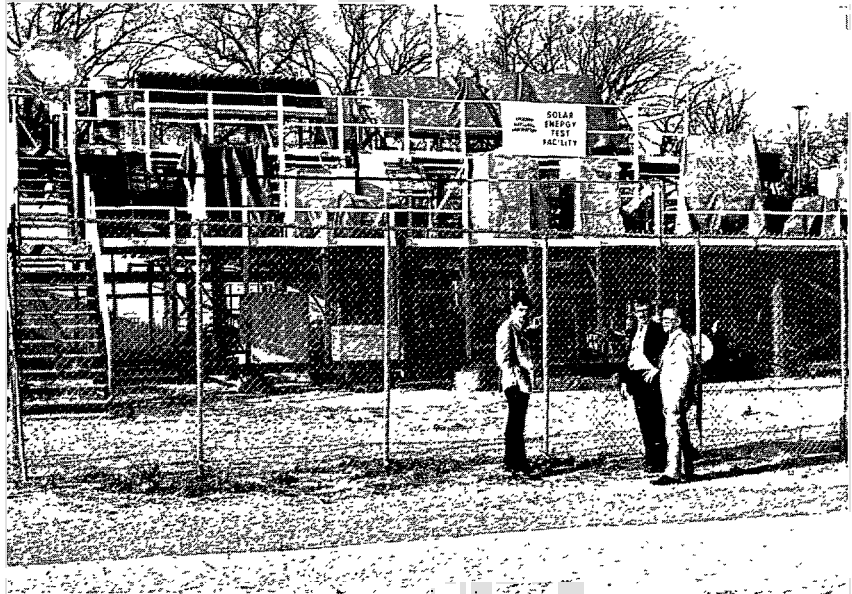


Twin Cities evaluators Yoerger, Pankonin, Wimska, and Delaney discuss the audit of VA overpayments. Projected savings from the audit were \$600 million.

Technology and the Gas Research Institute have their headquarters in Chicago, while in Peoria and elsewhere in Illinois are the Department of Agriculture's Northern Regional Research Center and other organizations researching and producing gasoline. The Department of Energy's Chicago operations and regional office manages 13 laboratories, 6 of which are in our region. At one of these, Argonne National Laboratory, a group of physicists led by Enrico Fermi achieved in 1942 the first self-sustained chain reaction, making possible the exploitation of nuclear energy in both war and peace.

These laboratories have been the subject of several GAO reviews. Recently, we identified the need for the Energy Department to more clearly define Argonne Laboratory's role. The lab has drifted into diverse areas since the nuclear experiments of the forties; its efforts now lack focus. We also recommended extensive improvements in the Department's system for choosing an operating contractor.

Another review led by our region examined the position of the United States' high energy physics program. Fermi National Laboratory in Batavia, Illinois, is one of the premier national



Chicago staff at the Argonne National Laboratory.

centers for high energy, or particle, physics, the most basic of basic sciences and the logical outgrowth of Enrico Fermi's work. Although the United States has been the leader in this field from the beginning, recently Western Europe has been outspending us and is catching up. To make the best of constricted resources,

GAO suggested several alternative postures for the U.S. program and discussed the cost and effect of each. We recommended more systematic planning, including an agreement on objectives and funding, and increased involvement by the Office of Science and Technology Policy. On the more pragmatic side of en-



The Central Laboratory area of Fermilab. (Courtesy of Fermilab.)

ergy research and development, our staff recently completed a review of the development of high-Btu coal gasification, a promising process for turning coal into a substitute for natural gas. Since the United States apparently has far more coal than natural gas, this process may help the Nation become energy independent. Yet its development has proceeded at a snail's pace even though the technology is ready, mainly because a coal gas plant is a monstrously expensive thing to build. The report will focus on the potential for using various types of Government assistance to build one or more commercial-scale plant modules to resolve the remaining economic and environmental uncertainties so that the Nation will be better prepared to choose a road to energy independence.

We're all concerned about nuclear safety, especially when reactors are located near big cities, but we're also concerned about the cost of energy. With these factors in mind, the Congress asked us to do a cost analysis of the Zion Nuclear Plant, located 40 miles from Chicago. What effect would closing the plant have

on Commonwealth Edison, the stockholders, the taxpayers, and the Federal Government? The Zion plant supplies 17 percent of the area's electricity. If the plant is closed, where would we get the power? If the plant keeps operating, what will it cost to upgrade safety precautions? We're working closely with the utility to develop modeling techniques and scenarios for each alternative.

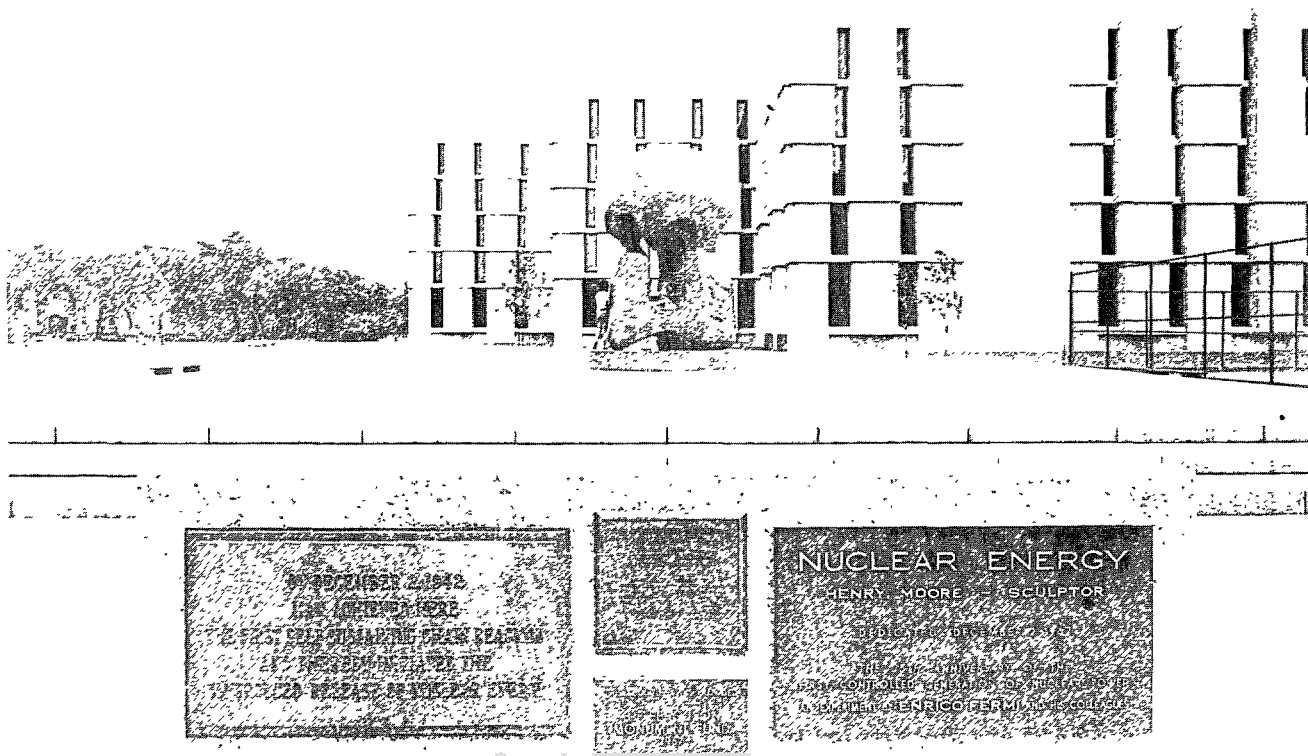
Not only fuel for power but also fuel for life is an important factor in our region. We help fill America's breadbasket. Our region is the heart of the Nation's cornbelt, and a major producer of dairy products, particularly in Minnesota and Wisconsin. Food is the Nation's leading export, and Illinois is the leading farm export State. One-fifth of the Nation's \$31 billion in net farm income is derived from the five-State region. Some of the major agriculture reviews performed by CRO staff in recent years include grain reserves and inspection activities, crop disaster payments, prime farmland and soil erosion losses, and milk surpluses.

Federal grain policy has been an issue at GAO since the late 1940's, when auditors caused controversy

by questioning wheat purchases by the Commodity Credit Corporation in Minneapolis. In the 1970's, following scandalous abuses that threatened international customers' faith in the quality of U.S. grain, our staff led a review that won the Comptroller General's Award and was instrumental in the passage of the Grain Standards Act of 1976, setting up the Federal Grain Inspection Service to take over the State and private grain inspection and weighing system at port locations. In a followup audit, we recommended, and FGIS implemented, major improvements in the new agency's monitoring of grain weighing and inspection in the interior.

In our audit of crop disaster payments, our recommendation that Federal crop insurance replace this program contributed to recurring annual savings of \$249 million. We also challenged the credibility of the Department of Agriculture's farmland reserve estimate. We discovered that although the Department says we have plenty of land, in reality much of this land could not be cultivated if needed.

One thing we do have enough of is milk. The U.S. dairy industry continu-



At this site on Dec. 2, 1942, Italian physicist Enrico Fermi achieved the first controlled release of nuclear energy. (Courtesy Commission on Chicago Historical and Architectural Landmarks.)

ally produces more milk than can be marketed, and over the past 20 years the Government has purchased 142 billion pounds of surplus butter and cheese. Dairy price support programs and parity prices cause these surpluses. Last year our staff suggested ways to reduce surpluses and balance the interests of producers, consumers, and taxpayers.

Whether your interest is fuel or food or just getting around, transportation is important. And Chicago is a national center for transportation—be it by rail, air, water, or road.

Recently we addressed the so-called shortage of rail freight cars. We found that in general there are plenty of cars, but inefficient railroad management of these cars is creating the appearance of a shortage. We concluded that the Government's efforts to force improved car service have been unsuccessful; instead the Government should cooperate with the industry to develop and implement new methods for increasing utilization of cars.

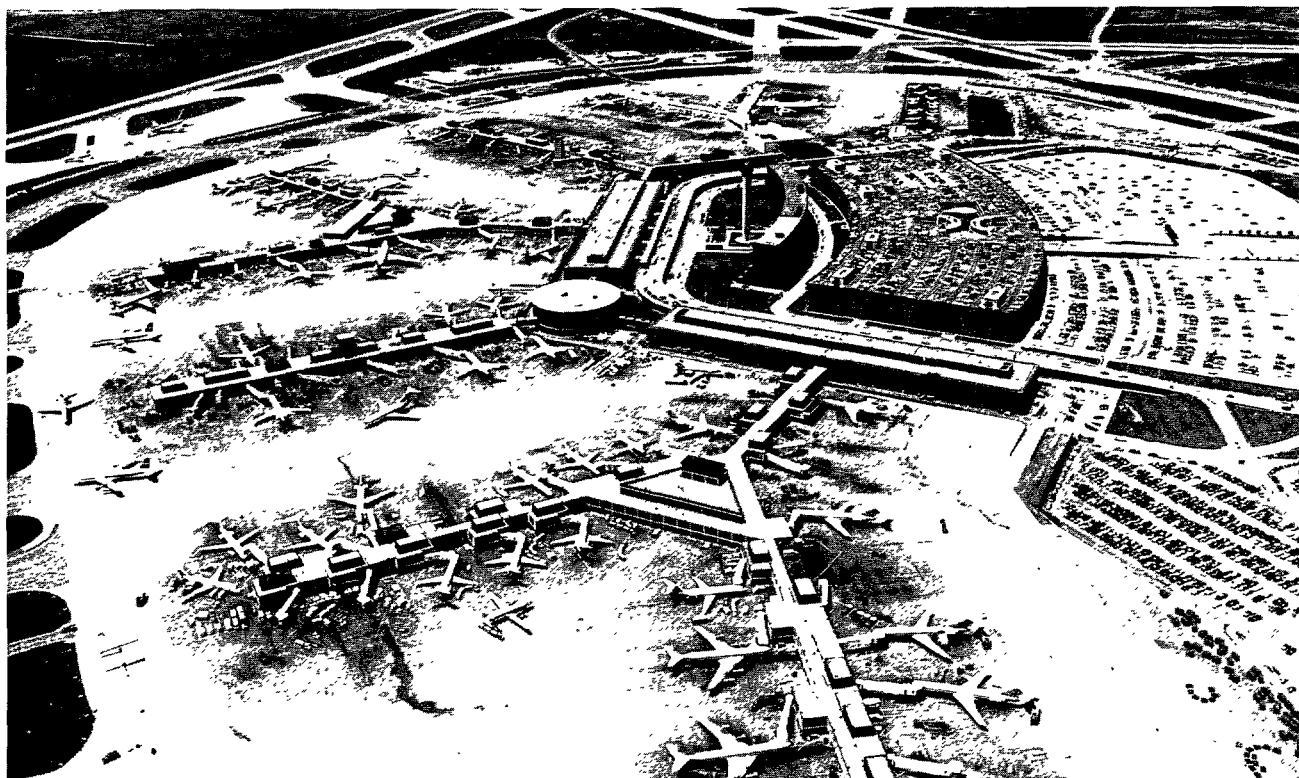
We recently reviewed the air traffic control system at the two busiest facilities in the Federal Aviation Administration's Great Lakes region—

the Aurora Center and O'Hare Airport. Each year the Aurora Center directs approximately 2 million aircraft through the skies of Illinois, Indiana, Wisconsin, Iowa, and Michigan. The O'Hare terminal controls about 900,000 airplanes annually within a 40-mile radius of the airport. After several months of reviewing the air traffic controller operations, our evaluators concur that controllers are very involved, concerned, and responsible. To back us up we even have the Pilots Association, which named O'Hare as the airport with the safest movement of aircraft. In our report we recommended some changes in training and staffing that would make the air traffic system even more efficient.

As for employee transportation, the Chicago area has 630 miles of expressway and one of the most efficient regional public transit systems in the world. Unfortunately for commuters, it's also the Nation's most expensive public transportation. But every week over 1.6 million riders take advantage of the 13 commuter railroad lines that link the suburbs with the city. And with 97 percent of Chicago's population living within a

block and a half of public transportation, the Chicago Transit Authority carries 13 million passengers each week. All our staff in Chicago get to work on public transportation. That's quite a feat considering our staff is scattered throughout a 90-mile radius from Chicago. We have staff living as far south as Joliet, Illinois, and as far north as Milwaukee, Wisconsin. In the Twin Cities it's quite the opposite. All our staff drive to work and take advantage of the free parking.

Our region is a leader in one of the most basic of industries—steel. The mills at the south end of Lake Michigan have about one-fourth of the Nation's raw steel industry. Because the capacity of this vital but ailing industry is falling behind domestic demand, a review led by our staff investigated steelmakers' problems and the Government's efforts to do something about them. Steel customers surveyed revealed that they buy foreign steel, not only because it is cheaper, but also because of its quality and foreign producers' reliability and customer-oriented attitude. We recommended a Government-led program to revitalize the domestic industry, based on a commitment by



O'Hare International Airport, the world's busiest airport, handles over 2,000 takeoffs and landings a day and more than 44 million passengers a year. (Courtesy Chicago Association of Commerce and Industry.)

steelmakers and steelworkers to work towards a specific performance objective. We followed this review logically with a study of the forging and foundry industry, not yet completed. This industry has many of the steelmakers' problems and is nearly as large, but it is composed mainly of small businesses.

With its extensive water resources, its vast farming areas, and its heavy industry, our region must be ever on its guard against pollution. Thus environmental protection is a frequent area for audits in our region.

Recently the domestic market for pesticides has expanded dramatically as the U.S. agricultural industry increasingly depends on them to control insects, diseases, weeds, and other pests that attack food and fiber supplies. The United States uses over 1 billion pounds of pesticides a year, about twice what was used in 1965. But pesticides are a mixed blessing. If used improperly they can harm individuals and the environment. Consequently, as the lead region, we are investigating EPA's role in protecting the public and environment from pesticide misuse. During our 11-State review we've accompanied State inspectors during pesticide misuse investigations and visited State laboratories to observe tests for pesticide misuse. Our report, which will be issued in late summer 1981, will focus on the States' and EPA's roles in pesticide enforcement and monitoring programs.

Chicago has a history of monumental sewer plans. In 1900 the city solved the sewerage problem by reversing the flow of the Chicago River! Since 1977 CRO staff members have been reviewing the Nation's largest public works project—Deep Tunnel, a 131-mile proposed tunnel system, partially under construction, to control flooding and waterway pollution in Chicago and 53 suburbs.¹ To date we've issued four reports on the Deep Tunnel project. Our most recent one estimates that the entire project will cover over \$12 billion, almost double the estimate when construction began in 1975. We recommended that EPA halt funding of the Deep Tunnel, except for the portions already under contract, until it could reassess the project. If the remainder of the project is abandoned, our region will be able to claim one of GAO's largest dollar savings recommendations.

Our region provides unique opportunities for audits of health care programs. Chicago has the Nation's largest public hospital and four veterans' hospitals. The Chicago area has five large medical schools, and the Mayo Clinic, in Rochester, Minnesota, is world renowned. Finally, Chicago is headquarters for about 20 of 40 medical specialties and groups, including the American Medical, dental, and Hospital Associations.

Our health care audits have given us the opportunity to demonstrate a cooperative, constructive approach to auditing. In 1979, with the cooperation of 21 hospitals and the American Hospital Association, we reviewed hospital procurement practices and issued a two-part report that general hospitals could use to improve their purchasing, inventory management, and supply distribution practices. (This review followed a similar study of local government procurement.) Recently this report got international recognition when the Danish Hospital Institute translated the checklist and cited it as a useful supplement to its own purchasing system. In another view, we used nurses from the Health Care Financing Administration to help us evaluate the performance of the agency's intermediaries in ensuring the Medicare pays only for reasonable and necessary home health services.

Chicago is also the headquarters of the Railroad Retirement Board, which does for railroad workers what the Social Security Administration does for almost everyone else. This agency has long been a fruitful subject for audits. A 1968 review resulted in an unusual finding for GAO: the Board was failing to pay some beneficiaries who had become eligible under 1965 legislation. Recently audits of the Board have been so successful that the Board has hired several of our staff to help straighten out its internal audit and management.

Tax administration is one of our foremost issue areas. Chicago is one of IRS' largest districts, and the work involves a wide range of tax areas, including income, banking, international, and excise taxes. Recently our staff audited the collection of liquor excise taxes. For several months we worked with IRS inspec-

tors at one of the breweries in Wisconsin. Beer made Milwaukee famous, and after sampling the brewery beverage and gaining a few pounds, our auditors were able to attest to that fact.

Today, Chicago's main line of tax administration effort is collections. We've recently issued a report on the interest rate charged on unpaid taxes and recommended that rates reflect the Government's cost for borrowing money and administrative expenses and that the interest rate be adjusted semiannually. During 1979 the interest charges fell \$286 million short of the Government's costs. Higher interest rates will encourage prompt payments and compensate the Government for the costs of unpaid taxes. In another report we identified and helped close a loophole in the tax laws which could have allowed certain charitable organizations to withdraw \$1 billion with interest from the social security trust fund and later reinvest these funds interest-free with no loss of benefits for the employees. In the future we'll be devoting a lot of our time to reviewing how bankruptcy laws affect tax collections.

The Chicago regional office has long been interested in audit-related problems at all levels of government. In 1971 we demonstrated the feasibility of applying GAO's *Standards for Audits of Governmental Organizations, Programs, Activities, and Functions*—the "Yellow Book"—to all audit levels by participating with auditors from Minnesota and the Law Enforcement Assistance Administration in a test audit of a Minnesota State agency. Also, our 1975 assessment of a local government's efficiency and economy was the basis for supplement 7 of the Yellow Book. In addition, our regional manager is chairman of the Midwestern Intergovernmental Audit Forum which pioneered peer quality reviews of audit agencies. During 1978-79 it developed, tested, implemented, and published guidelines for peer reviews, entitled *A System for Peer Quality Assessments of Government Audit Agencies*.²

Recently we completed our second Government-wide review of agencies' processes for taking action on audit findings and recommendations. We reported to a cost-

conscius congressional audience that the Government is losing billions of dollars because agencies are not acting on audit recommendations to recover funds, avoid costs, and improve operations. Little progress has been made since our 1978 report that focused attention on this issue. We urged the Office of Management and Budget and agency management to be more aggressive in ensuring that agencies take full advantage of opportunities to improve operations. As it did in 1979, our work sparked congressional testimony in February and March 1981.

While Chicago has not suffered the fate of many cities whose middle and upper income classes have fled to the suburbs, it undeniably has its poor and its share of Federal programs to help them. These programs can be productive ground for auditors, but reviewing them has its ups and downs.

The Economic Opportunity Amendments of 1967, commonly referred to as the Prouty Amendments, directed GAO to study the efficiency of the programs and activities of the Office of Economic Opportunity (OEO) and the public and private agencies administering OEO programs. The Eco-

nomnic Opportunity Act of 1964 was dubbed "the War on Poverty," and the Congress wanted to know if we were winning the war. Nationally, 54 reports were issued on OEO. During 1968 more than half of Chicago's staff were assigned to Prouty jobs. Nine OEO jobs were in progress in our region from January 1968 to March 1969 and eight reports were issued. Most of our jobs dealt with the Neighborhood Youth Corps, an employment program for disadvantaged youth.

Much of our field work was done in the inner city at a time of national civil unrest. The regional office set up a system to notify staff of any problems near the worksite. Tensions did rise at one site when a youth who failed to receive his paycheck decided to express his criticism of the program with a pistol. The next day, armed guards accompanied our auditors to retrieve the workpapers—possibly the fastest closeout in GAO's history.

Not only were tensions high that summer, the weather was also hot. At that time our office was located at 610 South Canal Street, where the only air conditioning was open windows. Well, we are the Windy City,

and a gust of that wind decided to enter an 8th floor window, sending a stack of OEO workpapers and agency documents whirling down to Canal Street, and a team of auditors scurrying all over the street to pick them up.

Now a little about our island audit site. No, not a Caribbean island, a Mississippi island. Located between Moline, Illinois, and Davenport, Iowa, in the center of the Mississippi River, is the 946-acre Rock Island Army Arsenal. Built by Confederate prisoners in 1862, Rock Island is now the Government's largest manufacturing arsenal. Basically three tasks are performed at the arsenal: the manufacturing of ammunition and various components, the management of the Army's weapon systems, and the single management of weapons and ammunition to meet the needs of all the military branches. Each year the Government spends almost \$2 billion on the arsenal's operations, and each year our auditors find ways to save some of that money.

Almost every working day you can find an evaluator at the Rock (as we affectionately call it). Annually we review the appropriation request for



Chicago staff viewing 105-mm. Howitzer at U.S. Army Armament Materiel Readiness Command, Rock Island, Illinois.

conventional ammunition, such as artillery shells, bullets, and mortar rounds. Adjustments are usually agreed to, both up and down, but overall our work results in reductions of generally over \$100 million annually. This year, in conjunction with the appropriation review, we are also looking at the adequacy of ammunition storage and maintenance. Past reviews at the Rock have included the role of the single manager and the logistical support for the XM-1 tank.

Thirty Years of Leadership

Earlier we said Chicago is a city with the most. Chicago has also had the most regional managers. Not counting the three who managed the St. Paul region before the merger—H. H. Rubin, W. F. Lutz, and O. B. Hylle—Chicago has had eight managers. These men have had varying ideas of how to run a region. Some have tried to involve themselves with the details of jobs, others have managed from a greater distance. Some have emphasized meeting the demands of GAO management; others have concentrated on the needs of the staff. All, though, have contributed to our development.

Our first regional manager, Frank Pelland, headed the Chicago field station and took over as regional manager when regional offices were created in 1952. He retired 5 months later and was succeeded by Donald Moysey, one of the crop of CPAs that GAO began acquiring after World War II. Moysey is remembered as a real charger who took a hand in everything and kept everything shipshape. His successor, Stan Sheridan, took an opposite approach, not involving himself in details but managing from a distance. Known for his charm, he imposed a stringent dress code that required long-sleeve shirts, conservative suits, and hats. Some auditors tried to submit vouchers for their hats, but got nowhere. Moysey and Sheridan each reigned for about a year, then departed for the Internal Revenue Service.

The mantle passed to Howard Perrill. He was only 32 at the time, but looked younger, though he had five children. At opening conferences, agency officials would address

themselves to someone else, taking our regional manager for a junior staff member. Yet Perrill is remembered as very sharp, with "intellectual drive."

When Perrill left the Government in 1956, Hy Krieger took command. His major tasks were to integrate personnel from the newly combined auditing and investigative arms of GAO and to upgrade the staff's professionalism by an active program of recruiting and professional development. Chicago instituted a cooperative recruiting program with Northwestern University and the University of Illinois that has continued and expanded to the present day. College recruiting, combined with professional development, left the region better prepared to handle the broader and more comprehensive work that GAO had begun doing. Though he went on to manage three other regions, become deputy director of FOD, and retire in 1980 as director of the Federal Personnel and Compensation Division, Mr. Krieger today recalls his 3-year term in Chicago as one of his most enjoyable assignments, one he left with some sadness.

