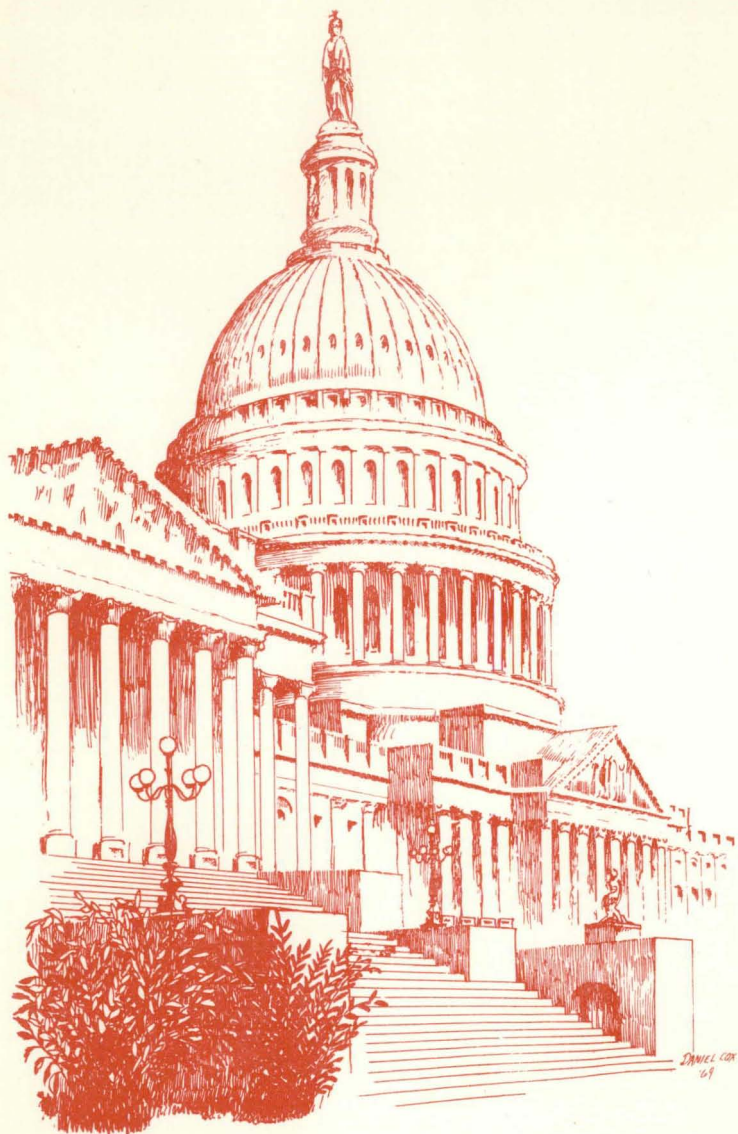




# THE GAO REVIEW

WINTER 1973

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*The United States General Accounting Office came into existence as an independent, nonpolitical arm of the Congress in 1921 with the enactment of the Budget and Accounting Act of that year. It obtains, evaluates, and communicates information about Federal programs and activities to assist the Congress in its legislative and oversight operations and agency officials in discharging their management responsibilities.*



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## Objectives of the General Accounting Office

In more than 32 years in the Federal Government, 26 of them in the Executive Office of the President, I have been increasingly aware of the growing power and influence of the executive branch in relation to the Congress. One important factor in this relatively recent shift of power has been the growing size and complexity of Federal programs. There is considerable feeling in the Congress that the executive branch has most of the experts in such complex fields as major weapons systems, atomic energy, space, and pollution control. In my opinion, there is a great deal of validity to this concern.

Many of these experts and much of the information from the executive branch are made available to the Congress through hearings, reports, and informal consultation. However, there is ever present the inevitable question of whether the proper alternatives have been fully considered and set forth objectively to the Congress, whether the executive is keeping the Congress advised as to the progress and problems which develop as programs are being carried out, and whether this information is provided in such a way as to facilitate and not frustrate legislative oversight.

The increased use of science and technology has furthered the imbalance in the roles of the executive branch and the Congress to a point where many students of Government have begun to question seriously whether the Congress has the machinery to adequately exercise the responsibilities placed upon it by the Constitution.

It is my objective to strengthen, wherever I can, the processes through which reliable information can be obtained by Congress in its oversight as well as its authorization and appropriation responsibilities. This means that the work of the GAO must be more and more relevant to the needs of the Congress. We have done much in this direction and we can certainly do more. In the past 6 years, the work of the GAO which we classify as being of "direct assistance to the Congress" has increased more than threefold to the point now where it currently represents nearly 30 percent of the total staff effort of our 3,100-man professional staff.

It is not our purpose to "sell" our services to the Congress. In fact, we have resisted in a great many cases accepting additional responsibilities if we thought we could not adequately

discharge them. However, we have made strenuous efforts to anticipate Congress' needs and to make our information, conclusions and recommendations available on a timetable that would make them relevant and useful to the work of the congressional committees.

It is certainly not the GAO's objective to become the "think tank" for the Congress on the best solutions to pressing national problems. Nor is it our job to assess overall national program priorities or budget funding requirements.

The great contribution of the GAO is to provide answers to these kinds of questions:

- Is it possible to eliminate waste and inefficient use of public monies that the agencies and their contractors may have considered acceptable in the past?
- Are Federal programs achieving their objectives, whether administered directly by the Federal Government or through other organizations such as the United Nations or through State and local governments?
- Are there other ways of accomplishing the objectives of these programs at a lesser cost?
- Are funds being spent legally and is there an adequate system for accounting for them?

Our objective is to recommend ways of making both proposed and ongoing Federal programs work better and to make the results of our studies known before decisions are reached. This is especially important where there are

strong pressures to move to new and untried approaches or to infuse more money into programs that have not yet demonstrated their worth. The first and foremost responsibility for providing this type