Hy Krieger was followed by another career GAO man—Myer Wolfson, who served all five Comptrollers General up to Mr. Staats. Myer's 14-year term brought some needed continuity to a region that had seen five managers in 7 years (plus the three managers in St. Paul). Recruiting was still a problem when he took over because Government pay was not considered competitive with the private sector. Myer took it virtually upon himself to promote the opportunities available at GAO to potential applicants. That he succeeded—both for GAO and the recruits—is clear. Two of our assistant regional managers and numerous senior level staff at headquarters were recruited at the entry level during his term. He also emphasized training and initiated the region's technical assistance group (one of FOD's first). Myer tried to meet the staff's needs and created good spirits in the office. A member of our region since its earliest days, he was close to his staff and has remained in touch since his retirement in 1973.

Gil Stromvall became the next regional manager. He strove to improve the office's productivity and the

speed and quality of our work. To answer headquarters' demands for more information from the regions, he set up management information systems. He continued to expand Chicago's expertise by starting one of the first regional writer/editor groups. He also established employee councils to advise him in making decisions. In 1978 he left us for a brief stint as director, Office of Policy, before transferring to the Inspector General's office in the Department of Energy.

Our current manager, Joe Kegel, has expanded staff involvement in decisionmaking. One important step was the creation of a staff manager, a position which includes many of the duties of the old professional development coordinator, but goes further. The staff manager represents the career-ladder staff in assignment decisions. He tries to ensure that the staff's professional development needs and their preferences are adequately considered in all staffing decisions. Another of Joe's achievements was to increase the region's leadership roles in assignments. More supervisory roles have meant more opportunities for professional development. Joe does not expect the de-emphasis on teams to reverse this trend. With the region's recent commitment to devote efforts to certain issue areas, we can anticipate continued lead roles in a good portion of our assignments.

Because our region is so rich in the raw materials of auditing, we will remain in the forefront of GAO's efforts. And as our staff continues its development, we can expect to meet the new challenges the future undoubtedly holds.

¹See "Bottling a Rainstorm" by Oliver Krueger and Dan White, *GAO Review*, Fall 1979

²See "Who Audits the Auditors?" by William J. Schad, *GAO Review*, Summer 1980.



Chicago's regional management. From left, Bill Schad, Pete Larson, ARMs; Dave Utzinger, Staff Manager; Joe Kegel, Regional Manager; and Stew Herman, ARM.

Members of Chicago's administrative staff.



Chicago staff members Nancy McMahon, Velma Butler, and Pat Loach.

Chicago staff members Roger Hewitt, Jim Evans, and Bill Ryczek.



The Best of Chicago

Best Chicago Athlete:	Walter Payton. The "sweetness" in a sour sporting scene.
Best Chicago Beach:	Oak Street.
Best Jogging Path:	Lincoln Park.
Best Place to Picnic:	Lincoln Park.
Best Place to Fish:	Montrose Harbor.
Best Free Attraction:	Lincoln Park Zoo and the Museum of Science and Industry.
Best Bakery:	Lutz's. A touch of Munich on Montrose Street.
Best Outrageously Expensive Restaurant:	Le Perroquet.
Best Sunday Brunch:	Arnie's.
Best Thick Crust Pizza:	Giordano's on Rush Street.
Best Small Hotel:	The Whitehall.
Best Place to Take Out-of-Towners:	Water Tower Place.
Best Place to Window Shop:	Marshall Field's on State Street.
Best Downtown Plaza:	The First National Bank of Chicago Plaza.
Best Movie Theater Under \$2:	The Village.
Best Used Book Store:	The Aspidistra.
Best Public Clock:	Marshall Field's.
Best Wine Shop:	Sam's Liquors.
Best Singles Bar:	Butch McGuire's on Division Street.

(From the **Chicago Tribune** reader's poll.)

Lack of Controllability in the Federal Budget



Elmer B. Staats, Former Comptroller General of the United States

An issue that affects every citizen, and one that is putting strains on the existing budget procedures, is the extraordinary growth in the so-called uncontrollable portion of the Federal budget. I have been greatly encouraged by the scope and depth of the Congress' current concern about this issue.

Nature of the "Controllability" Problem

I have consistently held that, when viewed over a long enough period of time, there are few uncontrollable programs in the Federal budget. The length of time needed to make the necessary changes depends upon the willingness of the Congress and the executive branch to enact legislative changes.

The short-term "controllability" problem is traditionally represented

by the OMB figures which indicate that the relatively uncontrollable part of budget outlays grew from about 59 percent in fiscal year 1967 to about 76 percent estimated for 1981. This growth largely reflects the growth of Federal entitlement programs, long-term demographic trends, and programs tied directly or indirectly to inflation. In 1981 these relatively uncontrollable outlays are estimated to be about \$503 billion.

The portion of the budget that is, from a practical point of view, relatively uncontrollable in any one year is probably even higher than the 76 percent. There are, for example, numerous operations and maintenance programs for public works and defense facilities that require special attention and funding.

In general, there are three major categories of uncontrollables identified for the current year (FY 1981) in the budget for fiscal year 1982:

- Entitlements will account for

about 48 percent of the budget outlays or about \$321 billion. These include Social Security (\$140 billion), Medicare (\$40 billion), unemployment trust funds (\$23 billion), and revenue sharing (\$5 billion).

- Net interest on the debt which is estimated to be about \$67 billion or 9 percent of total outlays.
- Liquidation of prior commitments and other fixed costs; in effect, the payments for goods and services obligated for in prior years or for fixed cost items. This will be about \$115 billion or 18 percent of estimated outlays.

The issue of "controllability" involves the trade-off between the need for longer term, stable commitment by the Federal Government to people who voluntarily or involuntarily participate in Federal programs and activities versus the need for the Congress to "control" the budget in both the short term and the

long term. There is no magic formula for making this trade-off. Furthermore, the trade-offs have to be made on a program-by-program basis dealing with specific groups of people, specific sectors of the economy, and specific problems.

The growth in uncontrollables, and prospects for their continued growth, points to a critical need for the Congress and the executive branch to take budget actions with a *longer time horizon in mind*. In this manner, budget trends and priorities will reflect conscious choices made in a "strategic planning" type of process rather than being accepted as simply uncontrollable factors. Consideration should be given to enhancing multiyear planning and budget actions, and the organizational and procedural changes that may be required. The Congressional Budget Act of 1974 requires that the budget include outlay estimates for 5 years into the future. The recent steps by OMB and the budget committees to include multiyear planning amounts in the budget documents and resolutions are a big step forward, although it is too early to say how effective they will be in determining future budget decisions.

The Congress has become increasingly aware of the possibility or probability that a program inexpensive at the start can get more expensive later. Indeed, increasing this awareness is one of the greatest values of long-range planning. I might add that the Congressional Budget Office's budget estimates of the long-run cost of new legislation have contributed to this awareness. A new entitlement program should not be established based solely on the argument that its first-year costs are minimal. This longer horizon will also make it easier to show that small changes in the law that affect costs minimally in the year in which they are enacted may be compounded in succeeding years into significantly higher costs.

Another advantage of multiyear planning is that the budget becomes more controllable in the long term. The controllable portion of a budget may look very small in any given year, but viewed over several years it becomes much greater. This would encourage savings proposals that may require an initial increase in spending to achieve much greater

savings in subsequent years.

It is imperative that the efforts to control budget levels be a cooperative, coordinated process. This process must include the authorization, appropriations, and budget committees. These committees are playing an increasingly important role in the congressional budget process. Budget schedules and narratives need to be revised to emphasize the amounts that are contingent upon new authorizing legislation.

This need will be magnified further if the Congress enacts legislation to provide for a systematic review and reauthorization process as envisioned in the proposed sunset legislation. In short, we should ask ourselves whether the budget concepts and procedures established when most of the budget was controllable through the appropriations process are adequate today.

Entitlements and Indexed Programs

The five largest entitlement programs, by size of their estimated fiscal year 1981 outlays, account for about \$247 billion. In billions, they are:

Social Security.....	\$139.9
Medicare	39.9
Unemployment Trust Fund.....	23.5
Civil Service Retirement.....	26.9
Medicaid	16.5
Total	\$246.7

For the most part entitlements involve support of individuals who are elderly, retired, sick, poor, and/or veterans. In operation these programs are income redistribution programs, but they are intended to prevent more serious problems. The people who benefit from these programs have adjusted their personal lives to certain expected payments when they retire or become ill. It is very difficult to change the rules in the middle of the game. Therefore, any significant change must be made with sufficient lead time to allow people to change their spending and savings patterns. There are, however, changes that can and should be made. These changes can have both short- and long-range financial savings.

There are five basic methods of change that can reduce entitlement programs once they have been enacted by the Congress:

- Eliminate the program altogether.
- Reduce the level of assistance, including placing a cap on the program.
- Change the eligibility criteria.
- Improve management efficiency of the programs.
- Change the method, frequency, or basis for indexing the program.

As a general rule all these methods, except management efficiency changes, would require changes in the enabling legislation. This is a formidable task which will require the coordinated action of the authorizing committees and the appropriations and budget committees.

Indexing and Federal Spending

Indexing is a mechanism for adjusting Federal payments when there is a change in prices. Under an indexed program, payments increase automatically when there is inflation. Usually, the size of the payment is linked by a formula to some index of prices. For example, the size of Social Security pensions is linked to the Consumer Price Index (CPI), which is the most widely used.

In 1979 GAO issued a report analyzing the effects of indexing on Federal expenditures. The programs we studied included either an explicit indexing formula or an implicit mechanism for automatically adjusting the level of benefits when prices changed. We also looked at Federal pay since the comparability formula can produce effects similar to indexing. However, the Congress and the executive branch have more options in dealing with pay than with other indexed programs, and the major problems resulting from indexing do not occur in this area.

At the time our report was issued, indexed programs represented more than 50 percent of the total Federal budget, and their share of Federal spending was increasing, a trend which has not yet been reversed. As a result, the current inflation rate automatically increases Federal spending substantially even if no other change in the entitlement programs occurs. We estimated that a

10-percent annual rate of inflation would automatically increase Federal spending by \$15 to \$25 billion. Currently, that estimate would be even higher. We also estimated that from 1970 to 1977 inflation accounted for half of the growth in Social Security expenditures and somewhat less than half of the increase in expenditures for civil service and military retirement.

Although the indexing of Federal expenditures has helped protect the benefits provided under many Federal programs, these trends are deeply troubling. It is widely agreed that without restraint in the growth of Federal expenditures it will not be possible to end inflation. Since it is also agreed that an increase in defense spending is necessary, there is little prospect for achieving this restraint without some check on the programs which are indexed. This was GAO's conclusion in 1979. It is even more apparent today.

Answers

What can be done? One step GAO has recommended in the past is that the cost-of-living adjustments for Federal retirees should be made annually rather than semiannually. This would be more consistent with the indexing provisions in other entitlement programs. Federal retirement programs are the only remaining indexed programs which adjust benefit levels twice a year. The Office of Management and Budget estimates that shifting to an annual adjustment would reduce outlays \$1 billion in fiscal year 1982.

Many have expressed concern with the housing component of the Consumer Price Index. Since this index is used to adjust Social Security benefits and Federal pensions, any shortcomings in its construction have serious budgetary consequences. GAO will shortly issue a report that recommends changes in the housing component of the CPI.

The main purpose of indexing is to protect the purchasing power of the benefits of Federal programs. Inflation clearly threatens the living standards of those people whose incomes are fixed in dollar terms. This is why some adjustments for inflation in the entitlement programs are appropriate. However, under current inflationary conditions, it is neces-

sary for all groups in society to share the burden of bringing inflation under control. In the last 2 years declining productivity and higher prices for imported oil have lowered the real income of the average American family. Under these circumstances the full protection of entitlement benefits is questionable. For example, does the Congress really intend that the people receiving these benefits are to be fully protected from the rising price of oil when this protection cannot be provided to most Americans?

Clearly the Congress faces some hard choices. Under the circumstances it may be wise to consider revisions in the indexing formulas to permit a temporary cap at less than the full adjustment, as is currently possible for Federal pay increases. Needless to say, the effects of such a move on needy recipients must be carefully weighed.

Inflation also has an effect on Federal revenues, which grow during inflationary times because as incomes rise, people move into higher marginal tax brackets. For example, OMB estimates that a one percentage point increase in inflation yields a \$3 billion increase in Federal revenues.

In my opinion, the important issue facing us today is inflation. GAO has pointed out that a piecemeal approach to solving the problem of inflation is not as desirable as a broad systematic program. Such a program would require that many steps be taken. Entitlements cuts are only one part of the formula.

Furthermore, change will mean sacrifices. Therefore, steps must be taken that assure such sacrifices are equitably distributed in the economy. The parties involved in making these changes will have to brace themselves for forthcoming pressures of special interest groups of all types. In addition, better budget discipline requires that many of the current budget practices which are being used to escape that discipline be reexamined. Items such as off-budget entities, backdoor spending reflected in permanent authorizations, use of offsetting receipts, reuse of borrowing authority and others, are all examples of a series of issues that we are recommending, in a separate study, be examined by a special task force or commission.



Eleanor Chelimsky

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Reducing Fraud and Abuse in Entitlement Programs: An Evaluative Perspective

The problem of reducing fraud and abuse in entitlement programs has been addressed in many different ways, using many different approaches. Such approaches have included efforts like error monitoring, prevention (through public relations techniques and education), fraud "hotlines," special detection alerts (such as the California "hopper" system which seeks to uncover benefit recipients who are fraudulently enrolled in multiple jurisdictions), special investigative task forces, computer-matching, case screening, "enhanced" prosecution, administrative sanctions or remedies, Federal requirements for corrective action by States and local governments, federally imposed fiscal sanctions (on States with excessive numbers of ineligibles in their caseloads), and many more. In general, these approaches have not been developed as integral parts of the planning process; rather they are the after-the-fact and somewhat *ad hoc* results of problems encountered in specific instances of program implementation. Thus, little attention has been directed to the *structure* of entitlement programs themselves, and, in particular, to design weaknesses which present opportunities for fraud and abuse.

From an evaluative perspective, it would appear that four interrelated planning failures are involved:

- the failure to envisage and formally recognize the possibility of fraud and abuse in benefit programs;
- the consequent failure to address these problems by designing safeguards against them;
- the failure to build in provisions and funds for the energetic and comprehensive pursuit of fraud and abuse; and
- the failure to plan evaluation efforts which could measure the extent and describe the nature of program-specific fraud and abuse problems and test the effectiveness

of the various fraud and abuse countermeasures.

All four of these failures can be seen as resulting in some measure from a fairly generalized attitude which views fraud and abuse problems as either unusual, or as exogenous to a program, and which considers them, if at all, only reactively.

Recognizing the Possibility of Fraud and Abuse

The failure to expect or even to recognize fraud and abuse as a possible problem is not, of course, restricted to program planners in government. It can also be found among business people, who often merely pass on the costs of shoplifting and internal theft to the public via raised prices, instead of planning for them as a fact of life, reducing opportunities for them to occur, taking action against them when they do, and generally considering these efforts as an integral part of good management in its normal cost-minimizing role. It can be found among designers of nuclear plants who may often fail to envisage the need for protecting plants adequately against the threat of terrorism. The notion that crime, abuse, and terrorism are not only likely, but are possibly permanent problems which must be addressed in planning new activities, does not appear to have permeated our thinking very profoundly as yet.

In addition, the particular problem of fraud and abuse in entitlement programs has no institutional home. As a management question, it has not yet been built into planning and evaluation; as a criminal question, it is low—very low—on the list of criminal justice priorities. In effect, police, attorneys, prosecutors, and judges tend to perceive fraud and abuse as trailing behind a long list of

other; more severe crime problems which must necessarily take precedence over them in already overcrowded court dockets and prosecutorial caseloads.

Yet the problems of fraud and abuse are real. They seem to be of considerable and increasing dimensions (although precisions about their size and growth rates are hard to find), and they are part of a larger societal crime problem which shows few signs of abating. Why then do we persistently fail to design for them when we plan programs and other activities?

There are undoubtedly many reasons for this failure, but some are especially prominent. First of all, there is the fact of recency, at least with regard to major national problems of recipient fraud or abuse. While there have always been manifold opportunities for contractor, provider, or government employee fraud, the entitlement programs of the sixties brought benefits that furnished a major new locus for recipient activity, and this problem thus developed concurrently with those programs. Similarly, gross increases in crime rates themselves (at least as they are measured by the FBI's Uniform Crime Reports) also had their beginnings in the early sixties. Hence, the newness of the phenomenon and wishful thinking that the problem would go away may partially explain the fact that, despite the colossal level of crime, abuse, and victimization witnessed today, these have not yet either entered firmly into our thinking or become accepted as nontrivial, quasi-permanent factors to be considered *routinely* as a part of program planning.

Some progress has been made, however. For example, a few years ago it was quite common to hear program managers estimate, on the basis of almost no data, that rates of fraud and abuse in entitlement programs amounted to little more than a reassuring 5 percent of total expenditures (Chelimsky, 1973). But while it is unlikely that such an estimate would be heard today, the tendency still appears to be one of viewing fraud and abuse as real, perhaps, and important, perhaps, but nonetheless as transient and extraneous rather than integral to a program. It is this view, however, which permits the conclusion that these problems

can be treated on an *ad hoc*, reactive basis once the program is implemented, and which has signified that deterrent and enforcement systems have not been designed into programs.

In addition to recency or newness, a second reason why program planners have failed to consider fraud and abuse in their design strategies may have been lack of time and expertise. It is no secret that many programs of the sixties were hastily planned and implemented, and it is commonly realized that planning and evaluation were themselves, at that time, still in their infancy. But as program planning in general was given short shrift, "new" problems like fraud and abuse could hardly have been integrated into the typical planning effort of the period which seems to have ranged from nonexistent, through cursory, to aborted-in-midstream (Marris and Rein, 1972). Further, the existence of program planning did not necessarily ensure that of evaluation planning. Today, evaluation planning for an entitlement program would automatically include measures of fraud and abuse as indicators of program management quality.

Ideology also has played a role. On the one hand, the liberal perspective that creates programs to help the disadvantaged tends to concentrate more on maximum feasible amelioration of existing ills than on the possibility of fraud or abuse which may accompany such amelioration. On the other hand, the conservative view that government should be largely decentralized and that programs should be operated to the degree possible at State and local levels builds in major additional difficulties for both deterrence and enforcement, thus providing unparalleled opportunities for fraud and abuse.

A fourth reason has to do with differences in practitioner philosophy and with bureaucratic fragmentation. In effect, designing safeguards or deterrent systems against fraud and abuse into programs for the needy requires the inclusion of at least two sets of stakeholder views and goals: those of assistance-focused social workers and enforcement-focused justice practitioners. But these views are both different and difficult to conciliate. They

seem to coexist only in uneasy rapport, with social workers feeling that it is their role to serve clients rather than to "look over their shoulders" (Lange and Bowers, 1979), and justice practitioners feeling that recipient fraud and abuse concern them "only in light of their potential for criminal prosecution" (Edelhertz, et al., 1977). Further, the holders of these views are separated from each other by the insulating walls of autonomous bureaucratic institutions, those of the welfare agency, and of the justice system. It is therefore possible (and even easy) for them to continue to ignore each other's needs and their mutual interdependence. This signifies, however, that no hue and cry is likely to be raised which would force some realization of the need to intimately associate enforcement with service or benefit delivery.

In sum, there seem to have been important reasons why planning has not designed strategies against fraud and abuse into entitlement programs. Yet a fair body of research suggests that such planning is a necessity for preventing, identifying, and controlling fraud and abuse in those programs. What exactly, then, could such planning do for us, and how can we modify existing programs in consequence?

Designing Safeguards Against Fraud and Abuse

There are two immediately obvious ways in which design strategies could reduce the potential for fraud and abuse. They could

- build controls into the program process and
- ensure that adequate funds, equipment, personnel, and training are provided to screen, identify, follow up, and sanction criminal activity.

Designing Controls into the Program Process

Entitlement programs, for various good reasons, are not all structured the same way. This is important in that different structures incur different risks and vulnerability to fraud and abuse. As the Comptroller General has stated:

Some of the programs that would seem to be particularly susceptible to fraud are those involving a significant amount of contracting and procurement . . . In addition, programs involving loans, grants, and benefit payments appear to be particularly vulnerable. (Comptroller General's statement before the Senate Committee on the Budget, Mar. 15, 1978.)

All programs, however, entail *some* risks. It is therefore extremely important to think about designing programs not only to meet the needs of service delivery, but also those of program integrity. There are three control systems which seem necessary, as a minimum, to help prevent and contain fraud and abuse. These are

- program and evaluation planning for deterrence, detection, and enforcement;
- adequate definitions, consistently applied across the program, of what constitutes fraud and abuse; and
- the development of data bases allowing the detection and report of fraud or abuse in unambiguous terms.

Planning for deterrence, detection, and enforcement involves, first, an effort to design the program so as to minimize vulnerability to fraud and abuse. For example, if prepayment of benefits is not a permissible option, then the problem of unsubstantiated cost estimates cannot occur, and the difficulty of achieving the return of overpayments due to this cause (a major problem) is likewise avoided.

Second, this kind of planning involves some decisions with regard to deterrent strategies. For example, what reliance will be placed on criminal prosecution? How will this be assured? Will the use of administrative along with civil or criminal sanctions be envisaged? How can speed, certainty, and consistency in enforcement application be achieved?

Third, techniques for detection (e.g., surveys, financial audits, quality control, etc.) need to be established and their procedures laid out and routinized along with provision for research and evaluation of new techniques. One important problem with current detection methods is that they have focused on error rather than on fraud or abuse. This means that a finding of error, while

important in ensuring that resources are not wasted, is only the first step in coming to grips with problems of fraud and abuse. Labor-intensive followup is the second step in this detection process, and this can be so costly that new techniques for establishing the presence of fraud and abuse are urgently required. Discriminant analysis, for example, which has been tested on a small scale for use in constructing error-prone case profiles (Comptroller General's report GGD-78-107, Feb. 5, 1979) might be tested for use as well in constructing fraud-prone profiles.

Another problem presently being encountered is the definition of the auditor's role in detection. The questions now being raised concern the appropriateness of accounting methods to the investigation of fraud and abuse, how far auditors should proceed with regard to such investigations, and whether current auditing tools are effective for detection. An intergovernmental forum recently explored the problem:

The early practice of examining every single transaction from beginning to end quickly became impractical with the growth of public services and the volume of business. The focus changed to examining systems and testing controls. This necessary change, however, considerably diminished the chances of detecting fraud, except in its most blatant forms.

Detection of fraud, although highly desirable, was therefore no longer the primary purpose of audit; rather, its purpose became to (1) verify compliance, (2) determine fairness of financial statements, and (3) establish whether internal controls were adequate to safeguard the funds involved.

The erosion of fraud detection as a primary audit goal is not generally realized by the nonauditor. By and large, the public still thinks that the completion of an audit without major adverse findings is a guarantee that everything is in good order. (Intergovernmental Audit Forum, 1980.)

In some cases, auditors have been reluctant to take on the investigative role they have been asked to play because they feel "different techniques must be developed with a broader range of skills than those of traditional auditing," and that "new approaches will have to be painstakingly developed with inputs 'from other disciplines and professions'" (Lange and Bowers, 1979; *Business Week*, July 1978).

Finally, standardized definitions and data bases need to be planned to ensure a reasonable understanding of problem sizes and patterns, to allow program design corrections to be made when needed, and to facilitate comparisons across jurisdictions which are currently impossible, as a practical matter, for some programs. (This, however, also speaks once again to the problem of planning simultaneously for decentralization and for the effective detection and control of fraud and abuse.)

Planning for Enforcement Equipment, Personnel, and Training

Computer-based management information systems can be helpful in detecting and identifying fraud and abuse, but social workers do not necessarily possess data processing skills. In the Medicaid program, for example, technical assistance and training are now given to State personnel by the Federal Government to develop and run a system which creates a data base for management use in identifying possible fraud and abuse. Various subsystems of the MMIS (Medicaid Management Information System) permit the profiling of both providers and recipients and allow staff to target vulnerable points in the program process (such as client eligibility, provider certification status, and acceptability of charges) with some speed, and early enough to be useful in fraud or abuse prevention. Special legislation, however, was required to implement this system. It was not originally a part of the Medicaid program.

Computer technology is also used for detection of fraud, as in the AFDC program, where computer-aided matching techniques compare two or more data bases using an identifying element, such as a social security number or date of birth, to detect ineligible applicants or recipients. Still another AFDC computer-aided technique involves selective case screening, which features an examination of a single data base to find specific factors likely to indicate fraud (Fischel and Siegel, 1980).

All of these systems require careful planning and elaboration in terms of the program's goals and operations; all need funding and personnel, as well as training and assistance to program staff; all need time. One point on which most researchers agree is that when large numbers of applications must be processed in a short time by overburdened, inadequately equipped staff, this sets the stage, almost irremediably, for massive fraud and abuse. Finally, all of these systems need evaluation, and provision for measuring their effectiveness is one way to compensate for the failures of early program planning. That is, evaluations can be performed at any time, and their findings can form an excellent basis for proposed modifications to the systems and programs studied.

Providing for the Energetic Pursuit of Fraud and Abuse

Perhaps the most arduous and important area of all, and one which has to date not progressed very far, is that of pursuit. In fact, fraud and abuse have not been prosecuted energetically. There is at least one very good reason for this, in addition to the attitudinal and philosophical problems enumerated above: that is, lack of coordination between service delivery personnel and justice personnel throughout the bureaucracy. The coordination needed here is both specific and precise, yet it is unsurprising that researchers have found such coordination poorly implemented in entitlement programs. This is especially true of the AFDC program:

Welfare agency staff, especially fraud investigators, frequently complain that AFDC fraud is not vigorously prosecuted. In this regard, several problems appear paramount. Welfare fraud is typically viewed by prosecutors as less serious than other, more violent types of criminal activities. Coordination between prosecutors and fraud investigators/welfare staff is weak. To effectively prosecute AFDC fraud, welfare staff must provide prosecutors with agency documents and relevant evidence in a timely fashion and in an appropriate form for adjudication. Prosecutors are also typically dependent

on agency expertise concerning frequently changing and complex AFDC program rules and regulations, as well as specifics regarding the amount of benefit payments in question, and evidence such as the signed declaration on the application form needed to establish intent in the investigation and prosecution of fraud. Caseworker testimony needs to be organized and coordinated, since many welfare fraud cases are decided upon the credibility of agency witnesses. (Fischel and Siegel, 1980.)

The high turnover of prosecutorial and welfare personnel, along with the mutual dependence of both groups to assure successful enforcement again signifies the need for planning to achieve two things: the maintenance of requisite expertise via training, and the replacement of current informal relationships by coordinated, frequent, and formal ones.

Decisions are needed to ensure that prosecution will occur when warranted, either by developing new prosecutorial teams dedicated to this effort, by additions to current prosecutorial staff, or by targeting agency investigative resources more closely on those cases most likely to result in criminal prosecution.

Designing Evaluations

Perhaps the most perturbing aspect of the current state of knowledge about fraud and abuse is its paucity. There are major information gaps almost at every step of the way. The actual magnitude of benefits lost to fraud and abuse is not known because of inadequate data, inconsistently defined and formatted across jurisdictions, and consequently, impossible to aggregate. Further, little or no research has been done on the effectiveness of prosecutorial and other deterrent strategies with regard to the incidence of fraud and abuse, so that, in fact, the need to continue with this kind of basic sanction which has proved so difficult to implement is based entirely on assumption.

Again, almost no evaluative evidence exists about the usefulness of most existing countermeasures against fraud and abuse. With regard to computer-aided matching techniques, for example, before deter-

mining that these should be widely adopted, evaluation needs to collect empirical data on a series of measures. It would be useful to have information, for example, on

- the number of "raw" matches;
- the number of matches shown to be valid after verification and review by staff;
- the number of matches in which income discrepancies were found;
- the number of matches leading to administrative case actions;
- the number of matches leading to investigation, and those leading to prosecution for fraud;
- the costs of conducting the matching operation including both data processing costs and those of the extensive annual review and followup efforts by program staff;
- the amount of overpayment assessed;
- the cost of recovering that overpayment; and
- the actual amount recovered (Fischel and Siegel, 1980).

At present, actual data on the effectiveness and total costs of matching are very limited.

It is clear that the lack of knowledge about the effects and costs of typical strategies and techniques used in combating fraud and abuse are major barriers to the use and expansion of countermeasures. This is a particular problem in view of the costs of computer technology and the need to compare these costs with those of other techniques and strategies for detecting and deterring fraud and abuse. Further, the evaluative data that do exist are fraught with methodological problems which limit their utility and make comparisons among strategies impossible.

A great deal of evaluative work remains to be done. There is a need to learn the effectiveness and costs of nearly all the techniques currently in use, including computer-aided matching, case-selection techniques, "hopper" alerts, and so forth. And there is a need as well to develop data bases which can measure the size and scope of benefit losses to fraud and abuse. Without this information, the development of sound entitlement programs which limit fraud and abuse to a minimum will be impossible.

Summary

We have argued that reducing fraud and abuse in government programs requires

- program planning which straightforwardly integrates enforcement planning with service delivery planning;
- program design which builds in enforcement safeguards, appropriate system acquisition and support, along with training and assistance to personnel;
- program operations which feature incentives and formal procedures for achieving coordination across service delivery and enforcement communities; and
- program evaluation which allows the measurement of progress and the determination of the most effective strategies and techniques against fraud and abuse.

Efforts such as these are critical to prevention, detection, and control, and the approach features here—that of evaluation planning—is as applicable to the examination and modification of existing programs as to new programs. Many of the evaluations we call for here are of techniques currently being applied, and it is evident that their findings are needed to make meaningful choices about which countermeasures to adopt. It seems clear that the ability to ensure that (1) Federal resources actually reach the truly needy and (2) the increasingly scarce amounts available will not be improperly depleted is dependent on this work. Failing this, the successful reduction of fraud and abuse in entitlement programs is likely to wait a long time.

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The Case for Regional Planning in Energy-Rich States

This article is based on a GAO report entitled, "Long-Term Planning Needed in Oil and Gas-Producing States" (PAD-81-09, Dec 10, 1980). The authors wish to acknowledge the efforts of other team members, Robin Reid, Michael Rives, Alice Sekanick, and Don Watson, who wrote various segments of the full report.

The national debate over the need to plan for balanced regional growth and development has continued for a number of years, and no reconciliation is in sight between the two sides. Advocates of planning argue that policymakers have a responsibility to develop a framework in which competing interests can work out the necessary trade-offs. Without such a framework, it will be excessively difficult for regions to adapt to emerging shifts in population and economic activity. The opposition argues that planning impairs the efficient functioning of the free enterprise system. Planning efforts, they point out, far too often create disincentives that restrict normal market forces.

Planning, however, can buttress market processes if it provides accurate information to economic decisionmakers. New England offers a past example of a regional economy that suffered because information concerning economic shifts was not readily available. During the Industrial Revolution, New England's innovations in tools and machinery attracted the textile production industry. At that time textile production was very much a high-technology industry and not easily exported to other regions. But innovations, such as the development of interchangeable parts, helped to shift coarse goods production from New England to the South during 1880-1910. This shift was not fully understood, partially because New England maintained a prosperous textile industry during the period. By 1920, however, over 70 percent of the low-quality yarn was produced in the South. As market forces adjusted to the South's advantage, New England suffered unexpected economic dislocations.¹

Today the North Central region, once the industrial heartland of America, suffers from a severe downturn in the automobile industry. Whether the cause is from the recession, foreign competition, excessive union demands, expensive capital costs to retool outdated factories, or a combination of these and other factors, the result is loss of manufacturing jobs throughout the region. The Federal Government is involved in a controversial loan guarantee program to assist Chrysler, but this involvement may be too little, too late. It is well known that the economy's manufacturing sector is inherently more vulnerable than other sectors to cyclical swings. Was it not possible for long-range economic planners to foresee the need to make diversifying adjustments in the region?

GAO's interest in long-term planning as a means of anticipating economic dislocations, formulating strategies, and mitigating Federal involvement in regional crises, led us to study the extent of long-term planning at the regional level. We selected a currently prosperous region, the Southwest,² that may be faced with a predicament similar to that of the Northern manufacturing belt. Texas, Oklahoma, and Louisiana have relied on the oil and gas industry as a major stimulus for economic growth. However, both production and proven reserves of these non-renewable resources are declining.³ The dual problems of resource exhaustibility and industry decline prompted us to ask two basic questions with implications at both the regional and national levels:

- Should the Southwest region embark on long-term economic diversification planning?
- Should the Federal Government be concerned with the decline of a regional industry?

From our analysis we concluded that the Southwest region should plan now for its future economic well-being because both the public and private sectors have become

more dependent on the oil and gas industry, even though regional production peaked in the early 1970's. We also concluded the Federal Government can help promote economic stability in the region by encouraging planning efforts through already established programs and by removing unwarranted regulations that create production disincentives.

Decreasing Production in the Southwest Region

With the price of energy rising, suppliers should be anxious to expand production and increase profits. Oil and gas suppliers in the Southwest region, however, have not been able to expand production. Figure 1 shows that oil production plummeted 32 percent from a regional high of 2,231 million barrels in 1972 to 1,521 million in 1979. Each State has simultaneously experienced similar relative declines, so institutional constraints, like production quotas, particular to any one State cannot shoulder the full blame.

Many producers in the region believe Federal Government price control, at a time of rapidly rising energy prices, was the major culprit for sharp production declines. One effect of price control, perhaps unintended, was an atmosphere of producer uncertainty. Risk-taking, so crucial to the discovery of new energy supplies, was avoided. Price control created incentives to develop existing wells and not risk the high costs of exploring for new ones. Coupled with the problem of price control was the scarcity of new sources of supply. The pattern of proven reserves suggests oil and gas are becoming exhausted in the region.

Proven oil reserves reached a regional peak of 21,407 million barrels in 1967. Since that time the decline has been a precipitous 48 percent. Texas and Louisiana suffered the more drastic declines in proven oil reserves, while Oklahoma, starting with a relatively smaller base, experienced a dropoff of 34 percent.

If all oil producing regions were experiencing reserve declines of the same magnitude as the Southwest, there would be less cause for regional concern, although perhaps

more national concern over availability. Assuming no major changes in demand elasticities, future price increases could offset reserves and consequently production declines, thereby allowing producers' revenues to stabilize.

However, reserves in other oil producing regions are not falling off as sharply as in the Southwest. Regional shifts in exploration have resulted in a substantial drop of the Southwest's share. In 1967, the Southwest maintained over two-thirds of all U.S. oil reserves; today, it has only 40 percent of the Nation's proven oil reserves.

The situation for proven natural gas reserves is similar to oil reserves in that both seem to be drying up.⁴ Proven natural gas reserves in the region peaked in 1967 with 231,384 billion cubic feet. These reserves have declined by more than half to a 1979 level of 108,355 billion cubic feet.

Forecasters do not expect a turnaround in production declines to occur soon. Given reasonable assumptions concerning future drilling rates, finding rates, and improvements in recovery techniques, regional oil production would continue to decline from the present level of 1,521 million barrels to 1,295 million barrels by 1990.⁵

The projected rate of decline during the 1980's is certainly lower than during the 1970's: an annual rate of 1.4 percent versus 3.9 percent. But even with this slower rate of decline, the region would be producing less oil in 1990 than it did in 1951.

Increasing Dependency on Oil and Gas

Even though oil and gas production is declining and other regions are providing a larger share of the output, there would be less cause for concern if other sectors within the region were becoming less dependent on the oil and gas sector. Unfortunately, dependency is not diminishing. Public sector revenues and private sector employment are still tightly linked to the oil and gas industry.

The oil and gas industry generates a relatively large share of public sector revenues. Well owners must pay property taxes that help to finance basic public services at the local

level. Wells on State-owned lands are subject to rents and royalty fees. Each State also imposes a severance tax on all oil and gas extracted.⁶

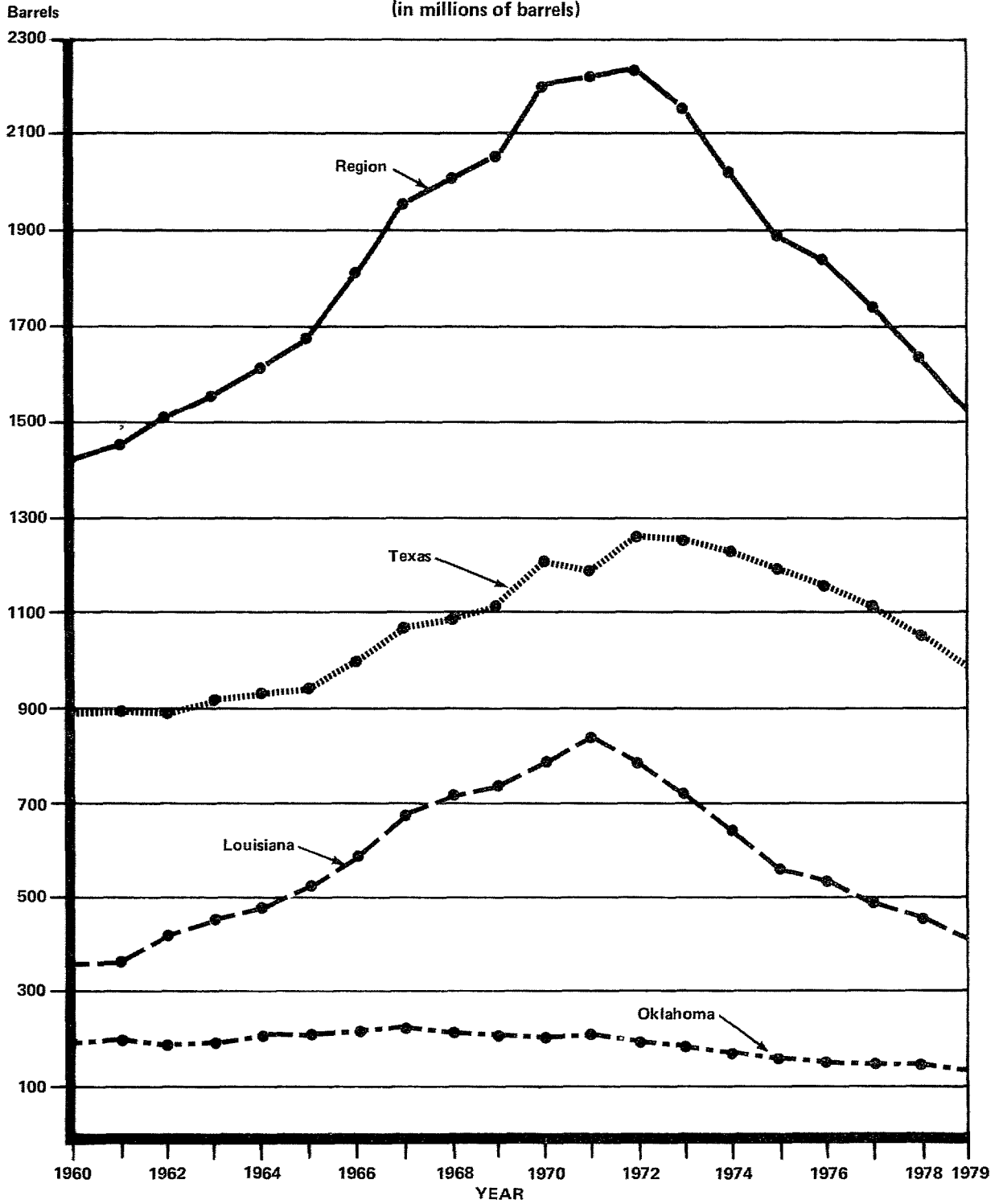
The revenue sources of severance taxes, rents, and royalties contribute significantly to the States' budgets. As figure 2 illustrates, these combined revenue sources accounted for 26.8 percent of Louisiana's general own-source revenue in 1979. Texas and Oklahoma, although less reliant, show relatively large 1979 shares of 18.1 percent and 15.6 percent, respectively. In the late 1960's and early 1970's, the regional trend was toward less budgetary dependency. Perhaps the OPEC embargo is one reason why the trend toward less budgetary reliance reversed in 1973, but the embargo could only be a partial explanation for the reversal. Both Louisiana and Oklahoma increased severance tax rates at this time, and Texas experienced a relative increase in rents and royalties.

Since all three States tax oil on an *ad valorem* (percent of value) base and two out of the three tax gas on the same base,⁷ the prospects are slight for drastic revenue decreases in the immediate future. Although production has declined, rising energy prices have been sufficient to generate consistent increases in severance tax revenues for Texas, Oklahoma, and Louisiana.

The long-run prospect is far less certain than the short-run outlook. Future price and production levels, as well as technological innovation, will affect public sector revenues. It is clear, however, that the present resource base is shrinking. Thus, a gradual relaxing of reliance on revenues generated by the oil and gas industry and long-term planning for alternative revenue sources are appropriate.

In the private sector, regional employment in the oil and gas industry has followed a cyclical path. In 1962, 164,800 workers in the Southwest were employed in the industry, but employment dropped off in the late 1960's and early 1970's, the same time production was reaching its peak. After 1972, production began to fall, but employment rose by almost 56 percent between 1972 and 1977, mainly due to additional workers in the drilling and excavating phases of production. Thus, aver-

FIGURE 1
OIL PRODUCTION 1960-79
 (in millions of barrels)



Source: Reserves of Crude Oil, Natural Gas Liquids, and Natural Gas in the United States and Canada as of December 31, 1979, American Petroleum Institute and American Gas Association, Volume 34, June 1980.

age productivity per worker declined,⁸ partially reflecting the fact that the resource base is diminishing. The rate of decline, however, deserves scrutiny as more and more employees become dependent on the industry for their livelihood.

During the same time that regional employment in the oil and gas industry was rising in absolute terms, it was falling in relative terms. As other regions captured a larger share of oil and gas production, they also captured a larger share of national employment for the industry. The Southwest region was losing its competitive position as the leader in both production and employment.

These trends would be particularly ominous if it were not for other industries in the region, such as the

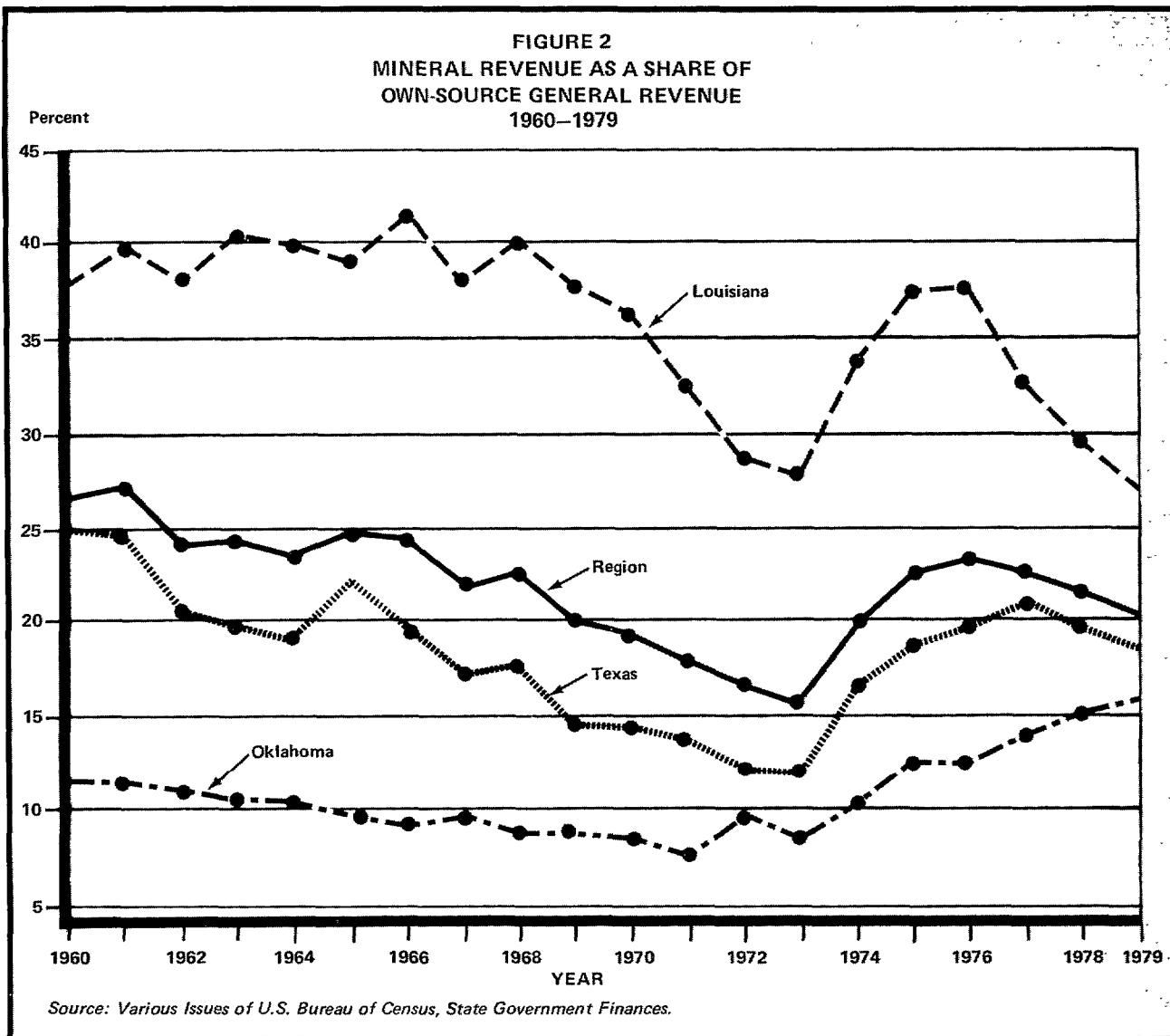
chemical and oilfield machinery industries, that made major employment gains in both absolute and relative terms. But these two industries are closely linked to the fortunes of the oil and gas industry. Part of a long-term economic diversification planning effort would include planners providing policymakers with information concerning the extent, both direct and indirect, of private sector employment dependency on the oil and gas industry.

Planning To Diversify the Regional Economy

Given the present status of economic prosperity in the Southwest, it may not be readily apparent that long-term planning is needed. But

the current prosperity, acting as a mask, hides the region's long-term economic problems. Underlying today's economic well-being is the oil and gas industry, which acted as the propelling force in the Southwest's dramatic economic growth. That force is no longer growing. Instead, both production and proven reserves have declined for the last 8 years, while economic reliance on the industry has increased. How long this situation can continue is not certain; however, any economic dislocations in the region can be dealt with more effectively if a long-range regional planning effort is established.

Public officials in each of the three States (Texas, Oklahoma, and Louisiana) are ambivalent about long-term diversification planning.



Most officials recognize that both production and reserves are declining, yet with the possible exception of Texas, no comprehensive planning activities are being contemplated. Some State officials argue that planning of any kind is unnecessary; others acknowledge the need for planning but feel that effort should be the responsibility of some State agency other than their own. Still other officials are advocating, with little success, a stronger planning effort.

One difficulty in establishing a long-range planning process, even if the States have the necessary resources, is the problem of political discontinuity. Our system of government, at the State and other levels, does not encourage long-term commitments to programs. An elected public official has little incentive to establish a program that will have results only in the distant future when he or she needs to show short-term results to get reelected. If the official is not reelected, chances are that the established program will change directions to fit the needs of the newly elected official. Thus, long-term regional planning faces a serious constraint: the structure of State government.

Because of the difficulties at the State level in establishing a planning effort with regional implications, we went to various Federal Government agencies to see if they had programs to encourage long-term planning. Officials at the Department of Housing and Urban Development, the Economic Development Administration, and the Ozarks Regional Commission felt that the Federal Government should be concerned with the economic viability of the oil and gas industry, especially since this industry is of overriding national importance. Yet these same officials pointed out that their particular planning programs were not vehicles to encourage long-term planning in the Southwest because their programs encouraged planning of a short-, rather than a long-term, nature.

Conclusions

Regional changes and shifts in basic economic factors such as production, employment, and taxation deserve close attention. Policymakers cannot develop wise policy

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without accurate information on these and other factors. Yet, in the Southwest very little coordinated effort is made to collect and analyze data, define and evaluate alternatives, and formulate goals and objectives. Without such an effort, changes in natural economic forces cannot be adequately anticipated, and the uprooting effects of these forces cannot be minimized. State policymakers are constrained in implementing a long-term planning process because the payoffs are not realized immediately. So we believe that both the executive and legislative branches of the Federal Government should actively encourage long-range planning efforts. Specifically, we think that already established Federal programs can revise their focuses to include support of long-term planning, and the Congress in its oversight capacity can ensure that the broad issue of balanced regional economic growth receives sufficient attention.

¹ John S. Heckman, "The Future of High Technology Industry in New England: A Case Study of Computers," *New England Economic Review* (January/February 1980), pp 5-18

² We refer to the States of Texas, Oklahoma, and Louisiana as "the Southwest."

³ Proven reserves are defined by the American Petroleum Institute as those reserves "which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions."

⁴ The recently discovered Tuscaloosa Trend in Louisiana seems promising, but it is extremely deep, so gas and oil will be costly to extract.

⁵ "Long-Term Planning Needed in Oil- and Gas-Producing States," (PAD-81-09,

Dec. 10, 1980), p. 72.

⁶ The severance tax is a revenue source unique to States with resources that are removed from the land or water, e.g., minerals, fish, timber. This tax is exported to the extent that suppliers can shift it onto the ultimate consumer. Since oil and gas are necessities with few substitutes, consumers in other States end up bearing a share of the tax burden of energy-producing States. It is not known, however, exactly how much of the tax is shifted. Imposing a tax affects economic behavior by raising both the producers' cost and the buyers' price.

⁷ Louisiana taxes natural gas on a per unit-basis, but is considering a switch to the *ad valorem* base.

⁸ Average revenue per worker may not have fallen since oil and gas prices were rising



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Back to the Basics: Reading For Auditing¹

Picture this scene:

It's late in the afternoon. You're sitting at your desk at an audit site at a military installation. In front of you is a DOD report on an unfamiliar military project that you just began auditing. The report is supposed to be especially helpful to your understanding of the program. You received a copy only this morning and now, after reading the report for the past three hours or so, you lean back in your chair and stare at its cover. You begin to think about it and to ask yourself questions: What is the report about? What problems does it discuss? How does it pertain to the audit? While trying to answer those questions, you realize that you can't remember much of what you read. You wonder what happened!

Sound familiar? It happens to most of us at some time or another. We cannot recall what we just finished reading. As auditors, we need to be good readers and some auditors do indeed read well; but many of us probably do not read as well as we should. We have various excuses: the material is too technical, or it's too boring, or it's illegible. Sometimes we blame poor working conditions—bad lighting, noisy audit sites, etc. For whatever reason, we do not always “absorb” those words that appear in front of our eyes.

Can we do anything to improve the situation? The nature of the material we must read is largely beyond our control, and we probably can't do much about our work environment either. We can turn to articles on reading improvement, such as those published in this *Review*.² But, though useful, their effect on us is often limited because we lack a formal program to encourage us to learn and practice the skills they discuss. Also, the GAO performance appraisal system does not (and probably cannot) directly evaluate our reading capabilities, so we cannot rely on it to point out and help us correct our reading deficiencies.

Yet reading is principally the way we get information for our reports; therefore, maintaining a high level of

reading competence should be one of our main concerns. GAO reports reflect our understanding of programs and issues, and if we do not read well, those reports may be incomplete and perhaps inaccurate. What might satisfy our needs is an internal training course designed to improve reading skills. Topics appropriate to such a course would include determining our reading goals, eliminating distractions, deciding on basic questions to ask ourselves while reading, and discovering the relationship between reading and writing. As discussed below, each of these is relevant to our work.

Reading Goals

Anytime we read something, we should know why. Whether we realize it or not, we always have a reason for reading: to get information, to study a subject, to enjoy a story, or perhaps to pass the time. Whatever the specific reason, our goal is usually one of three: comprehension, information, or entertainment. As auditors, we read mainly for understanding and for information.³

Reading for understanding is the more difficult of these two goals because it requires that we learn and absorb a new idea or concept. To read for understanding successfully, we must overcome our lack of familiarity with a subject. By contrast, reading for information simply requires that we find out about facts or figures concerning a subject we already know. Reading for information lets us add to our storehouse of knowledge.

To illustrate the difference between reading for understanding and reading for information, consider the situation described at the beginning of this article. The report you were trying to read was about a military project completely unfamiliar to you. If you read carefully, you learned what the program is supposed to accomplish, how its various components further that end, and how the program is developing. In other words, you read for understanding. Later, as you learn about the project,

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you are able to associate it with various facts and figures from your reading. In this latter case, you are reading for information. You associate new data with a concept—the military program—that you already know.

Why differentiate between reading for understanding and reading for information? The distinction is important because the two goals affect our reading speeds. Reading for understanding requires more time because we are teaching ourselves a new idea or concept. As Robert C. Solomon wrote, “No matter how many ideas there might be . . . , they become our ideas only when we stop to reflect on them. And that takes leisure, effort, and practice. . . .”⁴ In other words, understanding an idea occurs only when we take time to think about and assimilate it. As we read about the unfamiliar military program in our example, we need to allow ourselves time to “digest” it—to learn why the project is necessary, what it will produce, and so forth.

Generally, we read for information faster than we read for understanding because it is easier to absorb facts and figures associated with ideas we already understand. Once we know about a weapons program, for example, we can readily relate to it information concerning cost overruns and schedule delays. We know the meaning of such terms and can easily see how they relate to the program.

Reading goals also have some bearing on the benefits often attributed to speed reading, benefits which a number of reading authorities now question. These authorities believe that speed reading gives a reader nothing more than very basic information about the material read; it does not improve comprehension.⁵ If that is the case, then speed reading probably is not needed in our auditing work, which involves much reading for understanding. We must take time to completely understand the programs we evaluate.

More About Understanding

If our reports are to be useful to the Congress and the agencies, they must be objective. But occasionally, our reports have come under fire for lacking objectivity. Part of the prob-

lem may be our understanding of the material involved.

Biases, points of view, and emotional moods can all distort our comprehension, as various reading experiments have shown. For example:

Bias—After reading a biography, two groups later received different supplementary information about the subject. Asked to recall data from the biography, each group reported quite different facts about the person.

Point of view—People were instructed to read descriptions of a home from the point of view of burglars and then from the point of view of homebuyers. Each remembered different details about the home.

Mood—Readers identified with protagonists who were in the same mood as themselves and remembered more about those characters than they did about characters in unlike moods.⁶

We could make our reports more accurate and complete if we did not let any of the above factors affect our objectivity. However, eliminating them is not always easy. One way to minimize biases is to talk back to the author as we read. In a way, we try to do this when we question agency officials about aspects of their reports. Perhaps our analysis would be more systematic if we used the following remarks to help us read critically:

“You are uninformed.”

“You are misinformed.”

“You are illogical—your reasoning is not convincing.”

“Your analysis is incomplete.”

In making such remarks, we must be definite and precise about the way in which the writer is uninformed, misinformed, unconvincing, or incomplete. Keeping them in mind as we read can help us to become more objective readers and auditors.

Becoming a Demanding Reader

We can use other aids to improve our reading skills as well. An especially helpful one is to ask ourselves a series of questions as we read:

- What is the material about? What is the theme?

- What are the main ideas, assertions, and arguments? How are they supported?

- Is the material true? In whole or in part? Is the report accurate and complete?

- How significant is the report? Is it important to our purposes?

Asking and answering these questions in the order given can help us think logically about what we read.

Reading and Writing

Reading and writing are related, mutually supportive skills. As we practice and perfect one, we also improve the other because similar principles apply to both. To write an effective GAO report, we need to:

- Identify the purpose and audience.
- Identify the subject.
- Present facts, examples, and arguments suited to the purpose and audience.

- Organize the details into a logical sequence.

- Give emphasis to material and sections that require it.

- Present GAO’s point of view in the form of conclusions and recommendations.

- Write in a tone and style appropriate to the subject.

- Submit drafts for comments.

- Revise and rewrite the report.

We can get the most out of reading a report by following similar principles. We should:

- Determine the intended purpose and effect of the report.

- Identify the parts of the report and determine how they relate to the whole and contribute to the overall effect.

- Evaluate the adequacy and validity of the facts, examples, and arguments used to support the main idea(s).

- Determine how the report is organized.

- Consider the different degrees of emphasis given to various sections of the report.

- Note how the conclusions and recommendations are presented.⁷

In writing, we “construct” a report by using facts, arguments, and examples to support a theme. In reading, we “peel away” those same

facts, arguments, and examples to get at the basic theme. It follows, therefore, that we should become better readers and writers if we are aware of the similar principles involved in the two skills.

Conclusion

Our daily auditing work requires that we use the four basic communication skills: speaking, listening, writing, and reading. All four are equally important. Precisely because they are skills, the more we use them the more proficient we will become. Many of us have sought to improve our writing skills by taking in-house and outside adult education courses. Likewise, we might enhance our reading skills by taking courses offered at local colleges and universities and by lobbying our employers to provide this training in-house.

¹ This article draws extensively from material in *How to Read a Book* by Mortimer J. Adler and Charles VanDoren (New York: Simon and Schuster, Touchstone Books, 1972).

² David D. Acker, "Skill in Communication: A Vital Element in Effective Management," *GAO Review*, Fall 1979, pp 41-43

³ Although reading for entertainment is not

an auditor's primary goal, some auditors find certain agency reports very entertaining.

⁴ Robert C. Solomon, "To ____ or to ____?" *Huntsville, Alabama Times*, 6 August 1980, p 6

⁵ Alexandra D. Korry, "Speed Reading—Is it Comprehending or Skimming?" *Huntsville, Alabama Times*, 4 September 1980, p 18

⁶ J. Jaap Tuinman, "Constructive Comprehension and Schemes in Reading Research," *Education Digest*, 45 (1980), pp 45-47

⁷ Morris Funder, "Reading and Writing Exposition and Argument: The Skills and Their Relationships," *English Journal*, 60 (1971), pp 615-620



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Hazardous Waste Disposal: A Staggering Problem



Inflation, unemployment, budget limits, civil rights, and equal rights will remain big national issues in the 1980's. Yet another serious and potentially deadly problem that people are realizing is the question of what should be done with the growing volume of solid hazardous waste that our society produces.

Most Americans have heard of the now infamous dump site called Love Canal, in Niagara Falls, New York. It is a stark example of the type of environmental dangers that can result from improper hazardous waste disposal. It illustrates vividly what can happen when environmental considerations take second place to cost and ease of disposal. In August 1978 President Carter declared the site a national disaster.

Annually, the United States disposes of between 3 and 4 billion tons of waste.¹ Municipal waste alone comprises almost 4 pounds per person per day. This great waste volume is increasing each year at about 200 million tons or 6 percent. The En-

vironmental Protection Agency has acknowledged that less than 10 percent of the hazardous waste volume, however, is disposed of in an environmentally safe manner.

When closed in 1953, the Love Canal—a 16-acre ditch—had received over 20,000 tons of waste from the Hooker Chemical Company as well as many tons of waste from other companies and the U.S. Army. Over 400 chemicals have since been detected at the site, of which about 50 have been shown to be cancer-causing in animals.

In the mid-1970's it was apparent that the site had major problems. Seepage from the site was spreading rapidly onto surrounding land and into the basements of homes in the area. As a result, 238 homes had to be abandoned and purchased by the State of New York and an elementary school closed. In May 1980, another 710 families had to be temporarily relocated. To date, Federal and State funds needed to clean up and relocate families from the area have

totalled in excess of \$55 million, and EPA has filed compensation suits for damages totaling \$124 million. One contractor, solicited to provide cleanup recommendations, estimated it would cost \$150 million to clean up the site.

In Niagara County, the State of New York has since identified an additional 101 dump sites. Other disposal site problems have also been detected at sites in Lathrop, California; Shepherdsville, Kentucky; Montague, Michigan; Denver, Colorado; and in central Florida.

It appears that almost any State willing to look can find examples of this problem and that no part of the country is immune. Yet various alternatives are available to land disposal. Some alternatives include the injection of liquid wastes into deep wells and the burning of wastes at very high temperatures. Resources recovery and reuse alternatives are also available and would be subjects for a separate article.

Land Disposal Should Be Cut Back

Although land disposal has been the predominant disposal method—95 percent of all wastes are disposed of on land—it presents the greatest health and environmental risk for surface and groundwater contamination. Traditionally, it has been considered the least expensive of the other disposal methods; yet when long-term liability and cleanup costs are considered, the costs rise dramatically.

One EPA contractor estimated that to clean up 1,200 of some 51,000 hazardous waste sites considered potential future health hazards would cost as much as \$44 billion. For the long-term interests of the country, the evidence is overwhelming for controlling and drastically reducing this disposal method.

When water comes in contact with disposed wastes it removes soluble components and produces a heavily polluted liquid termed leachate. (See figure 1.) Depending on the substances disposed of at a particular site, leachate contains numerous decaying organics, bacteria, viruses, toxic chemicals, heavy metals, and known and suspected carcinogens. When saturated, a land disposal site produces leachate in amounts equal

to the amount of water entering the site. Liquid wastes add to the leachate quantity and increase its strength and chemical complexity.

Many parts of the country, especially those with the largest concentrations of people and industry, have the highest potential for leachate contamination and the greatest disposal problem. (See figure 2.) These areas depend heavily on land disposal, yet many millions of people there obtain water from public and private wells.

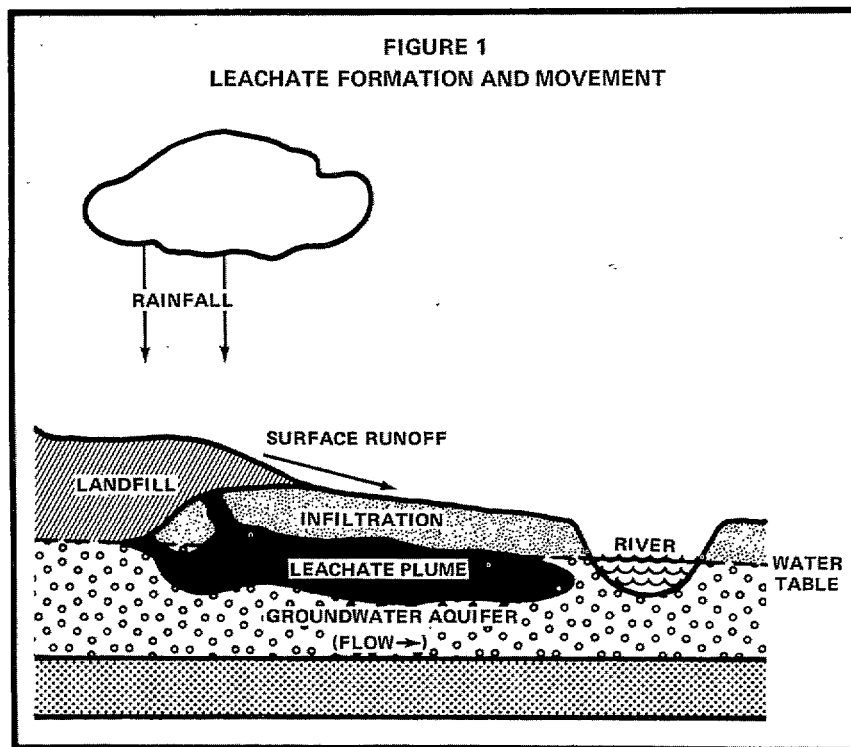
Groundwater is the major drinking water source for 32 States, and for major parts of several States it is the only source. For example, about 90 percent of Florida's population and 53 percent of New Jersey's are dependent on groundwater. Nationally, about 61 million people are supplied by municipal water well systems, and about 10 million families operate their own well systems. All are dependent on groundwater.

During the past years, various studies have reported that land disposal of hazardous wastes contaminates groundwater. EPA estimated that 75 percent of all active and inactive disposal sites leak contaminants. Nationally EPA estimates 94,000 landfills and 173,000 surface impoundments—pits, ponds, and la-

goons—are used for waste disposal. Of over 24,000 impoundments handling industrial wastes that were analyzed, EPA estimated 70 percent were unlined and would potentially allow contaminants to leak unimpeded into soil and groundwater.

Drinking water samples were recently taken on Long Island, New York, and analyzed. The results showed that the aquifer supplying drinking water for the entire population residing on Long Island was contaminated with substances emanating from dump sites. A recent State of New Jersey study also showed that areas of that State with substantial volumes of land disposal experienced cancer rates and other health effects significantly greater than the national averages.

Nationally, however, only limited data has been developed on how various wastes are being disposed of and the locations of specific disposal sites. Eventually many parts of the country will simply run out of land for disposal sites. Elimination of all land disposal is not practical, however, since certain wastes cannot be disposed of otherwise. Most observers hope that, after EPA imposes additional controls over the process, costs will go up resulting in a decline of land disposal.



More Should Be Burned at High Temperatures

Burning hazardous wastes in incinerators at high temperatures—generally over 1,000 degrees Centigrade for a specified duration—offers an alternative to land disposal. The process reduces the massive volumes of hazardous substances to nontoxic gaseous emissions and small amounts of ash and other residues.

When the proper temperature and retention time in the incinerator are applied, the process can be 100-percent environmentally safe. Industry spokesmen believe the process is best used to destroy organic wastes including PCB's (one of the most dangerous manmade materials), chlordane, and benzene, and should be part of a combined disposal sys-

tem which may include some land disposal.

Germany and the Netherlands use special vessels with high temperature incinerators to burn waste at sea. Certain fossil fuel power plants also burn hazardous waste in incinerators.

However, high temperature burning may appear expensive when compared with either landfill or one other method commonly used called deep-well injection. Burning can also be expensive when the waste being burned has low combustibility and requires fossil fuel for effective incineration. In addition to the expense problem, improperly operated incinerators can cause air pollution problems.

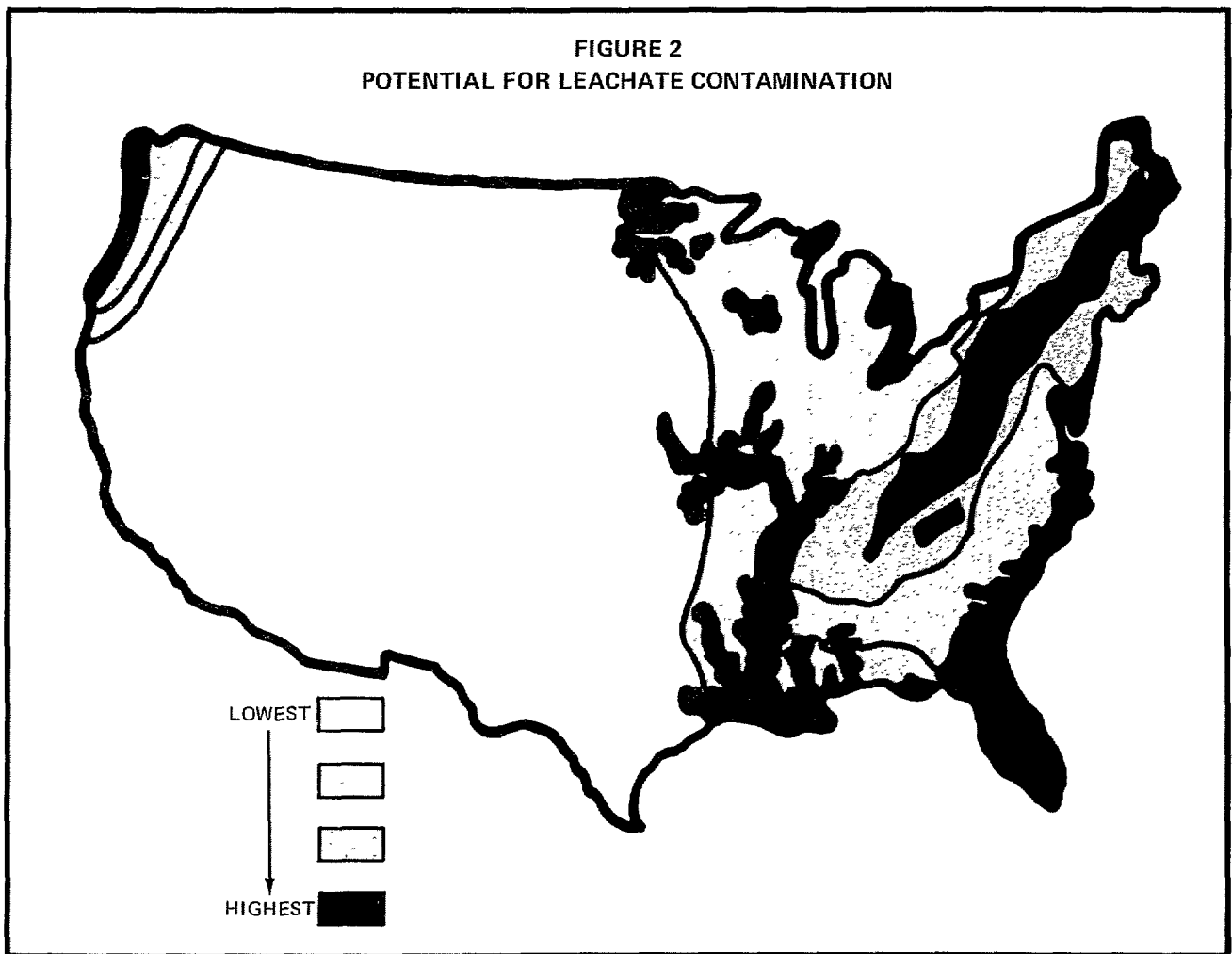
Finally, there is the problem of incinerator ash and scrubber wastes. Though burning substantially reduces waste volumes, residues of certain substances may be more

concentrated and toxic and pose further disposal and health problems. Before high temperature burning can provide any great improvement to the disposal problem, a great many more facilities will be needed. It has been estimated that currently less than 10 facilities exist and could not even remotely handle the massive amounts that need to be incinerated.

When developed, incinerators would require close monitoring of substances to be burned and the time spent in the incinerator. This process offers, however, the best environmentally safe disposal alternative for the most toxic substances other than nuclear wastes.²

More Deep-Well Disposal Is Needed

Another alternative for waste disposal is called deep-well disposal. It consists of injecting liquid wastes



below the ground's surface into permeable rock or other geological formations as deep as 12,000 feet. This process requires that underground areas receiving wastes should be isolated by natural rock formations that are impermeable, so that the wastes are permanently confined.

For the many billions of gallons of wastes disposed of by this method, few examples exist where environmental problems resulted. In some cases groundwater contamination, ground tremors, and blowouts occurred; however, these problems can generally be controlled. The problem cases were attributed to the incorrect use of existing technology, lack of safety equipment, the use of poor drilling procedures, and excessive waste injection rates. Groundwater was contaminated when the tubing used to transfer certain corrosive substances underground deteriorated, and the well was not prepared properly for the process.

Complex and abundant technology has developed around deep-well disposal. Used initially in Texas in the late 1930's, deep-well disposal continues to be used effectively in Texas and Louisiana when over 73 billion gallons of waste have been disposed of in this way.

Once a well has been closed, it can be permanently secured by plugging with concrete. If problems develop after closing, depending on the substance, almost all of the waste volume injected into the ground could be reclaimed and returned to the surface by natural pressure without pumping. With some pumping, virtually everything that has been injected can be retrieved.

Precautions are necessary so that wastes injected into wells are geologically secure. Conditions below the surface should not allow substances to migrate or pollute surface and groundwater and reclaimable minerals. Though earthquakes do not generally occur in all areas of the country, there can be no guarantee they will not occur in the future and thus cause injected substances to migrate.

To allow this disposal method to work effectively, both government and industry would have to (1) establish strict controls over the type of drilling technology used, (2) monitor the well drilling and operating phases, and (3) limit the types of sub-

stances to be injected. Also more geological knowledge is needed so that only areas adaptable to this method would be used. In addition to the Texas-Louisiana area, deep-well disposal appears suitable for the Salina Basin area in Kansas, the Williston Basin in North Dakota, and basins along the Atlantic coastal plain.

What Has Been Done Is Not Enough

When the Solid Waste Disposal Act was passed in 1965, the Congress first attempted to control the problem of waste disposal. At that time, a limited program was established to research the problem and find solutions to the dangers of improper solid waste disposal. In October 1976, the Congress passed the Resource Conservation and Recovery Act and it finally addressed the grave national problems of storing and disposing hazardous wastes.

Under the act, EPA must establish a Federal regulatory program to manage all "hazardous" wastes from "cradle to grave." EPA has to identify and list specific hazardous wastes and publish regulations establishing standards for waste generators, transporters, and disposers. These standards include recordkeeping, reporting, labeling, and containerizing requirements, so that only properly labeled and containerized hazardous wastes can be shipped and disposed of at licensed facilities. Records on the final disposal of all hazardous wastes are also required.

Overall, EPA must play the predominant role in having State solid hazardous waste programs implemented. State programs are subject to EPA approval and certification. If a State fails to administer or enforce its program appropriately, EPA can withdraw State certification. If a State cannot or will not operate a satisfactory hazardous waste program, EPA will do so.

To date, however, neither EPA nor the States have implemented the Resource Conservation and Recovery Act program. Until recent fiscal periods, Federal and State funding for program implementation had been virtually nonexistent. Shortly after passage of the act, fiscal funding for the act's program was either not provided or less than \$25 million.

It was not until fiscal year 1980, when \$70.6 million was provided, and fiscal year 1981, when \$132.7 million was provided, that EPA attempted any significant implementation efforts. While the act represents a substantial attempt to manage the waste problem, its focus is future-oriented. It does not address the problem of closed and abandoned sites—the most severe and immediate health and environmental threat facing the country.

Nevertheless, EPA states it will take years to develop the data and to resolve the more complex technical issues regarding disposal facility operations before Federal technical regulations and standards for the various types of facility operations can be agreed on. Though EPA acknowledges the relative environmental advantages and disadvantages of the various disposal methods, it has not specified which disposal method is preferred. While land disposal creates the greatest threat to the environment, it continues to be acceptable as the predominant disposal method.

To deal with the problem, the Congress has also proposed (1) special enforcement action against illegal dumping activities, (2) compensation for damages to victims injured by hazardous waste sites, and (3) limited cleanup of inactive and abandoned sites. Considering the amount of loss involved, these attempts are not sufficient to correct the severe problem.

The most pressing enforcement problem is the current lack of staffing and funding when compared with the scope and size of the illegal dumping problem. Without an adequate enforcement organization, effective enforcement simply cannot be sustained. Statutes have been proposed, however, to strengthen the criminal penalties against corporate officials who conceal waste hazards from employees and the general public.

Other proposals seek to extend compensation rights to victims who suffer damages from hazardous waste releases. One proposal would establish a Federal compensation board similar to the Social Security Board. Upon application to the board, victims of solid hazardous waste releases would receive compensation.

Other legislative activity in the Congress centers around the recently enacted P.L. 96-510, the Comprehensive Environmental, Response, Compensation, and Liability Act of 1980, referred to generally as "superfund," which was signed by the President on December 11, 1980. Under this act, a self-sustaining fund for the emergency cleanup of existing and inactive dump sites and of chemical spills will be established; about 86 percent of the funding would be obtained from fees charged to the chemical industry for dumping of wastes, and the rest would be provided by Federal appropriations.

Superfund has its limits, however. It applies to only emergency cleanup activities and yet, EPA estimates that over 50,000 hazardous waste sites have the potential for serious health or environmental consequences. Though numerous disclosures have made the public aware of the grave dangers these sites can cause, EPA is still in the earliest stage of identifying their specific locations and evaluating the extent of threat.

Superfund provides funding over a 5-year period of \$1.6 billion for emergency cleanup of dump sites and chemical spills. EPA has estimated this will enable the agency to respond to the cleanup needs of only 400 sites or incidents. Furthermore, liability provisions under this act are also limited. In addition to cleanup costs, the act specifies a maximum \$50 million in liability for any single site or incident of damages sustained, but it's limited to damages to government property. Injured persons will receive no compensation under the act. Individuals must continue to seek redress for damages on a case-by-case basis in the State courts, which in the past has not proved an effective remedy.

Currently additional legislative considerations regarding superfund concentrate on strengthening and clarifying its provisions and broadening the extent of cleanup activity that it encompasses. Neither of these positions has registered any general industry support, however, nor are they considered popular in the current congressional climate.

Conclusions

Love Canal is only the tip of the iceberg—many more disclosures
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are yet to come. To date, industry, the general public, and Federal, State, and local governments have not confronted the totality of the waste problem facing our country. At the outset, the sources have not been decided on for the many billions of dollars in funds that are needed to solve this problem. With time, this problem will grow in terms of billions of dollars in economic and environmental costs. The additional legislative actions needed to reverse the environmental decline that numerous years of improper disposal have created have not been fully considered by either industry or the Congress.

New technologies and approaches should be championed, including reducing our national reliance on land disposal and providing more facilities for high temperature burning and deep-well disposal.

Regardless of the solutions, locating facilities will remain one of the most difficult problems facing the country. People simply don't want a disposal site or some other waste activity in their backyard. More equitable solutions will have to be devised, since we are already running out of places to locate facilities.

¹ By EPA definition waste includes both solid and liquid wastes.

² Nuclear waste is not included by EPA in the overall problem of waste disposal. It is handled separately as a unique disposal problem.



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Sunset Laws and Performance Audits: A Partnership for Improving Government

The following article deals with State legislatures' experience in working with sunset legislation. The Congress is considering similar legislation which would apply to some 1,200 Federal programs. The key provision of the Federal sunset legislation would require an automatic review of Federal spending programs over a 10-year cycle. Title II of the proposed legislation would require GAO, with the assistance of the Congressional Budget Office, to develop an inventory of programs to guide the sunset schedule.

Since 1976, 34 State legislatures in the United States have enacted sunset laws to improve legislative oversight of the executive branch of Government. Sunset laws call for the automatic termination or "setting of the sun" on government agencies on specified dates unless they are continued by a positive act of the legislature. The legislative discussion and decision on an agency's merits are usually based on a performance audit of the agency prior to its date of termination.

The sunset concept is a logical extension of the traditional democratic principles to the bureaucracy.¹ All elected government officials in a democracy must face periodic termination from office through the electoral process. This periodic accountability of elected officials to the people is the foundation of democracy and a major source of its appeal.

Public opinion polls in the last few years show that American citizens are extremely dissatisfied with the performance of their Government.² Further, these polls have found that citizens attribute much of this dissatisfaction to a feeling that elected officials have lost control over bureaucrats who really run the government, and run it poorly. To regain control over the bureaucracy and improve its performance, a citizens group called Common Cause has lobbied the United States Congress and State legislatures for the passage of sunset laws.³

Contrary to a popular misunderstanding inspired by its name, the primary purpose of sunset legislation is evaluation, not termination, of agencies. The threat of termination is the mechanism designed to force legislative review and evaluation. Traditionally, evaluation or oversight of the executive branch has been a low priority for legislators. In recent years, however, a number of State legislatures have begun to strengthen their oversight capabilities by creating legislative audit or evaluation offices to conduct performance audits or evaluations.⁴ Sunset laws are another step in strengthening these capabilities by forcing legislators to carry out their oversight responsibilities.

Conducting Sunset Performance Audits

Most of the States' sunset laws have preliminary audit requirements built into the laws. These provisions generally require the legislative audit office to conduct a performance audit of the agency prior to its termination. The audit, which is used throughout the legislative review process, must reach a conclusion on certain performance criteria contained in the law.

Although the specific criteria vary from State to State, most focus on the performance of regulatory functions.⁵ The criteria generally address such questions as whether the absence of the program would significantly harm the public's health, safety, or welfare. Is the program cost-beneficial? Does the regulatory process protect the public or the regulated industry? Is there an alternative method of organization which is more efficient or effective?

The sunset audit is usually conducted in two phases. First, the auditors attempt to determine whether there is a need for the agency's activities. For those regulations

and activities which appear to be unnecessary exercises of government power, the auditors recommend that they be discontinued. The second part of the sunset audit is an evaluation of the agency's effectiveness and accountability to the public. This phase is identical to a regular performance audit except there is an emphasis on examining whether the agency's actions have been in the public interest.

Typical audit methods and procedures used to make a determination on the need for an agency's activities include the following:

- Reviewing statutes, court decisions, legislative committee hearings, and budget documents to determine the legislature's intent in creating the agency, the circumstance or need that led to the creation of the agency, the functions the agency was originally created to perform, and how and why the agency's functions have changed over time.
- Reviewing data gathered from agency files, surveys, case studies, and other States to determine the extent of harm to the public prior to State regulation or in States without regulation.
- Reviewing consumer protection laws, civil remedies, and other government agencies' laws to determine if other laws or agencies could adequately protect the public without the agency.
- Analyzing the cost and value of the agency's activities to determine if these activities are cost-beneficial.

Examples of audit methods and procedures used to evaluate the agency's effectiveness and accountability include the following:

- Reviewing complaint files and surveying complainants to determine the adequacy of actions taken by the agency to resolve complaints from the public.
- Analyzing the agency's policies and regulations to determine if they benefit the public or the industry regulated.
- Reviewing the adequacy of agency enforcement actions against licensees that violate laws and regulations.
- Determining whether there is an alternative organizational structure which is more accountable to the public and results in more efficient and effective operations.

- Reviewing agency operations for instances of underuse of personnel or wasteful practices.

Results of the Sunset Process

Popular opinion concerning the results of the first few years of the sunset process is mixed. Those who had unrealistic expectations for major reductions in the size and scope of the bureaucracy believe sunset is a failure, since the majority of the agencies reviewed so far still exist.⁶ By contrast, others are pleased, because agencies have been made more accountable and their performance has been improved.

Pros and Cons of Sunset

Reports from legislative staff and legislators indicate that many pros and cons surround the sunset process. On the positive side the sunset process has:

- compelled the legislature to exercise its oversight responsibilities;
- further institutionalized the legislative performance audit function;
- forced the bureaucracy to be more accountable to the general public rather than special interests;
- created an incentive for agencies to implement corrective changes on their own prior to legislative review.

On the negative side:

- considerable legislative time must be spent on the review of agencies which may detract from more important legislative responsibilities;
- the cost to conduct effective performance audits is high and may not result in comparable savings in taxpayer moneys;
- the sunset laws have generally focused on small occupational licensing agencies which account for only a small portion of State spending;
- agencies which are scheduled for termination may concentrate on producing paper work to justify their existence rather than effectively carrying out their duties.

The States reporting positive results from the sunset process generally have two characteristics in common. First, these States selected a manageable number of small agen-

cies for review over a 3- to 5-year schedule. By contrast, some States completely overburdened their legislative review and performance audit capabilities by placing nearly every State agency under review in a short timeframe. The second reason for positive sunset results was that the audit office had prior performance audit experience with properly trained staff. In several of the States where the sunset process has been criticized, the audit office is staffed largely by accountants with no performance audit experience. Authorities on the field of performance auditing have recognized for a number of years that successful performance auditing requires skills in management, economics, statistics, and law in addition to accounting.⁷ Moreover, there must be a gradual transition into this type of auditing based on experience gained, training programs, and increased hiring of staff members with nonaccounting backgrounds.

An Early Sunset Success

Now that sunset is in its fourth year some States have developed a sound sunset audit methodology and are starting to review larger agencies with significant results. For example, in Kansas the first large agency reviewed had over 100 programs directed toward protecting the State's health and environment. Rather than attempting a superficial review of all the agency's programs, the legislature directed the legislative post auditor to conduct comprehensive sunset performance audits of two programs—regulation of nursing homes and restaurant inspections. These programs were selected because they had a long history of problems that could threaten the health and safety of a large number of citizens. The findings of the nursing home audit and the actions taken by the agency and legislature in response to the audit especially demonstrate the value of the sunset process.

The sunset audit of the nursing home regulatory program found that the regulation of nursing homes was necessary but that the agency had entered into an accommodating relationship with the nursing home industry. Evidence to support this finding included granting indefinite

operating licenses to nursing homes with serious fire, health, and sanitation problems; granting waivers of State regulations in conflict with law; and inaction on public complaints about poor conditions in nursing homes. Further, the auditors identified numerous management problems, such as poor training and supervision of inspectors, inadequate documentation and followup of inspection results, and a lack of uniform procedures for complaint investigations and enforcement actions.

To correct these problems, the audit recommended major changes in the agency's inspection, complaint resolution, enforcement functions, and organizational structure. In response to the audit, the agency agreed to implement nearly all of the recommendations. The program's organizational structure was reorganized by placing new management personnel in charge. Additional personnel were added to the program to increase the frequency and quality of nursing home inspections, and new written procedures and standards were developed for all phases of the program.

The legislature held a number of hearings on the audit at which the agency, the auditors, representatives of the nursing home industry, and consumer groups testified. On the basis of these hearings, the legislature voted to continue the regulatory program in the agency with several changes. These included amending the nursing home program statutes to give the agency more effective enforcement powers and adding public members to a board which oversees portions of the program's operations. The legislature also directed the post auditor to follow up in future audits on the agency's progress toward correcting the problems identified in the sunset audit.

It is still too early to determine conclusively whether significant improvements have been made in this agency's performance and whether its accountability to the public has been restored. However, early results are encouraging. For example, the agency has taken a more vigorous approach to the enforcement of nursing home laws and has closed a number of substandard homes which threatened the health and safety of the residents. Additionally, a citizens

group which had previously been highly critical of the program's performance has acknowledged recent improvements.

Conclusion

Citizen dissatisfaction with the performance of Government and its accountability to the public has led to the passage of sunset laws in 34 American States. These laws call for the periodic termination of government agencies or programs unless they are continued by a positive act of the legislature. The legislature's decision on the re-establishment or refinement of an agency is usually based on a performance audit of that agency by the legislative auditor. These performance audits ask hard questions about whether there is a public need for all of the agency's activities and whether the agencies are operating efficiently and effectively in the public interest.

Early results from the American experience show that the partnership of sunset laws and performance auditing can produce beneficial results. The States' experiences show that, if the sunset concept is implemented selectively and with staff trained in performance auditing, it can be an effective tool for improving government accountability and performance.

¹ For a further discussion of this idea and the history of the sunset concept see Dan R Price, "Sunset Legislation in the United States," *Baylor Law Review* 30 (Summer 1978) pp 401-419

² Louis Harris, "Confidence in Government," *The Bureaucrat* (Spring 1979) pp 25-27

³ Several versions of sunset legislation have been considered by the Congress over the past 3 years, but at the time this article was written none had yet passed both houses

⁴ Although many auditors and evaluators argue that there are fundamental differences between performance auditing and evaluation, in practice, the distinctions tend to blur. For this article, a performance audit/evaluation is defined as an evaluation of the effectiveness of governmental operations, programs, and organizations to determine accomplishment of goals and objectives. For a discussion of the trends in State performance audit/evaluation see

Richard E Brown (ed.), *The Effectiveness of Legislative Program Review* (New Brunswick, N J : Transaction Books, 1979).

⁵ Regulatory agencies have been the target of much of the early sunset legislation, because critics contend that these agencies tend to be dominated by the industries they regulate and to pursue policies that benefit the industries rather than the public. Nevertheless, the sunset concept is applicable to other areas of government besides regulation. For example, one sunset bill currently being considered by the Senate would automatically terminate selected federal aid programs every 10 years

⁶ The early results of sunset terminations show 6 of 25 agencies abolished in Colorado, 7 of 26 abolished in Florida; and 9 of 26 in Texas

⁷ See, for example, Elmer B Staats, "Management or Operational Auditing," *The GAO Review* (Winter 1972), p. 26.



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Cost Estimating and Analysis in Program Evaluation

For the past 30 years GAO has had a statutory responsibility for approving the accounting systems of Federal agencies, including the ability of these systems to support cost-based budgeting. However, there has not been a uniform interest across all of the Congress and its committees in obtaining comparisons of program costs with standards or comparisons among programs. Rather, fiscal accountability has been based more on monitoring the allocations and obligation of funds in comparison with appropriations by the Congress. For use in oversight activities, committees of the Congress have been interested in cost information on defense systems, space systems, water resource projects, highways, air-traffic safety equipment, and other hardware-oriented programs. Equal interest in obtaining program costs for most social programs is not apparent.

Evaluators Have Neglected Cost Estimating

Cost estimating has not been of much interest to evaluators. Evaluations have been designed to compare impact or effectiveness of programs or projects but have seldom included thorough cost comparisons as well. The implicit assumption often seemed to be that the alternative programs or projects are equal in cost, so the most effective is also the most cost-effective. And it seems that even if cost comparisons are desired, many evaluators take for granted that cost information is available. Provision often is not made in evaluations for estimating the costs of the activities being compared.

Evaluators are not alone in this syndrome. Cost accounting has never been very glamorous, just necessary. Until the mid-1950's the National Association of Cost Accountants (NACA) published a journal containing many articles on costing techniques. Its members

then voted to change the name to National Association of Accountants and to change the group's emphasis to corporate accounting and management.

Professional Basis for Cost Estimating Methodology

In the late 1950's a new society, the American Association of Cost Engineers, stepped into this void and for 22 years has published a journal which often features articles on costing techniques. For example, a recent issue carries an interesting article on cost analysis methodologies (Phung, 1980). The author compares over 30 methods used by industry to determine financial attractiveness of alternatives, nearly all of which are a version of Discounted Cash Flow or Revenue Requirement methods commonly used by utilities, including various payback methods. The author also discusses the inability of quantitative cost analysis to determine risk, but urges that trends not be overlooked, e.g., impacts of regulation, inflation, and safety. This industrial costing technology has been used by Government to estimate and control costs of major hardware or construction systems, such as in the Department of Defense and the National Aeronautics and Space Administration. Thirty years ago military cost analysts, particularly at RAND Corp., combined knowledge of industrial costing methods with knowledge of economic analysis to provide a methodology for efficient decisions about weapon and support systems. Many publications on costing methods ensued. The state of the art was summarized by Fisher (1971).

Human services programs have not had good cost models to borrow from because many of these projects and activities have no counterparts in industry. Even private sector activities, such as hospitals, have lacked the incentives of the commer-

cial sector to focus on costs. Incentives exist where sales minus costs yield either profit or loss with ensuing rewards or penalties for management and employees. When private sector activities are subsidized by Government funds, this basic formula is turned around so that sales equal costs plus an added profit (return on investment, etc.). In these cases the focus is on what costs are allowable rather than on what costs are needed. Historical models for costing human service programs are found essentially in State, county, and municipal education, health, employment, and other service programs. But the traditional model here is not of a system but of a continuing activity which varies by incremental amounts yearly. Attention has been focused on the increments and on the revenue required to meet these, with very little concern for the total cost of a particular service.

The Need To Focus on Efficiency—Not Level of Effort

Attempts to avoid fiscal crisis by better forecasting have not changed the basic pattern, which still focuses on maintaining levels of efforts or levels of service. For example, the Urban Institute sponsored development of an expenditure forecasting model for New Haven (Scott, 1972). The model's categories are departmental, such as education, police, and public works. Variables having an important effect on overall expenditure levels are provided, including population categories and change, assumptions of changed demand by population groups for services, and assumptions about salary and wage levels of several unionized groups of employees. Helpful as such a model may be for city management, it would not provide estimates for individual projects and demonstrations funded in part by State or Federal grant programs.

There has not been a compelling management reason to develop total program costs and cost estimates at the project level in most cases. Evaluators who need to measure effectiveness of specific projects are not well served by traditional expenditure accounts to also evaluate the costs of these projects. Many government

executives, particularly in State and local government, have recognized the need to know what program costs are and to have cost models for levels of service for these programs. However, this interest and demand have not remained consistent enough to stimulate general improvements in the basis for such cost efforts. In its guideline on evaluation for State and local governments (Hatry, 1973), the Urban Institute recognized the problems of extracting from existing accounting systems the actual costs for evaluation of an innovative program, such as the Indianapolis Police Fleet Plan. In its later guidance on program analysis (Hatry, 1976), the Urban Institute lays out the essential elements for estimating program life cycle costs. Some estimating techniques are discussed, but limitations stated have probably discouraged some busy people from using them. In a recent publication on costs for efficiency comparisons (1979), the Urban Institute still finds "numerous difficulties and complicating factors." In a chapter on some common issues, the report states:

As long as efficiency measurement concentrates on the efficiency of labor, and particularly on direct labor, the problem of cost estimation is relatively straight forward. However, other resources can also be expended in providing government services, and for some purposes it is necessary to consider the efficiency with which all of the resources are employed. For these purposes, the cost estimation issues become complex . . . the decision as to whether or not to include indirect operating cost, capital expenditures, and similar one-time expenses must be made on a situation-by-situation basis. What must be taken into consideration is the scope of the desired measure and the use to which it is expected to be put . . . Consideration of investment costs is important both for interjurisdictional comparisons and comparisons over time. Its importance, however, is likely to be greater in the case of interjurisdictional comparison, since there are likely to be major differences among jurisdictions in their relative use of capital and labor. If unit-cost calculations do not include a pro-rata share of the capital costs, the interjurisdictional comparisons could be quite misleading.

It seems that what is still lacking in the literature are case studies showing how local governments have been able to solve these difficulties for special types of programs.

Promising Research on Costing Methodology

There are some recent signs that the importance of cost information and cost comparisons is beginning to be realized in social program evaluation. For example, Doherty and Crakes (1980) point out the importance of showing the distinction between experimental social programs designed as models for future systems and the operational program. They state:

Nowhere in the evaluation is this distinction likely to be more critical than in relation to costs, and one of the challenges in this area . . . is to identify and separate research or evaluation costs from program operating costs.

These authors use the example of care of the elderly and illustrate a work-distribution technique for separating the costs of activities. The activities used were such things as assessment, prescription, and referral; direct service; followup; and community education. The activities of reassessment and research and evaluation were defined as research activities which can be subtracted from total program cost by applying the average hourly wage of a given category to obtain an estimate for a totally operational social program of similar size and type. However, the Urban Institute opinion stated earlier would also require consideration of the relative use of labor and capital in using these operational cost estimates.

Doherty and Crakes point out an opposite problem if

. . . research and operations activities interact and stimulate different results than they would independently. For example, if the teams . . . became more adept as a result of making repeated assessments for research, then there could have been improvements in their operational productivity.

The authors discuss possible solutions, such as increased training in operational programs or modification of the cost models on the basis of

research to test for the effect of increasing returns to learning. The authors' suggestion that specific research on social program cost models is needed may indicate the beginning of a sounder theoretical basis for developing more complete literature on cost estimating.

Further evidence of more widely recognized need, particularly at the State and local level, is one of a series of evaluation handbooks for analyzing educational practices issued by the Office of Education (1978). It describes procedures for calculating "standardized costs of resources required by an educational project (instead of mere budget figures from places where the project has been used)."

Questions for Consideration

This discussion has raised questions regarding cost estimating methods and data. Should evaluators reserve a significant portion of study resources to study fiscal accounts and develop program or project cost estimates? Given the state of the art of local government accounting, is it feasible to determine costs accurately enough to avoid misleading comparisons of cost effectiveness? Should professional groups, such as the Evaluation Research Society (ERS) and Evaluation Network, cooperating with regional groups such as Pennsylvania Evaluation Network, begin to develop standards for program cost analysis and estimating? The ERS standards for program evaluation do not address this specifically.

The National Council on Governmental Accounting and its predecessor committees have worked for many years toward accounting standards for State and local governments. The Council is expanding its research efforts and is assisted by a Committee of advisors representing 29 accounting, public interest, and governmental organizations, including the State auditors' professional group. A number of State auditors have responsibilities, and in some cases separate organizational units, to do performance audits and program evaluations. More consistency in the way expenditures are recorded should facilitate development of models for the allocation of

costs to specific programs and projects in various localities, an important need in program evaluation.

What About Benefit-Cost Methodology?

If it is this difficult to determine costs, how has benefit-cost analysis of government programs been possible? As far as I know, it has been practiced at the macro level of programs, not at the project level, except in the special case of water resources. Benefit-cost is based on a different concept of cost, which is fine if the data can be obtained and if the meaning is understood, although this is doubtful in many situations. For example, a recently published book presents guidelines on how benefit-cost analysis should be performed (Thompson, 1980). The author attempts to examine nine myths and to present alternative, more reliable bases for analysis. One of the myths is "that a given project can logically have only one benefit-cost ratio (obtained by dividing the good effects by the bad effects.)" The author advises comparing alternative program benefit-cost ratios directly, rather than using ratios comparing each program to the null alternative of no program. A rationale for this is that consistent methods can provide more valid comparisons of programs than estimates of their absolute worth. The author's definition of costs indicates why this is so:

A cost is considered to be incurred for every person who feels worse off due to a program. Costs may be program expenses to be ultimately paid by taxpayers, or unwelcome effects—disbenefits—of the program, or benefits lost as resources are diverted from alternative uses to the program.

It would be difficult to write a standard for computing costs under such a definition. Evaluators should be aware of the benefit-cost method and should consider its use in comparing alternatives. However, they need to remember always not to claim their result is the only one possible, as advocates or opponents of a program will be able to present alternative computations. Whether or not decisions are improved by this depends on the skill of the evaluator in explaining these variations in terms of assumptions the decision-maker understands.

Some GAO Experience

GAO has been faced with the kinds of questions raised here, and it has made evaluation decisions on a case-by-case basis. For example, some years ago we were requested to perform a benefit-cost analysis of alternative space transportation programs. In this case, we agreed to perform only a comparison of costs (GAO, 1973) because it was not feasible for us to estimate benefits. Cost models and cost data for NASA systems were available, and we were able to show how unit cost could vary dramatically depending on certain key assumptions, particularly the assumption of numbers of payloads to be launched into various orbits for various purposes each year.

In the area of human services, we recently have developed methods on our own for calculating direct and indirect life-cycle costs per unit of housing under various forms of Federal housing assistance (GAO, 1980). Our estimates were made relevant for consideration of housing assistance on a national basis and of what it costs to obtain the same benefit, e.g., an identical housing unit for a period of 20 years. A State or municipality could use such a methodology, but might want to adjust costs of land, construction, or financing if these vary significantly from national averages. The report discusses at length our rationale for comparing costs, financial risks, production incentives, and program beneficiaries. As such, it represents an example of how costs can be presented to decisionmakers so as to be understood and so as to improve confidence that the right policies are chosen.

Summary

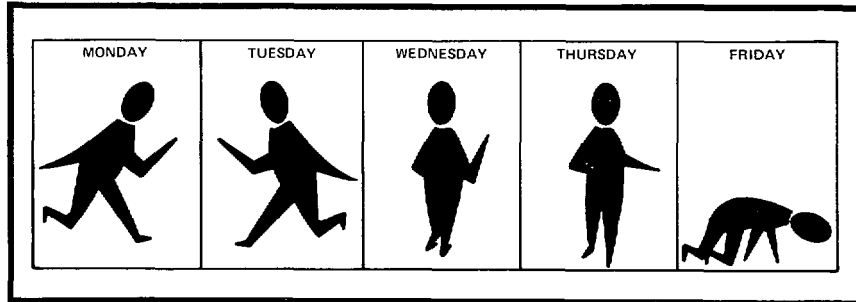
In summary, there appears to be a need for more focused research to find solutions to complex problems of cost estimation and to develop improved cost models for this purpose. More consistent accounting for government expenditures would provide an improved data base for support of such research. Finally, more specific treatment of program costing problems may be needed in evaluation guidelines and standards published by government agencies and professional societies.

A Week's Worth



David A. Gray

Mr. Gray is an assistant regional manager in the Philadelphia regional office. A graduate of High Point College with a B.S. degree in accounting, he joined GAO's Norfolk regional office in 1964. Mr. Gray has been the recipient of several GAO awards.



Monday

To quote Kermit the Frog, "Into each week a Monday must fall." I have always had a tough time getting up-and-going in the mornings, and Monday seems the toughest. I will never be an early morning person. After getting my morning tea at the office, I glanced over my notes from the previous week, looked over my monthly calendar, and planned the week's activities. Regardless of my planning efforts, however, I often find that very early in the day the best-laid plans must be adjusted and changed several times during the week. My schedule for this week was full, and I had a separate list of "nice-to-get-to" items if I found the time. This separate list seems to grow each week.

I dictated a summary of Friday's activities and identified followup actions I needed to take. I have found that this is an excellent evaluation and planning tool. While at first glance the process appears time consuming, in the long run it saves me time. My dictation is given to Roseanna, a secretary who does an excellent balancing act in working with me and Tony Pinto, another assistant regional manager.

I also dictated a memo on the results of a trip I had made last week to the Ships Parts Control Center in Mechanicsburg, Pennsylvania. That's the site of our review of the Navy's fleet modernization program, a review requested by the Defense Subcommittee of the House Appropriations Committee. The regional supervisor, Ron Geedey, and I had discussed job progress, problems, and plans. Although the job was going very well, Ron needed another staff mem-

ber to help develop some of the issues. During the visit, I also discussed with Ron the Philadelphia requirements for BARS, GAO's new performance appraisal system.

After dictation, I looked through my mail, approved some travel requests, and routed some information to the staff. While going through the mail, the Chair of an *ad hoc* committee of the Mid-Atlantic Intergovernmental Audit Forum called me. This audit forum is 1 of 10 throughout the country which serves as a meeting ground for Federal, State, and local audit officials. Objectives are to exchange views, resolve issues before they become problems, promote the acceptance and use of audit standards, and generally promote coordination and cooperation among member audit organizations. Our committee's project is to develop for the national forum an organizational model by which Federal, State, and local government auditors can assess audit effort and audit capability. The Chair and I discussed the proposed model which we hoped to have near completion by the next scheduled forum meeting.

After the call, I met with Ralph Carlone, the regional manager, to update him on the office events of the previous week. The assistant regional managers substitute for Ralph in his absence, and it was my turn to be in charge while he participated in the regional managers' conference and took care of other duties in Washington. During Ralph's absence, we had had a Management Council meeting to discuss several issues, particularly the workload/staff resource imbalance for technical assistance. We need to plan for longer term tech-

nical assistance requirements, because trained staff cannot adequately meet the current demand. Ralph and I went over several other Council meeting items as well as the Council's recommendations.

After a break for lunch, Ralph and I continued our meeting. Each month the regional manager meets individually with each assistant regional manager to discuss status, problems, and plans for each job over which the assistant has supervisory responsibility. The discussions deal with a variety of topics, such as assignment scope and staff utilization and performance. This turned out to be one of those rare sessions that went smoothly. Only a couple of jobs were not going as well as they should have been. I discussed with Ralph what actions I was taking or planning to take.

The next meeting dealt with the career development program at General Electric. Staff member Joe Scandone is working with General Electric for a year as a part of the President's Executive Exchange Program before returning to GAO. The program benefits not only the individual participating but also GAO because of the ideas that the participant can bring back to the office. GAO benefits from the program even while Joe is with GE. This afternoon, regional office management and our career development officer met with Joe and a regional employee relations manager at GE. We learned that parts of the GE system would be useful to incorporate into Philadelphia's performance/career counseling system.

After catching the bus home, I enjoyed a quick dinner with my wife Zana and our two kids, David and Emily. Then it was off to school for Emily and me. Emily is enrolled in a "Study Right" course given each Monday night. Parents are encouraged to sit in on the course and I have been able to make all the sessions to date. Not only is Emily getting a lot from the course, but I am picking up some useful hints myself. Topics include how to manage time, listen properly, concentrate, and study. After the lesson, we stopped for doughnuts and hot chocolate.

Tuesday

After adjusting my weekly schedule, I went to work. I had a meeting with the regional manager and the staff members who were assigned to the Philadelphia office. I discussed the current status of the Philadelphia office and the staff members who were assigned to the Philadelphia office. I discussed the current status of the Philadelphia office and the staff members who were assigned to the Philadelphia office.

ule, dictating notes from the previous day's activities, and going through my mail, I called Morey Chick, who recently transferred from Philadelphia to work with the ADP group in the Accounting and Financial Management Division. We discussed an assignment that he was proposing. The previous week, Morey sent some information, asking for my thoughts and suggestions about the proposed assignment. The assignment will be a good one, but it may take considerable GAO resources to complete it.

Unexpectedly, a supervisor asked to see me to discuss a staff member's performance. Because the supervisor needed to get back to the job site, he planned to be in the office only for the day. We spent considerable time discussing the staff member's performance and developmental needs. We agreed on a planned course of action which should mutually benefit the office and the staff member. I will receive periodic status reports on the plan's progress. I will also participate in the performance rating session with the supervisor and staff member.

By the end of the meeting, I had several telephone calls to return. This already was one of those days that nothing was going according to schedule. One of the calls was from an official at a Defense Logistics Agency Depot. Having received notification from his headquarters that GAO planned to visit the depot, he wanted information on the purpose of the visit and I explained the objectives of the job, the importance of our planned work at the depot, and the approximate dates of the planned visit. I assured him that our office would contact him in advance of the visit.

The next call was to arrange a meeting next week with a staff member who wanted to discuss career development concerns. The staff member is in my "core" group, but is not working on an assignment technically under my supervision. That's probably confusing, so let me try to provide a brief explanation.

FOD is a service division and the regional offices must be flexible in providing staff where and when required. To provide maximum flexibility, most of Philadelphia's staff members are in a resource pool for assignment purposes. Therefore,

staff members may be assigned to jobs within the purview of several assistant regional managers over a period of time. This arrangement could cause staff members to feel that they have no "anchor," or person concerned with their long-term career development. To resolve this problem while maintaining maximum staffing flexibility, we have assigned 20 to 30 staff members—which constitutes a "core" group—to each assistant regional manager, who serves as the anchor person. Each assistant regional manager therefore supervises the long-range performance and career development of specified staff members, regardless of a member's job assignment, which may fall under a different assistant. Core members can discuss progress, problems, plans, and training with their anchor person at any time. This system is still not operating as well as we would like, but we are working on the "bugs."

The last call was to a supervisor who requested extending the release date of one of his staff. Although the extension was warranted, the staff member had been assigned to another job. I inquired about the effect of delaying the staff member's new assignment and worked out a mutual agreement.

Next I met with Frank Ciambano, a Philadelphia staff member, to discuss potential work in the communications issue area. Frank had worked on several assignments at Fort Monmouth in the communications area, and we arranged with C. O. Smith, the acting associate director responsible for the area, to have Frank write up and submit his ideas to the Mission Analysis and Systems Acquisition Division in time for them to be incorporated into the program plan. I will assist Frank in preparing the writeups.

Finally, I met with the regional manager to work out the details for implementing performance appraisals in Philadelphia, as requested by the Office of Organization and Human Development. Descriptions of systems and procedures have to be submitted to the office—a large task to be completed in a relatively short time period. And this would be only part of the overall GAO performance appraisal system; the results-oriented features will be set up later. While recent changes in the person-

nel area will greatly increase the demands on the staff's time, I believe the objectives of these changes are worthwhile and long overdue. However, for efforts to be successful, the staff must be convinced that what GAO is doing is organizationally and individually worthwhile.

Tonight was a special night: daughter Emily's birthday. We celebrated by going out for dinner and afterwards opening presents at home. Emily also started planning for a sleep-over Saturday night for a few friends. David talked me into taking him to an upcoming Styx concert. Tickets go on sale Saturday and to have any chance of getting them, we will have to be in line at least an hour before the ticket office opens.

Wednesday

As I looked over my schedule for the remainder of the week, I realized that quite a bit of juggling had to be done and some of the items had to spill over into next week's schedule. Notes were dictated to Roseanna. As I went through my mail, I set aside reading materials to take to Washington. I planned to leave this afternoon and return home tomorrow night.

The first item on the agenda was an 8 o'clock meeting with Dick Joyce and Guido D'Angelo to discuss proposed staffing for the assignments scheduled on the quarterly assignment list. Dick is responsible for Procurement, Logistics, and Readiness Division work and communications work in the Mission Analysis and Systems Acquisition Division, while Guido is responsible for Accounting and Financial Management Division work. During the meeting, we discussed staff release dates for assignments within my purview, the need to get additional clarification on certain proposed assignments from the Washington divisions, other assignments on the quarterly list that we could possibly participate in, the needs and preferences of staff members in my core group who will be available for reassignment during the quarter, and suggestions for which staff members should be assigned to specific jobs. The overall purpose was to have the best information possible so that when the staffing meeting is held next week, the region will be able to match, to

the extent possible, the right staff member to the right assignment.

The second purpose for our meeting was to get ready for PLRD's conference call scheduled for Friday. We therefore needed to discuss today the staffing situation in our region. It seemed that, overall, we would not have any problems in staffing the planned assignment, the first time that this has occurred for at least the past year. We had already called the contacts for the assignments on the quarterly list to discuss each one in more detail. The one step that we were behind on was contacting individual staff members in the core group to discuss their job preferences and our suggestions. We consider assignment requirements in relation to a staff member's grade, performance, capability, percentage of overnight travel, training courses scheduled, personal preference, and developmental needs.

The preparation for staffing must be done in a relatively short timeframe. The quarterly lists are usually received the first of the month. We send job requirement information to the staff scheduled for release during the quarter, give them an opportunity to look over the information, give them any additional information they need, and discuss preferences with them. This must be done by about the middle of the month, when the staffing meeting is scheduled.

Discussing job preferences with staff members has proven to be a very worthwhile effort. In most cases, we have been able to give staff members one of their assignment preferences while meeting office job requirements and individual needs. Obviously, a staff member's morale and productivity are likely to be higher when a staff member is working on an assignment of personal preference.

Dick Joyce and I then discussed regional planning for the logistics management issue area. While I believe the Field Operations Division has always contributed to issue area planning, we have begun to make the process more formalized and structured. Dick and I discussed possible approaches for gathering demographic information on defense activities within our regional boundaries. The PLRD director had stated that such information would be beneficial for division planning. A re-

cent issue area planning session in Philadelphia had included representatives of PLRD; FOD headquarters; Office of Program Planning; and the Atlanta, Norfolk, and Philadelphia regional offices—three of the six regional offices with annual goals for performing evaluations and providing input to the logistics management issue area plan. Several agreements had been made at the session covering the broad areas of tactical planning, strategic planning, and improved communications between PLRD and regions.

The rest of the work day was spent with the Management Council and Lowell Owens and Marsha Farrall from the Headquarters Office of Organization and Human Development. Today we discussed final preparations for a questionnaire to be distributed to the staff next month. The questionnaire has been closely coordinated with our Human Relations Steering Committee, which represents Philadelphia's different grade levels and organizational entities. We also discussed with the human development staff our thoughts on implementing a more structured performance/career counseling system for our people.

Later than planned, I left for Washington. After checking into the motel and having a late dinner, I read some material that I had brought with me and used the recorder to dictate a couple of memos.

Thursday

This morning I met Philadelphia's Sam Zampino and Tom Dougherty for breakfast in the GAO cafeteria. For the last couple of days, Sam and Tom had been attending a PLRD job planning meeting on "item essentiality," which deals with a system for ranking the priority of military items to make the wisest purchase with limited funds. It's a multiregion job involving the Cincinnati, Kansas City, and Philadelphia regional offices. Although the job scope includes the whole Defense Department, Philadelphia's responsibility will be for the Navy segment. Sam and Tom brought me up to date on the status of the ongoing job planning meeting, which I would attend this morning. At today's meeting we would primarily summarize the results and agreements.

On the way to the meeting, I saw Clarence Ellington, a PLRD group director. He wanted to discuss a possible staffing problem on another PLRD job in which Philadelphia was involved, a Defense Logistics Agency assignment concerning receipt of material. Because one of the two other regions involved may have problems staffing the assignment, we discussed possible alternatives if the region could not staff the job.

I joined the PLRD meeting on the item essentiality job. Philadelphia was asked to look at five areas as related to item essentiality. Information on one area—the allocation of repair funds—may not be available in Philadelphia but may be available either in Norfolk or Washington. I suggested that this area be discussed with a Norfolk assistant regional manager to better understand the role of the Naval Air Rework Facilities in allocating funds.

I also discussed how Philadelphia planned to structure the job for management purposes. We are tailoring the management structure of every job to best accomplish assignment objectives with quality results in the shortest time. The PLRD group director and evaluator-in-charge agreed that the proposed structure best met office needs. The structure could be changed at the time the assignment goes to the implementation phase. We agreed that what makes sense on the job management structure at this time may not make sense for the next phase.

The primary purpose for my visit to Washington was, as assignment team director, to reach agreement on handling agency comments for an Environmental Protection Agency paperwork management assignment and on the remaining tasks required to issue the report. I met with Philadelphia team leader Joe McGrail and General Government Division team member David Ware.

This has been a lengthy assignment. It is the third review in a series as a result of Joint Economic Committee request. Basically, we have been asked to determine if paperwork requirements imposed on business by several Federal agencies are warranted. We've gotten considerable assistance from Tom Slomba, Institute for Program Evaluation, and

Jerry Hutton, Office of General Counsel. With the possible exception of congressional hearings, the job is almost complete.

We evaluated the comments received from OMB, Treasury, and EPA and established target dates for remaining work. In the afternoon, we discussed job status and plans with senior associate director Arnold Jones.

On the way back to Philly, I stopped for a bite to eat. I got home just in time to go on the 8-to-10 o'clock shift of the neighborhood Crime Watch patrol, which is under the police department's supervision. Most neighbors volunteer about 2 hours a month for patrol duty. House breaks have decreased significantly in our area since the program's inception. However, the program has been in effect for only a few months and I'm not sure whether the decrease can be attributed to the Crime Watch or to the cold weather!

Friday

This morning, after dictating my notes for Wednesday's and Thursday's activities, I went through my mail, which was a little more than normal due to my absence the previous day.

As our office's EEO Committee management representative, I attended the meeting today. Philadelphia's recently established committee, which is still going through "start-up" pains, has a broad purpose: to create and maintain an effective equal opportunity environment in all aspects of the regional operations. We have tried to make the membership representative of the Philadelphia staff profile.

The meeting today began with a discussion of proposed comments on two draft GAO orders, one on the discrimination complaint process and the other on the minority group statistics system. Our comments will be submitted to headquarters through the regional manager. Next we discussed previously identified EEO issues in the Philadelphia office.

I had to leave the meeting for the scheduled PLRD conference call, which included the division and the eight regional offices with logistics management issue area assignments scheduled for the quarter. The pur-

pose of the call was to discuss potential problems and alternatives for staffing the assignments. This was the first time that such a call had been tried, and it went extremely well.

After the conference call, I returned to the EEO Committee meeting. To get a better grasp on the EEO issues identified by certain staff members, the committee decided to add a few questions to the officewide questionnaire being developed. The committee agreed that I would discuss with the regional manager and the Office of Organization and Human Development the committee's recommendations for additional questions.

My final two duties for the week were to make a couple of telephone calls, one to another region's assistant regional manager to discuss coordinating audit work planned at a Philadelphia Defense installation and one to a PLRD associate director to discuss his request that I review a report draft before the evaluator-in-charge submitted the product to him.

When I arrived home, David and I took the dog for a run in the woods. After dinner, I drove David and a couple of his friends to the local skating rink and returned home to discuss plans with Zana and Emily for the sleep-over Saturday night.

The rest of the evening was spent talking with Zana and messing with a recently purchased home computer. The computer has been loads of fun for the entire family.



Judith Hatter

Legislative Developments

Farm Credit

Public Law 96-592, December 24, 1980, 94 Stat. 3437, the Farm Credit Act Amendments of 1980, requires that the Comptroller General conduct an evaluation of the programs and activities authorized under the 1980 amendments to the Farm Credit Act of 1971. The evaluation is to include the effect that this act will have on agricultural credit services provided by the Farm Credit System, Federal agencies, and other entities. An interim report to the Congress is to be made no later than December 31, 1982, with a final report no later than December 31, 1984.

Indian Health

Public Law 96-537, December 17, 1980, 94 Stat. 3173, Indian Health Care Amendments of 1980, provides at title V for the establishment of programs in urban areas and rural communities to make health services more accessible to the urban and rural Indian populations.

The Secretary of Health and Human Services is to enter into contracts with urban Indian organizations and with rural Indian organizations to assist in establishing such programs. The reports and records of the Indian organizations with respect to these contracts are subject to audit by the Comptroller General.

African Development Foundation Audit

Title V of the International Security and Development Cooperation Act of 1980 (Public Law 96-533, December 16, 1980) establishes the African Development Foundation to strengthen the bonds of friendship and understanding between the people of Africa and the United States, to support self-help activities at the local level designed to enlarge opportunities for community development, to stimulate and assist effective and expanding participation of Africans in their development process, and to encourage the establishment and

growth of development institutions which are indigenous to particular countries in Africa and which can respond to the requirements of the poor in those countries.

The Foundation is a wholly owned Government corporation subject to audit by the General Accounting Office under the provisions of the Government Corporation Control Act.

Veterans' Health Care

On February 18, Congressman Robin L. Beard of Tennessee introduced H.R. 1887, the Defense Department-Veterans Administration Medical Facility Sharing Act which would, among other things, establish the Federal Interagency Health Resources Committee to coordinate the sharing of medical resources between facilities of the Veterans Administration with those of the Department of Defense.

In commenting on the legislation Mr. Beard said:

Two recent GAO reports recommended that Congress enact legislation which would allow wartime casualties to be treated in VA facilities and would encourage interagency sharing of medical resources. I feel that this bill combines GAO's recommendations as well as insuring that our military personnel receive the best medical care available.¹

GAO Audit of Legislative Accounts

Congressman Elliott H. Levitas of Georgia introduced the Legislative Accounts Audit and Control Act (H.R. 1399) on January 28. The legislation requires an annual audit by the General Accounting Office of House Members' and committees' accounts.

Mr. Levitas states:

... Our predecessors in the Congress established the GAO and required annual audits to insure that taxpayers' dollars were being properly spent.

*In my view, the congressional exemption should never have been granted in the first place. * * **²

Department of Justice Office of Audits

Senator Max Baucus of Montana introduced S. 381, to establish a Department of Justice Office of Audits. Senator Baucus contends that the present internal audit staff (IAS) lacks accessibility and accountability to the Attorney General and that there is a problem in the lack of methodical implementation of Department and GAO audit recommendations. One of the responsibilities of the new Office would be to ensure Department compliance with the auditing standards and procedures of the General Accounting Office and the Office of Management and Budget.

Debt Collection

On January 5, Senator Jim Sasser of Tennessee reintroduced in the 97th Congress S. 42, the Debt Collection Practices Improvements Act of 1981, to enhance the ability of the Federal Government to collect delinquent taxes.

This legislation has been modified to respond to suggestions made by the Comptroller General in his testimony in November 1980 on the 96th Congress version of the legislation.

Senator Sasser states:

** * * The many reports by the General Accounting Office on governmental debt collection efforts chronicle a history of ineptitude and indifference. The reports also indicate that staggering sums of—as much as \$1 billion a year in 1979 alone—are actually written off as uncollectible. * * **³

On February 26, Senator Charles H. Percy of Illinois also introduced legislation, S. 591, entitled the Debt Collection Act of 1981, to give Government new tools and incentives to put some teeth into the Government's lagging debt collection efforts.

¹ *Congressional Record*, Vol. 127, (Feb. 18, 1981), p. E517.

² *Congressional Record*, Vol. 127, (Jan. 28, 1981), p. H247.

³ *Congressional Record*, Vol. 127, (Jan. 5, 1981), p. S52

Reflections



Diane E. Grant



Twenty years ago in *The Staff Bulletin* (predecessor of *The GAO Review*), it was reported that:

- GAO in June of 1961 observed its 40th anniversary with a message to the staff from Comptroller General Joseph Campbell.
- Victor L. Lowe, Far East Branch director, was designated as an assistant director of the Civil Accounting and Auditing Division, in charge of work in the International Operations area of the U.S. Government, effective July 1961.
- Jack Wild, GGD group director, and other successful candidates for the May and November 1961 CPA examination, were honored at the 13th annual CPA Dinner.

Ten years ago, in the Winter 1970 issue of *The GAO Review*, you'll find that:

- *The GAO Review* dedicated its Summer issue to the 50th Anniversary of the General Accounting Office. The special edition provided glimpses into some of the important personalities and some of the occurrences that affected the General Accounting Office and its functions over the years. This edition also gave us a look at a portion of the Budget and Accounting Act of 1921 which created the U.S. General Accounting Office. Section 302 set the salaries of the Comptroller General at \$10,000 and the Assistant Comptroller General at \$7,500 per year.
- A book commemorating the 50th anniversary of the establishment of GAO was issued, entitled *Improving Management for More Effective Government*, 50th Anniversary Lectures of the United States General Accounting Office, 1921-1971.
- Frank Davis, OOH branch chief, was appointed as a special assistant to the Director, Office of Personnel Management—EEO Coordinator.
- Fred D. Layton, European Branch director, was awarded a certificate and citation in recognition of his "outstanding accomplishments and special contributions to the efficiency and prestige of public service" by the William A. Jump Memorial Foundation in June.
- Effective July 1, Mr. Staats announced the establishment of the

Office of Policy and Program Planning to be headed by Ellsworth H. Morse, Jr., as director, and the establishment of the Financial and General Management Studies Division (currently AFMD) to be headed by Donald L. Scantlebury.

- Kenneth W. Hunter, PAD senior associate director, was designated assistant director, Office of Policy and Special Studies, effective March 22.
- Willis L. Elmore, GGD group director, was designated an assistant director in the Civil Division, effective March 22.
- Milton J. Socolar, Acting Comptroller General, was appointed deputy general counsel, effective April 4.
- Joseph W. Kegel, Chicago regional manager, was designated an assistant director of the Civil Division, effective June 13.
- John Landicho, PLRD senior associate director, was designated an assistant director in the Defense Division, effective June 13.
- Morton A. Myers, PAD director, was designated assistant director for systems analysis in the Office of Policy and Special Studies, effective March 22.
- Ernest W. Taylor was designated assistant regional manager, Norfolk, effective June 13.

GAO Staff Changes



Kenneth J. Coffey

Dr. Kenneth J. Coffey has been designated associate director (Military Personnel) for the Federal Personnel and Compensation Division. Before joining GAO in 1979, Dr. Coffey worked as an expert and management consultant for GAO and other Government agencies.

Dr. Coffey is a graduate of Northwestern University with a degree in journalism and received his Ph.D. in war studies from King's College, University of London, in 1979. He is the author of two recent books on military manpower problems and has been cited by several Federal agencies for his outstanding public service.



Frank C. Conahan

Frank C. Conahan has been named director of the International Division. Mr. Conahan has been with GAO since 1955, except for service in the U.S. Navy from 1956-58. He joined ID when it was created in 1963 and has held a variety of positions in that division.

In 1955 Mr. Conahan received a B.S. degree from King's College. He has attended the Executive Development Program at the University of Michigan graduate school and has participated in the Foreign Service Institute's Senior Seminar in Foreign Policy and the Executive Leadership Forum on Critical Public Policy Issues at the Brookings Institute.

Mr. Conahan is a member of the American Accounting Association, American Society for Public Administration, and the United Nations Association of the USA. He received a Meritorious Service Award (1963), Career Development Award (1968), GAO Special Education Award (1973), and the Distinguished Service Award (1979).



Arthur J. Corazzini

Arthur J. Corazzini has been selected as associate director (Economic Analysis) in the Program Analysis Division.

Mr. Corazzini began his career as a research associate with Princeton University. He served as an Economic Policy Fellow for the Brookings Institute; Assistant Professor at Dartmouth College and Tufts University; Deputy Chancellor for the Massachusetts Board of Higher Education; Associate Professor and Chairman, Department of Economics at Tufts University, Economist with GAO, and Senior Economist with the Council on Wage and Price Stability. He has served as consultant to a number of departments and agencies and has published, as author and co-author, numerous articles, reports, and books on economics.

Mr. Corazzini received his B.A. degree from Boston College and his Ph.D. from Princeton University in 1966. He is a member of the American Economic Association.



Joseph F. Delfico

Joseph F. Delfico has been appointed as associate director for the Institute for Program Evaluation, in charge of its Evaluation Research and Diffusion Group.

Mr. Delfico joined GAO in 1972 as a staff member of the Financial and General Management Studies Division. Before joining GAO, Mr. Delfico worked for the Institute for Defense Analyses and the Aerospace Corporation.

Mr. Delfico received his B.S. degree in aeronautical engineering from New York University and his M.S. degree in industrial engineering from the University of Southern California. He received a Meritorious Service Award in 1978.



Arley F. Franklin

Arley F. (Tom) Franklin has been designated director of the Office of Organization and Human Development.

Mr. Franklin joined GAO in 1963 and was assigned to the Los Angeles regional office. During his career he has also worked in ID (headquarters and Frankfurt), the Office of Staff Development, Organization and Management Planning Staff, and General Services and Controller.

Mr. Franklin attended Southwest Missouri State University and California State College at Los Angeles. He received an M.A. degree in organization development from George Washington University in 1978. He has received Division Director's Awards (1976 and 1978), OMPS Best Management Contribution Award (1977), and the Comptroller General's Award (1979). He was named to Outstanding Young Men of America in 1973.



Robert Gilroy

Mr. Robert Gilroy has been appointed as senior associate director, Procurement, Logistics, and Readiness Division, General Procurement Subdivision.

Mr. Gilroy joined GAO's Philadelphia regional office in 1957 and transferred to ID's European Branch in 1963. He became deputy director of the Office of Internal Review when it was established in 1972. In 1980 he was named director of that office.

Mr. Gilroy received his B.S. degree in accounting from the University of Scranton and his M.S. degree in international affairs from George Washington University in 1975. Mr. Gilroy is also a graduate of the National War College.



Arthur R. Goldbeck

Arthur R. Goldbeck has been selected as associate director in the General Government Division, with responsibility for GAO functions in Federal oversight of financial institutions, financial regulatory agencies, and general government activities.

Mr. Goldbeck joined GAO's Chicago regional office in 1957. He has also worked in the Accounting and Financial Management Division and the General Government Division.

Mr. Goldbeck received his B.A. degree in 1957 from Valparaiso University and has attended several other universities and courses. He is a CPA (Illinois) and a member of the American Institute of CPAs and American Academy of Political and Social Science. Mr. Goldbeck received a Special Education Award in 1969, a Meritorious Service Award in 1976, and a Distinguished Service Award in 1980.



Clifford I. Gould

Mr. Clifford I. Gould was designated director, Federal Personnel and Compensation Division, on January 5, 1981.

Mr. Gould joined GAO in 1953 and has worked in the Kansas City regional office, Far East Branch, and FPCD. In 1980 he served as Special Assistant to the Comptroller General to direct implementation of the GAO Personnel Act requirements.

Mr. Gould received his B.S. degree in business administration from Kansas State University, and received the GAO Meritorious Service Award in 1967, a Career Development Award in 1969, and the Distinguished Service Award in 1977.



Rosslyn S. Kleeman

Rosslyn S. Kleeman has been designated associate director (Civilian Personnel) in the Federal Personnel and Compensation Division.

Ms. Kleeman joined GAO in 1973 as a supervisory management analyst. Her most recent FPCD assignment was as group director at the Office of Personnel Management audit site.

Prior to her work with GAO, Ms. Kleeman served on the President's Advisory Council on Management Improvement and as the Women's Action Program Director at the Department of Health, Education, and Welfare. She received her B.S. degree in business administration in 1972 from the University of Minnesota and is a member of the International Personnel Management Association and the American Society for Public Administration. In 1979, she received the GAO Meritorious Service Award.



John Landicho

Mr. John Landicho was recently assigned as senior associate director of the newly created Readiness Subdivision of the Procurement, Logistics, and Readiness Division.

Mr. Landicho joined GAO's Defense Division in 1957 and has also worked in GGD and CED. He received his B.A. degree in accounting from San Jose State University in 1954. He took advanced training from Harvard University's School of Business Administration and the Federal Executive Institute in Charlottesville, Va. Mr. Landicho is the recipient of the 1972 Career Development Award, and he received the Distinguished Service Award in 1980.



Ronald F. Lauve

Ronald F. Lauve has been designated associate director in the General Government Division. He will be responsible for directing GAO's work in the Law Enforcement and Crime Prevention issue area and the U.S. Customs Service.

Mr. Lauve received a B.B.A. degree in accounting from Lamar State College of Technology in 1962. He then joined GAO's former Civil Division. He most recently served as an associate director in HRD.

Mr. Lauve received GAO Meritorious Service Awards in 1973 and 1975, and a Meritorious Service Award from the William A. Jump Memorial Foundation in 1976.

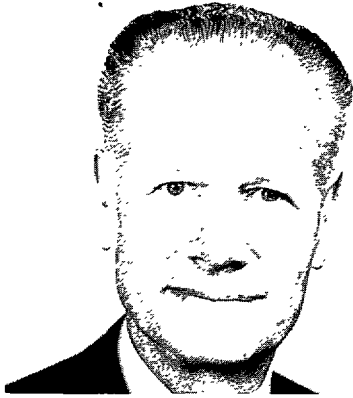


William D. Martin, Jr.

William D. Martin, Jr., has been designated director, Regional Relations and Staff Development, a staff office for the Special Assistant for Defense and Materiel Management Studies.

Mr. Martin served in the U.S. Army from 1953 to 1955 and joined GAO in 1959. He has had varied experience in numerous headquarters divisions, and also served as regional manager in Denver and director of the Field Operations Division.

He graduated from Wake Forest College in 1959 with a major in accounting and received an M.S. degree from George Washington University in 1971. He attended the Advanced Management Program at Harvard Business School in 1974. Mr. Martin is a CPA (Virginia) and a member of the American Institute of CPAs, the National Association of Accountants, and the Association of Government Accountants. He received the GAO Career Development Award in 1968.



Richard W. Maycock

After more than 29 years of Federal service, Richard W. Maycock retired on May 31, 1980, as deputy director of the then Financial Management Group of the Financial and General Management Studies Division. (Both the group and the division were recently renamed as the Financial Systems Group and the Accounting and Financial Management Division.)

Mr. Maycock joined GAO in 1967 as assistant director of the Office of Policy and Special Studies. He was promoted to deputy director of the Financial Management Group in 1971. In recognition of his untiring, dedicated, and high-level performance resulting in significant contributions to improving financial management throughout the Government, Mr. Maycock was awarded the Division Director's Award in 1976.

Prior to joining GAO, Mr. Maycock was the Finance Director, Puerto Rico Reconstruction Administration; Senior Administration Analyst, Bureau of the Budget; Assistant Director, Budget and Finance, Department of Agriculture; Treasurer, Commodity Credit Administration; and later vice president and a member of the board of directors.

Mr. Maycock has been a part-time instructor for the graduate school of the Department of Agriculture, the University of Utah, and the Civil Service Commission. He is a member of the Association of Government Accountants and Alpha Kappa Psi, national business fraternity.



Thomas P. McCormick

Thomas P. McCormick was designated director, Office of Policy, on January 25, 1981.

Mr. McCormick joined GAO in 1963 and most recently served as senior associate director in the Human Resources Division. He received his B.S. degree in accounting from St. Vincent College in 1963 and his master's degree in public administration from George Washington University in 1978. He is a CPA (Virginia), a member of the American Institute of CPAs and of the Key Executive Program Advisory Board at American University.

In 1972, Mr. McCormick received a Group Meritorious Service Award; in 1973, a Career Development Award; in 1976, a GAO Meritorious Service Award.



Robert A. Peterson

Robert A. Peterson was designated associate director, senior level, in the Human Resources Division on February 22, 1981. In this position he will be responsible for directing GAO's work on health research, resources, and services issues.

Mr. Peterson formerly served as a senior associate director in GGD. He has had many years of experience with numerous agencies while working in the General Government Division and the former Civil Division.

Mr. Peterson received his B.S. degree from the University of South Carolina in 1964 and his M.S. degree in financial management from George Washington University in 1971. He is a CPA (Virginia) and a member of the American Institute of CPAs and National Association of Accountants.

He received the GAO Meritorious Service Award (1966), the GAO Career Development Award (1970), and a Division Director's Award (1976).

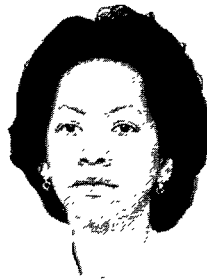


Ronald J. Points

Mr. Ronald J. Points has been selected for the position of associate director (Accounting and Financial Auditing) in the Accounting and Financial Management Division.

Mr. Points joined GAO in 1969 and has had responsibilities for a variety of assignments in the Civil Division, Office of Personnel Management, and the Financial and General Management Studies Division.

He received his B.S. degree from Shippensburg State College in 1969 and his M.A. degree from Central Michigan University in 1976. He is a CPA (Virginia) and a member of the American Institute of CPAs, Association of Government Accountants, American Accounting Association, and the National Association of Accountants. Mr. Points was the recipient of an Outstanding Young Men of America Award in 1971 and the AFMD Division Director's Award in 1980.



Virginia B. Robinson

Ms. Virginia B. Robinson has been selected as an associate director in the Accounting and Financial Management Division. She will take responsibility for directing the financial management staff.

Ms. Robinson has worked with the Department of Commerce, U.S. Military Sealift Command, U.S. Naval Research Laboratory, and the Bureau of the Census. Prior to joining GAO she served as Acting Director in the Department of Energy's Office of Policy.

She received her B.A. degree from Howard University in 1962 and has received additional training in data processing, auditing, and management. Ms. Robinson is a member of the American Institute of CPAs, Maryland Association of CPAs, D.C. Institute of CPAs, and the Association of Government Accountants.

Other Staff Changes

Supervisory GAO Evaluator

Accounting and Financial Management Division

Charles E. Fritts

Community and Economic Development Division

William J. Gainer

Federal Personnel and Compensation Division

John H. Anderson, Jr.

Procurement and Systems Acquisition Division (MASAD)

L. C. Farrington, Jr.

Supervisory Systems Accountant

Accounting and Financial Management Division

James S. Sadler

Supervisory Statistician

Institute for Program Evaluation

Harold C. Wallach

Program Manager

Accounting and Financial Management Division

Steven G. Hunichen

Operations Research Analyst

Institute for Program Evaluation

Richard T. Barnes

GAO Evaluator

Logistics and Communications Division (PLRD)

Raymond Dunham

Management Analyst

Program Analysis Division

James L. Kirkman

Attorney-Adviser

Office of General Counsel

Daniel F. Billard

Richard T. Cambosos

Donald A. Guritz

Dayna K. Shah

Reassignments

Accounting and Financial Management Division

John G. Alamilla

Donald C. Clement

Joseph D. Comtois

Office of General Counsel

Howard S. Levy

RETIREMENTS

Allen, Charles	GAO Evaluator	FOD-Kansas City
Branchini, Robert A.	Management Analyst	Logistics and Communications Division
Charles, Harold J.	Laborer Supervisor	General Services and Controller
Cookfair, Calvin C.	GAO Evaluator	General Government Division
Crane, Donald A.	Personnel Management Specialist	Personnel
Dick, L. Mitchell	Assistant General Counsel	Office of General Counsel
Dixon, Nathaniel	GAO Evaluator	Community and Economic Development Division
Galey, Percy E.	GAO Evaluator	International Division
Grosch, Warren C.	Senior Evaluator	FOD-Washington
Heinbaugh, Jack S.	Supervisory GAO Evaluator	Procurement and Systems Acquisition Division
Martin, Arthur	GAO Evaluator	FOD-Dallas
Miller, John B.	Vehicle Operator	General Services and Controller
Neville, Charles	GAO Evaluator	FOD-Boston
Powell, George W.	Mail and File Clerk	Office of General Counsel
Rigsby, Gladys M.	Secretary	Office of Comptroller General
Rivers, Joseph B.	Mail and File Clerk	Office of General Counsel
Sady, Maurice	Assistant Regional Manager	FOD-Philadelphia
Scruggs, Doyn R.	Secretary	Human Resources Division
Siegel, Gerald P.	Attorney-Adviser	Office of General Counsel
Sochovka, Frances A.	Secretary	Accounting and Financial Management Division
Wall, West	Clerk	General Services and Controller
White, Paul E.	GAO Evaluator	Community and Economic Development Division
Wolsky, Marie	Secretary	Accounting and Financial Management Division

New Staff Members

The following new staff members reported for work during the period December 22, 1980 through March 19, 1981.

General Services and Controller

Andrus, Carlton F.
Aronson, Ellen J.

Brenkus, John D.
Clark, Thomas V.
Henry, B. Tobe
Hillier, Carol M.
Knight, Susan F.
Knowles, Jeanine M.
Posey, Mildred M.
Prince, Melvyn K.
Rome, Emily A.
Schindler, Alison

Smith, Carla J.
Spiegel, Glenn S.

U.S. Senate
National Rehabilitation
Information Center
GSA
Group Hospitalization, Inc.
FBI
National Defense University
Mayer, Brown & Platt
Anne Arundel County
GSA
The HBH Co.
U.S. Forest Service
National Association of
Broadcasters
Dept. of Transportation
George Washington
University

Office of the General Counsel

Kildee, Brian T.
McConnell, Margaret E.
Monroe, Donna A.
Moore, Carl D.

Dept. of Energy
OMB
Patent & Trademark Office
Dept. of the Navy

Office of Organization and Human Development

Conklin, Maureen A.
Courtois, Christine A.
Drach, Donald R.
Garcia, Linda S.

Lazar, Paul

Lehrer, Sande

McCarthy, Gloria J.
Minick, Robert D.
Pollard, Jeffrey W.
Sieracki, Sally A.

Wanschura, Robert G.

State of Maryland
State of Maryland
Dept. of Education
Naval Telecommunications
Command
Federal Emergency
Management Agency
Northern Virginia
Community College
University of Maryland
Dept. of Public Welfare
Villanova University
American Psychological
Association
U.S. Army Research
Institute

Personnel

Allen, Lessie M.
Aquillo, Eileen V.
Chenault, Lynda G.
Cooks, Marcia
Corlett, Carla J.

Dept. of Commerce
Dept. of State
Dept. of the Navy
Federal Trade Commission
Manpower TEMP, Inc.

	Crowder, Lawrence E.	OPM
	Cytron, Sara R.	Library of Congress
	Gaines, Melvin W.	Metropolitan Police
	Hagans, Danette	Dept. of Labor
	Hamilton, Michele M.	Office of Naval Research
	Kaufmann, Diana J.	Dept. of Transportation
	King, Julian L.	U.S. Army
	McCoy, Frances	Social Security Administration
	Phifer, Yvette	Armed Forces Institute
	Rhone, Helen M.	Genesco Sewing Factory
	Taylor, Susan E.	Mainstream, Inc.
	Welch, Nancy G.	Dept. of Labor
Office of Program Planning	Washington, Doris L.	National Commission on Social Security
Accounting and Financial Management Division	Cook, Kimberly L.	George Mason University
	Crescenzi, Greta M.	Penn State University
	Gallagher, Beverly A.	Bureau of Alcohol, Tobacco & Firearms
	Garver, Deborah E.	Donovan, Hamester & Rattien, Inc.
	Hines, Blanch N.	D.C. Public Schools
	Oakley, Marcesee E.	American University
	Robinson, Virginia B.	Dept. of Energy
	Sebastian, Steven J.	University of Maryland
	Sutphin, Beverly M.	Dept. of Agriculture
	White, Elwood D.	University of Maryland
Community and Economic Development Division	Dyckman, Lawrence J.	EPA
	Grasso, Michele A.	George Washington University
	Hill, Bernice L.	Virginia Department of Taxation
	Hom, Marjorie K.	Columbia University
	Little, Robert T.	ACTION
	Smith, Samone J.	NASA
	Tomasoni, Beth A.	American University
Energy and Minerals Division	Ingram, Allison K.	George Mason University
	Kirkland, Guy A.	Computer Data Systems, Inc.
	Matiatos, Susan A.	Bituminous Coal Operators Association
	Sirois, Elizabeth J.	George Washington University

Federal Personnel and Compensation Division

Beede, Christopher J.
Farrell, Brenda S.
Hartneady, James P.
Patchan, Andrew

Bureau of Labor Statistics
USAA
U.S. Marine Corps
Giant Food Store

General Government Division

Giannantonio, Christina M.
Herring, Anita L.
Michie, Naomi J.

University of Maryland
American University
George Mason University

Human Resources Division

Artis, Ophelia
Gould, Leslie A.

American University
George Mason University

Mellerson, Cathy M.

Social Security
Administration
University of Maryland

Pearson, Edward A.

Institute for Program Evaluation

Arnold, Susan E.
Barocas, Victor S.
Bernstein, Alice G.
deWolf, Virginia A.
Ekstrand, Laurie E.
Groves Curtis L.
Kawecki, Carolyn

Market Facts, Inc.
Self-employed
Market Facts, Inc.
Dept. of Education
WESTAT, Inc.
Dept. of Education
Office of Program Planning
and Evaluation
Social Research Consultants
National Institute of Mental
Health
Dept. of Education
National Commission of
Social Security
CSR, Inc.
George Washington
University
Columbia University
AT&T
Dept. of Education

Kendall, Arthur J.
Layton, Bruce D.

Morra, Linda
Mrena, Clarita A.

Oros, Cheryl J.
Peterson, Eric A.

Shipman, Stephanie L.
Watkins, Carrie M.
York, Robert L.

Mission Analysis and Systems Acquisition Division

Lilley, Nancy C.
Meyer, Patricia A.
Peters, Forrest A.
Rodgers, Roderick
Vinson, Sandra L.

Army Times Publishing Co.
University of Maryland
American University
University of Maryland
George Mason University

Procurement, Logistics, and Readiness Division

Brady, Sarah J.
Butterfield, Kerry J.
Harrington, Mary A.
Wooldridge, Annie B.

George Mason University
Dept. of Agriculture
University of Maryland
George Mason University

**Program Analysis
Division**

Corazzini, Arthur J.
Mounts, Gregory J.
Sullivan, Patricia
Tarhan, Leyla A.

Washington, Eyland A.

Council on Wage & Price
Stability
Dept. of Labor
Woodward & Lothrop
U.S. House of
Representatives
National Institute of Public
Management

REGIONAL OFFICES

Atlanta

Godwin, Bridgett

Krystal Co.

Boston

Foster, Mark G.

Tamarack Lodge

Chicago

Roiger, Susan C.
Tinsley, Laurence W.

VA
Brown Derby Stores Inc.

Cincinnati

Garland, Gretchen M.
Lewin, D'Anna M.

University of Dayton
Ft. Thomas Bellevue Bank

Dallas

Brumfield, Brian K.
Clarke, Betty S.
Greenleaf, PamIutricia
Martin, Sandra Y.

Shaw, Betty J.
Zapato, Cleofas
Zapato, Leonard E.

Southern University
Peace Corps
CETA Program
Nonprofit Service
Organization
Manpower Demonstration
University of Texas
University of Texas

Denver

Patt, Valerie M.

Foster Auto Supply Co.

Detroit

Hershey, Elizabeth M.

University of Detroit

Kansas City

Chapman, Janet M.
Dandridge, Lawrence A.
Maier, Joan E.
Pickett, Giselle E.

Washburn University
IRS
Rockhurst College
St. Louis University

Los Angeles

Amato, Kevin J.
Gudaitis, Cassandra I.
Hammer, Katherine F.
Jackson, Raymond K.
Neal, Roger W.
Vandervort, Vickie M.
Vilkin, Gregory M.

UCLA
IRS
California State University
VA
University of California
California State University
California State University

New York	Del Priore, Anita	Health Care Financing Administration
Norfolk	Gibson, Deborah A. Sansone, Michele L.	City of Norfolk Charles Jourdan Haircutting
Philadelphia	Fanok, Kim E. Harmon, Gregory K.	Drexel University Cheyney State
San Francisco	Figueroa, Roberto J. Miller, Loren L.	Woodward Clyde Consultants Western Washington University
Seattle	Bell, Pamela A. Bratton, Macy J. Cornelius, Carolyn Davis, Sherry A. Dembling, Douglas E. Gabay, Julita F. Rock, Rebecca R. Urrutia, John M. Williams, Elizabeth M.	Portland State University "University Herald" Newspaper Sears Roebuck & Co. University of Washington U.S. Forest Service United Cerebral Palsy Citizens Bank Seattle University Self-employed
Washington	Baumann, Patricia S. Beam, Scott A. Beiter, Robert J. Boltz, Jean L. Crosland, Pearlina Davis, Deborah Davis, Valerie C. Farror, Debra A. Fauntleroy, Mary B. Filsoof, Pirooz Fisher, Marilyn R. Glassman, Judith H. Gray, Nina S. Hatcher, Regg Hetzler, Rebecca J. Hodulich, David M. Keyko, Carole A. Layden, William M.	National Organization for Women State of Maryland Whiz Laundermat University of Maryland George Mason University K-Mart Corp. Singer Co. U.S. Capitol Dept. of Energy George Mason University EPA Community Council of Greater Dallas Legislature of Michigan Crown, Cork & Seal J.C. Penney Office of Research & Sponsored Programs Analysis Management & Planning, Inc. Montgomery Ward

Lessans, Carol S.	Montgomery County Health Department
Levis, Glen S.	Bullis School
Lewis, Richard P.	American Medical Laboratories, Inc.
McKay, James J.	George Mason University
Payne, Mary A.	Peebles Department Store
Ruchala, Carol A.	PENNAMCO, Inc.
Scire, Mathew J.	Dept. of Commerce
Spottswood, Wanda G.	Matlock Tank Lines
Watson, Linda R.	George Mason University
Wilcox, Dana C.	Prince Georges County
Wright, Paul C.	Executive Office of the President
Zeiter, Sharon E.	University of Maryland

Professional Activities

Office of the Comptroller General

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

Joint Annual Technical Dinner Meeting of the Northern Virginia Chapter, National Association of Accountants with the AICPA, "Public Accountability—A Concept That Has Not Outlived Its Usefulness," Tyson's Corner, Va., Jan. 8.

Town Hall of California, "Fraud, Waste, and Abuse and the Federal Budget," Los Angeles, Jan. 13.

College of Human Development, The Pennsylvania State University, "Role and Functions of the U.S. General Accounting Office," Washington, Jan. 26.

Massachusetts Institute of Tech-

nology, School of Management, Alfred P. Sloan Fellows, The Brookings Institution Advanced Study Program, "Work Of The General Accounting Office As An Arm Of The Congress," Washington, Jan. 27.

The Brookings Institution's Conference for Business Executives on Federal Government Operations, "Role and Functions of the General Accounting Office," Washington, Feb. 2.

Association of Government Accountants, "Reflections on Financial Management Improvements and What Still Needs to be Done," Washington, Feb. 5.

Office of the Comptroller General of Venezuela and Public Works Agencies, "The Role of the General Accounting Office in Public Works Audits," Caracas, Venezuela, Feb. 17.

John D. Heller, Assistant Comptroller General for Policy and Program Planning, addressed the following groups:

Congressional Research Service, Institute for New Staff to New Members, on the "Role of the GAO and Responsibilities and Services to Congress," Jan. 29.

American University Students on "The Expanding Role of the General Accounting Office," Jan. 30.

University of Southern California Students on "What GAO Is Doing To Stimulate Improved Performance in Federal Programs and What GAO Could Do in the Future To Help Improve Federal Program Performance," Feb. 20.

Harry S. Havens, Assistant Comptroller General for Program Evaluation:

Spoke at Brookings Symposium for business executives on "Role of the General Accounting Office," Oct. 6.

Spoke at the Conference on Fraud, Waste, and Abuse, Pittsburgh University, on "Congressional Oversight: Reality and Reform," Pittsburgh, Oct. 7

Spoke at the Atlanta Chapter of the Association of Government Accountants. His topic was "Audit and Evaluation: Is there a Difference?" Atlanta, Oct. 16.

Addressed Federal executives from the Department of Justice at the Capitol Hill Workshop on Policy Development, the Capitol Hill Club. His topic was "The Role of GAO in Helping Congress Conduct Oversight," Washington, Oct. 29.

Attended the Aspen Institute for Humanistic Studies Conference on "Urban Design and Development," New York, Nov. 18.

Spoke at the Public Management Research Conference, Brookings Institution, on "Public Management Research and the GAO," Washington, Nov. 17.

Delivered the Annual Roger W. Jones Lecture on "The Role of Program Evaluation in Public Man-

In the final weeks of his tenure, the media were eager to talk to the outgoing Comptroller General. This impressive list of interviewers attests to the public's high regard for Comptroller General Staats.

February 3	Jim White, <i>New York Daily News</i>
10	Pete Phillips, <i>Business Week</i>
23	Jay Perkins, <i>Associated Press</i>
23	Gisela Balte, <i>Time</i>
25	Sandra McElwaine, <i>Washington Star</i>
26	Mort Mintz, <i>Washington Post</i>
March 2	Charles Babcock, <i>Washington Post</i>
2	Susan Fogg, <i>Newhouse News Service</i>
3	Richard Bloom, <i>Cable News Network</i>
4	Tom Brokaw, <i>Today (NBC)</i>
4	Kathy Cleary, <i>The Lawmakers (PBS)</i>
4	Bill Drummond, <i>National Public Radio</i>
4	Vernon Louviere, <i>Nation's Business</i>
5	Greg Spears, <i>Medill News Service</i>
6	Robert Pear, <i>New York Times</i>
6	Jim Lehrer, <i>Robin Mac Neil, Mac Neil/Lehrer Report, PBS</i>
7	John McLoughlin, <i>WRC Radio</i>
9	Denny Gulino and Arnold Sawsalak, <i>UPI</i>
9	Jim Coates, <i>Chicago Tribune</i>
9	Bruce Morton, <i>CBS News</i>
10	Lou Dobbs, <i>Cable News Network</i>
10	Kathy Patterson, <i>Kansas City Star</i>
11	Dave Bartel, <i>Wichita Eagle</i>
13	Tim Clark, <i>National Journal</i>
20	Gail Evans, <i>Cable News Network</i>

agement," American University, Washington, Feb. 27.

Office of the General Counsel

Milton J. Socolar, general counsel: Addressed an American University class on "The Role of the GAO," Jan. 27.

Spoke at the George Washington University Club on "Contracting with the Government," Feb. 10.

Rollee H. Efros, associate general counsel, spoke on "Funding Government Contracts," at the American Bar Association Section of Public Contract Law mid-year meeting in Houston, Feb. 5-7.

Ronald Berger, assistant general counsel:

Spoke on bid protests and ADP procurements before an Office of Personnel Management-sponsored class, Feb. 13.

Served on a panel at the Federal Bar Association's 4th Annual Seminar on Grant Law and discussed the changing GAO role in reviewing contracts awarded by recipients of Federal grant funds, Feb. 20.

Robert H. Hunter, assistant general counsel, participated in the OPM Executive Management Development Seminar, Kings Point, N.Y., Feb. 1-13.

Ronald Wartow, deputy assistant general counsel, addressed the following groups:

Defense Advanced Procurement Management Course on "Problems in Formal Advertising," McClellan Air Force Base, Sacramento, Jan. 14.

National Institutes of Health Research Contracting Committee Symposium on "Recent GAO Decisions Regarding R&D Contracting and Negotiation," Columbia, Md., Jan. 26.

E. Jeremy Hutton, senior attorney, participated in the Public Interest/Public Service Legal Career Symposium at New York University Law School on Feb. 12 and 13, and spoke on the subject of "A Legal Career with GAO" at a panel on "Careers with the Federal Government."

Richard K. Parsons, senior attorney, participated in the following seminars:

"Reforming Grants Management: What Next?" conducted by the National Association of Assistance Managers, Feb. 10.

Grant Law Seminar conducted by the Federal Bar Association, Feb. 20.

Michael J. Boyle, attorney-adviser, spoke before the Defense Advanced Procurement Management Course on "Problems in Formal Advertising," Rock Island, Ill., Feb. 11.

Michael A. Hordell, attorney-adviser, spoke before the Defense Advanced Procurement Management Course on "Problems in Formal Advertising," Fort Lee, Va., Feb. 11.

James H. Roberts, III, attorney-adviser, spoke before the Defense Advanced Procurement Management Course on "Problems in Formal Advertising," Fort Lee, Va., Jan. 14.

Charles F. Roney, attorney-adviser, participated in the Public Interest/Public Service Legal Career Symposium at New York University Law School on Feb. 12 and 13.

Accounting and Financial Management Division

Donald L. Scantlebury, director, served on a panel on Fraud Detection and Prevention at the 1980 Conference of the National Capital Area Chapter of the American Society for Public Administration, Washington, Dec. 1.

Walter L. Anderson, senior associate director:

Chaired the Outlook Panel on Problems, Issues, and Future Directions, at the National Conference on Government Information Systems, sponsored by the Center for Policy Research, Washington, Dec. 9.

Spoke on "GAO Reviews of Computers and Information Processing Activities" at a meeting of the Board on Telecommunications-Computer Applications of the National Research Council at Kennedy Space Flight Center, Jan. 30.

Ken Pollock, deputy associate director:

Moderated a Panel on Computer

Auditing, at a Conference on Computer Crime, Rosslyn, Va., Dec. 1.

Spoke on recent GAO reports dealing with Government-wide problems at the Conference on ADP Procurement sponsored by the National Institute for Management Research, Washington, Mar. 17.

Was appointed to the EDP Auditors Foundation Research Advisory Committee for the 18-month period ending June 30, 1982.

Carl Palmer, group director: Was elected Chairman of the 1981 Conference of the Computer Performance Evaluation Users Group.

Discussed "The Paperwork Reduction Act of 1980 (P.L. 96-511)" at the Federal ADP Users Group Meeting, Washington, Jan. 21.

James R. Watts, group director, spoke on "Economic Benefits Exist Through Improved Procurement and Management ADP Resources," before Computer and Communications Industry Association, Washington, Mar. 11.

Morey Chick, evaluator, spoke on computer security in the Federal Government at a Seminar on "Auditing Tomorrow's Technology" sponsored by the EDP Auditors Association (National Capital Area Chapter). The presentation was made in Lanham, Md., on Oct. 20.

George L. Egan, Jr., associate director:

Spoke on "Governmental Internal Auditing" before the faculty and students of Loyola College, Baltimore, on Jan. 12.

Spoke on "Fraud, Waste, and Abuse" before the Government Contracts Seminar, New York, Jan. 26.

Spoke on the Single Audit Concept before the Association of Government Accountants, in Cleveland, Feb. 27.

Brian L. Usilaner, associate director, spoke on "Measuring Productivity in Government—What's Happening" at meeting of Atlanta Chapter, Association of Government Accountants, Feb. 19.

John J. Cronin, Jr., senior group director, spoke on "Accountability for Cash Management in Govern-

ment" at the Third Annual Government Cash Managers Conference on Feb. 25.

Martin E. Caulk, computer systems specialist, received a nationwide Merit Award from the Association for Systems Management for the year 1981 for outstanding service to the association.

Ronell B. Raaum, group director, gave a presentation on "Supervisory Review of Audit Reports" at the Northern Virginia Chapter, Association of Government Accountant Education Series, Springfield, Va., Feb. 17.

John Leitch, evaluator, taught a 1-day seminar on Federal productivity at the Federal Executive Institute, Kings Point, N.Y., Jan. 22.

Robert A. Pewanick, group director, was selected to be President-Elect of the Washington Chapter, Association of Government Accountants.

Austin J. Dayton, Jr., computer systems analyst, spoke on "The Federal Financial System Approval Process" at Loyola University, Baltimore, Jan. 20.

Paul S. Benoit, computer systems analyst, received the Association for Systems Management's Achievement Award to recognize his contributions to the advancement of the systems profession and the Association. The award is the second highest award from the international level of the Association.

Jerry F. Wilburn, credit reporting systems analyst, spoke on collection tools needed by Government agencies, current initiatives within GAO and the executive branch, and ongoing legislative measures at a multiagency workshop on credit bureaus on Jan. 28.

Joseph L. Boyd, senior group director:

Discussed GAO's approach to auditing computer-based systems before the Association of Government Accountants' Baltimore Chapter on Jan. 29.

Spoke on "Auditing Internal Controls in Computer-Based Systems" at the Pennsylvania State University, Middletown, Mar. 2.

J. Myers, supervisory evaluator, spoke to a class at the Department of Agriculture's Graduate School on "Office Automation and Its Impact

on Federal Productivity," Washington, Jan. 14.

Joint Financial Management Improvement Program

Susumu Uyeda, executive director:

Gave a talk on productivity improvements in the Federal Government at OPM's Management Training Center course on Executive Management Training in Washington, Dec. 3.

Taught a course on "Uniform Administrative Requirements for Grant-in-Aid to State and Local Government—OMB Circular A-102," for the Interagency Auditor Training Center in Sacramento, Jan. 14-15.

Moderated a workshop in "Improving Productivity in Accounting and Finance Operations," sponsored by the Dallas Federal Executive Board in Dallas, Jan. 29.

Doris Chew, assistant executive director, coordinated and spoke at a workshop on "Improving Productivity in Accounting and Finance Operations," sponsored by the Dallas Federal Executive Board in Dallas, Jan. 29.

Community and Economic Development Division

Henry Eschwege, director, spoke on "Analysis and Evaluation of Public Policies" before the Public Works Policy Symposium, sponsored by the American Public Works Association, Chicago, Mar. 2.

John Vialet, issue area planning director:

Discussed GAO and transportation issues facing the 97th Congress at a workshop on transportation alternatives sponsored by CONTACT U.S., a volunteer citizens' organization concerned with transportation problems, Washington, Jan. 21.

Appeared on Public Broadcasting's "McNeil-Lehrer Report" on Feb. 26 to discuss GAO's report on mass transit operating subsidies.

Walter Hess, supervisory evaluator, discussed GAO's study of the Cooperative Extension Service, at the Extension Service Staff Conference, Washington, Feb. 13.

James Hunt and **Leo Ganster**, evaluators, discussed GAO's reviews of the Environmental Protection Agency's construction grants program before the American Public Works Association Construction Grants Advisory Group, Washington, Feb. 18.

Energy and Minerals Division

F. Kevin Boland, senior associate director, discussed GAO's energy-related work at a luncheon meeting held by the AICPA Public Utilities Subcommittee, Dec. 11.

Flora H. Milans, group director, was elected Vice Chairperson for Membership, Society of Petroleum Engineers.

Charles Cotton, senior evaluator, discussed GAO's computer modeling methodology for projecting the demand to the year 2000 for nonfuel minerals by future alternative energy technologies, before the National Research Council's Committee on Nonfuel Minerals Demand Relationships, in Washington, Feb. 20.

Cathy Helm, evaluator, attended a conference on "Women in Careers: Meeting Demands of the New Decade" sponsored by American University's Women in Public Administration, Washington, Mar. 7.

William F. Fenzel, evaluator, spoke before the American Society of Mechanical Engineers on GAO's perspective of solar energy in Charlotte, N.C., Dec. 8.

Federal Personnel and Compensation Division

Robert Shelton, deputy associate director, discussed GAO's work in Federal civilian compensation at the National Conference of the International Personnel Management Association (Federal Section), in Washington, Dec. 18.

Dr. John Harper, group director, spoke on recent developments in the Federal sector in the employment discrimination and affirmative action programs, at the monthly Personnel Officers Forum, U.S. Public

Health Service, Rockville, Md., Feb. 10.

Thomas Eickmeyer, assignment director, and **William Boshier**, assignment manager, spoke on GAO's oversight responsibility in the military morale, welfare, and recreation area at an annual seminar of Army morale support officers, Alexandria, Va., Feb. 10.

Rosslyn Kleeman, associate director:

Spoke on Special Emphasis Programs at the Regional Conference of the Office of Personnel Management in San Antonio, Mar. 18.

Discussed GAO's work in Federal pay and compensation at the meeting of the Dallas Region Executive Branch Personnel Directors in San Antonio, Mar. 18.

Discussed GAO's work regarding part-time employment at a meeting of the Association for Part-Time Employees in Washington, Feb. 19.

Alan Stapleton, project director, was a member of a panel which discussed "Consulting Management: The Search for Accountability" at the American Society for Public Administration's 1981 Second Annual Student Conference in Washington, Apr. 4.

General Government Division

William J. Anderson, director: Briefed a group of about 14-15 participants of the National Institute of Public Affairs (NIPA) Seminar on Mar. 5.

Spoke at the technical session re State and Local Taxation: Issues Affecting State Taxation of Multijurisdictional Corporate Income, before the 31st Annual Midyear Conference of the Tax Executives Institute at the Hyatt Regency Hotel in Washington, Mar. 17.

Paul L. Posner, GAO evaluator: Delivered a speech on "Intergovernmentalizing the Management of Federal Assistance" at the annual meeting of the National Assistance Management Association on Feb. 10.

Delivered a speech on "Federal Transfer of Technology to State

and Local Governments" before the annual meeting of the Community Technology Initiative Program on Mar. 4.

Mary Brewer, GAO evaluator, was inducted into Omicron Delta Epsilon, the international economic honor society, Fredericksburg, Va., Mar. 25.

General Services and Controller

Marcia A. Patrick, writer/editor, conducted a workshop on "Effective and Persuasive Writing" for the Montgomery/Prince Georges Chapter of the Association of Government Accountants in Silver Spring, Md., Feb. 11.

Pamela C. Fry, systems accountant, was elected Treasurer of District VIII of the Virginia Federation of Business and Professional Women's Clubs, Inc., at the spring meeting held in Alexandria, Va., Mar. 14.

Ethel Forbes, management analyst:

Is chairperson of the Career Development Council, Information Resources Administration Conference; in addition, she developed program activities related to the Federal Government for the "1981 Federal Office Systems Expo" held Mar. 16-18 in Washington.

Is developing an "Information Resources Management Curriculum" along with other members of the Curriculum Advisory Committee, U.S. Dept. of Agriculture Graduate School, Washington.

M. Sallee Garner, librarian, presented a paper entitled "Online Access to Legislative Information" at *Online Review's* 1981 National Online Meeting, held in New York, Mar. 24-26.

Bonnie Trivizas, computer specialist, presented a paper entitled "Online Sources of Regulatory Information" at a business information workshop sponsored by the N.C. Online Users Group, Raleigh, Mar. 6.

Guy W. Wilson, librarian, and **Susan Knight**, librarian, had published a two-part article "Internal Auditing in Federal, State, and Local Governments" in the Winter and Spring issues, 1980-81, of *RQ*, the journal of the Reference and Audit Services Division of the American Library Association.

Human Resources Division

Charles Gareis, senior evaluator, participated in a panel discussion of the Service Contract Act, at the National Contract Management Association's Mid-Winter Regional Symposium, in Melbourne, Fla., Feb. 12-13.

Michael J. Maloney, evaluator, passed the CPA examination in the District of Columbia and received his certificate, Mar. 1981.

Mission Analysis and Systems Acquisition Division

Walton H. Sheley, Jr., director, spoke on "Who Oversees GAO" at a meeting of the National Contract Management Association at The George Washington University, Washington, Mar. 4.

Donald E. Day, senior associate director, spoke on "The Role of the GAO in Major Acquisitions" at the Defense Systems Management College, Fort Belvoir, Va., Mar. 4.

Dr. John G. Barmby, assistant to the director for systems analysis, has been selected for membership on the Management Technical Committee of the American Institute of Aeronautics and Astronautics. Dr. Barmby is an Associate Fellow of the AIAA.

Lester C. Farrington, Jr. group director, and **David G. Sapp**, senior evaluator, gave a presentation on "GAO's Role in Test and Evaluation" at the Defense Systems Management College, Fort Belvoir, Va., Feb. 12.

Procurement, Logistics, and Readiness Division

Tom Morris, Special Assistant to the Comptroller General for Defense Studies, and senior PLRD executives briefed and exchanged views with representatives of the following organizations on current initiatives and on planned and future work in PLRD:

Department of the Army Materiel Development and Readiness Command, in Washington, Jan. 6.

Office of the Deputy Chief of Staff, Logistics, U.S. Army in Washington, Jan. 29.

Australian Auditor General, in Washington, Mar. 16-20.

Air Force Logistics Command and Aeronautical Systems Division, in Dayton, Mar. 30-31.

Don Horan, director, spoke on GAO's role at a conference for IBM/Federal System Division executives on Federal Government Operations, sponsored by the Brookings Institution, in Washington, Mar. 16.

John Landicho, senior associate director, spoke on GAO's report to the Congress entitled, "The 8(a) Pilot Program for Disadvantaged Small Businesses Has Not Been Effective," before the Washington Chapter of the Federal Bar Association at the University Club/Marvin Center, George Washington University, Feb. 19.

Bud Connor, senior associate director, spoke before the Minority Trucking-Transportation Development Corporation on agencies' actions taken to provide more opportunities for minority motor carriers, in Washington, Dec. 9.

Jim Mitchell, associate director; **Frank Oberson**, and **Carmen Smarrelli**, group directors; and **Ron King**, senior evaluator, discussed GAO's views regarding the procurement of architect/engineer services by Federal agencies before the Federal Construction Council in Washington, Mar. 11.

Messrs. **Connor** and **Mitchell** briefed and exchanged views with officials of the Canadian Auditor General's Office on Facilities and Acquisition, and Supply, Maintenance, and Distribution issue area plans, in Washington, Jan. 30.

Program Analysis Division

Morton A. Myers, director, spoke on the "Functions of the General Accounting Office," at the Brookings Conference for Business Executives on Federal Government Operations, Mar. 9. Mr. Myers also chaired a panel discussion at the conference with **Dennis Dugan**, deputy director and **Arthur Corazzini**, associate director, on President Reagan's Economic Package.

Kenneth Hunter, senior associate director:

Discussed "Reforming Congressional Procedures," at a symposium on the U.S. Congress sponsored by Boston College, Jan. 30.

Spoke on "The Need To Take a Fresh Look at Government Corporations," before the National Academy of Public Administration's Panel to Study Government Corporations, Jan. 8.

Osmund T. Fundingsland, associate director, participated in a panel discussion on "Evaluating the State-of-Science" at the Roundtable Meeting on the Evaluation of Federal Research, sponsored by MITRE Corporation and the Center for Technology and Administration of the American University, Jan. 13.

Donna Heivilin, supervisory GAO evaluator, participated in a panel discussion on "Economic Renewal in the 1980s" at the 1981 National Urban Policy Roundtable, Feb. 27.

Gwendolyn Moore, business policy analyst, participated in a panel discussion on "Innovation" at the Small Business Research Conference, co-sponsored by the Small Business Foundation of America and Bentley College, in Boston, Mar. 5-7.

Personnel

Patricia A. Moore, deputy director, was the guest speaker at the GAO Chapter of Blacks in Government (BIG) dinner meeting and spoke on the "GAO Personnel Act," Feb. 27.

Field Operations Division

Office of the Director

Frank Fee, director, addressed the Conference for Business Executives on Federal Government Operations sponsored by the Brookings Institute. His topic was "Function of the General Accounting Office," Washington, Feb. 23.

Atlanta

Marvin Colbs, regional manager, spoke on "Carrying Out Oversight Functions—How GAO Interfaces with DOD," to the controller's course of the Air University, Maxwell AFB, Ala., May 1.

Boston

David Sorando, regional manager, **Nicholas Carbone**, assistant regional manager, and **William Yazbek**, senior evaluator, attended the New England

Intergovernmental Audit Forum meeting on Feb. 12-13 in Newport. At this meeting Mr. Carbone participated in a panel discussion on Quality Review Guidelines and The Structural Model for Operating an Auditor Quality Review System.

Mr. Sorando also spoke on "GAO, An Agency at the Crossroads," before the Annual Joint Meeting of the AGA, Boston Chapter, and the National Contract Management Association on Feb. 18.

Richard Tyler, evaluator, briefed the Department of Energy's Subcommittee on Clean Air Reauthorization on EPA-State Relations, Feb. 26.

Chicago

Curtis W. McJunkin, evaluator, participated in a career day sponsored by the Minnesota Migrant Council, a local Hispanic organization, St. Paul, Feb. 27.

Cincinnati

Daniel McCafferty, evaluator, participated in a discussion of the Workfare Demonstration Program aired Feb. 22 on television station WAMD, Decatur, Ill.

Bill Bricking, evaluator, spoke to the Ohio State University Accounting Association on "Opportunities in Government Accounting/GAO," Columbus.

Denver

Shirley C. Ward and **Arley R. Whitsell**, assistant regional managers, and **James K. Meissner**, evaluator, spoke on "GAO's Role in Program Management," at a Public Program Management Seminar sponsored by the Office of Personnel Management, Denver, Mar. 11.

James A. Reardon, evaluator, addressed the Association of Government Accountants, Bismarck-Mandan Chapter, on "Implementing the Single Audit," Mar. 20.

Detroit

Walter C. Herrmann, Jr., regional manager, has been selected regional vice-president elect for the Association of Government Accountants.

Frank Reynolds, evaluator, participated in a workshop on "Mental Health Care for Inmates," at the American Medical Association's

Conference on Medical Care and Mental Services in Correctional Institutions in Chicago on Oct. 24-25.

Association of Government Accountants—Cleveland Chapter selected the following GAO evaluators to serve in their respective posts for 1981: President, **Lawrence Stochl**; President-Elect, **Richard Kienzle**; Treasurer, **Albert Simonic**; and Senior Advisor, **John Dowell**, assistant regional manager.

Kansas City

David A. Hanna, regional manager, spoke at the Association of Government Accountants Chapter Meeting in Lincoln, Neb., on Mar. 10. The topic of his speech was "Current Issues and Trends in Governmental Auditing and Accounting."

Los Angeles

Jim Hall, regional manager, spoke on "The Emerging Concept of Program Evaluation," before the Orange City Chapter of AGA in Garden Grove, Feb. 10.

Bob Doig, **Phil DeVera**, and **Tim Fairbanks**, evaluators, were certified as California CPAs, Dec. 1980.

Vic Ell, program manager for Health:

Spoke on "Program Evaluation," before a class of USC's School of Public Administration, Dec. 16.

Spoke on "GAO's Role in the Analysis of VA Operating Room Planning," before the Pasadena Exchange Club, Feb. 18.

Is listed in the 1981-82 edition of *Who's Who in California* under "Government."

Fred Gallegos, supervisor of the management science group:

Spoke on "Training and Career Development for the EDP Auditor" before the Los Angeles Chapter of the EDP Auditors Association, Jan. 13.

Is teaching "Advanced System Analysis" during the winter quarter at California State Polytechnic University, Pomona.

Has been named a project leader on DPMA's model curriculum task force. He is responsible for designing and developing an elective course, "EDP Auditing," which will be part of the model cur-

riculum to be used by universities and colleges nationwide in training information system graduates.

Lawrence Johnson, evaluator, completed the USC Certificate Program in Training and Human Resources Development, Feb. 13.

Dean Kauffman, evaluator, was elected as one of Los Angeles' three commissioners to the annual General Assembly of the United Presbyterian Church (USA), Feb. 24.

San Francisco

Charlie Vincent, assistant regional manager, and **Jack Birkholz**, supervisory auditor, conducted an auditing seminar on Developing Report Points for the Peninsula-Palo Alto chapter of AGA and the Western Intergovernmental Audit Forum in Palo Alto on Jan. 16.

Jim Mansheim, assistant regional manager, was nominated to be a regional vice president of AGA in Feb.

Jack Birkholz, supervisory auditor: Spoke on the "Single Audit Concept," at a meeting of the California Society of CPA Committee on Nonprofit Organizations, San Francisco, Jan. 29.

Gave a seminar on "The Essence of Evidence," for the Western Audit Forum and the California Association of Auditors for Management, Sacramento, Feb. 2.

Received an award for his contributions to professional internal auditing from the California Association of Auditors for Management, San Diego, Feb. 25.

Was a moderator for panel discussions on "The Single Audit" and "California's Proposition 13" at an emerging issues conference sponsored by AGA, the Western Audit Forum, and the Municipal Finance Officers Association, San Francisco, Mar. 16-17.

Joe Martorelli, supervisory auditor, was elected president of Golden Gate Federal Credit Union on Feb. 17.

Elliott Smith, supervisory auditor, spoke to a Canada College accounting class on GAO's work in selected issue areas in Redwood City on Mar. 12.

Don Miller, supervisory auditor; **Dale Vigus**, computer systems ana-

lyst; and **Jack Birkholz** received awards for their work as instructors for a State auditor training program sponsored by the Western Audit Forum and the Association of Auditors for Management.

Seattle

Alvin A. Hieb, evaluator, spoke on "Regulations: GAO's Changing Role and Influence," before a luncheon meeting of the Portland chapter of AGA, Feb. 19.

Stephen J. Jue, senior evaluator: Along with **David V. Uberuaga**, evaluator, spoke on "GAO and its Role in Government," at a meeting of Alpha Kappa Psi, business honorary, University of Washington, Seattle, Feb. 18.

Along with **Warren R. McIntosh** and **William R. Swick**, evaluators, participated in the second annual Government Activities Night sponsored by Beta Alpha Psi, accounting honorary, University of Washington, Seattle, Feb. 3.

Along with **John W. Liles**, evaluator, discussed the role of GAO in the Pacific Northwest and trends in employment opportunities with the Association of Black Business Students, University of Washington, Seattle, Nov. 16.

Robert J. Bresky, evaluator, discussed GAO's report on "Experiences of Past Territories Can Assist Puerto Rico Status Deliberations," (GGD-80-26, Mar. 7, 1980) with the Alaska State Land Commission, Anchorage, Dec. 11.

Charles D. Mosher, senior evaluator:

Was elected President Elect of the Washington State Section, American Water Resources Association, an organization which promotes the advancement of interdisciplinary water research, planning, development, management, and education, in Dec.

Washington

Bob Sorgen, evaluator, discussed GAO's audit of federally required planning paperwork before members of an intergovernmental Planning Reform Demonstration Project sponsored by the Health & Human Services/National Governor's Association in Chicago, Nov. 21-22.

Annual Awards for Articles Published in The GAO Review

Cash awards are presented each year for the best articles written by GAO staff members and published originally in *The GAO Review*. The awards are presented during the GAO Awards Program held annually in October in Washington.

One award of \$500 is available to contributing staff 35 years of age or younger at the date of publication and another is available to staff over 35 years of age at that date. Staff through grade GS-15 at the time they submit the article are eligible for these awards.

The awards are based on recommendations of a panel of judges designated by the Editor. The judges will evaluate articles from the standpoint of their overall excellence, with particular concern for:

- Originality of concept and ideas.
- Degree of interest to readers.
- Quality of written expression.
- Evidence of individual effort expended.
- Relevance to "GAO's mission."

Statement of Editorial Policy

This publication is prepared primarily for use by the staff of the General Accounting Office. Except where otherwise indicated, the articles and other submissions generally express the views of the authors and not an official position of the General Accounting Office.

Proposals for articles should be submitted to the Editor. Staff should concurrently submit a copy of their proposal letters to liaison staff who are responsible for representing their divisions and offices in encouraging contributions to this publication.

Articles should be typed (double-spaced) and generally not exceed 14 pages. Three copies of the final version should be submitted to the Editor. Article subject matter is not restricted but should be determined on the basis of presumed interest to GAO staff. Articles may be on technical or general subjects.

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The GAO Review

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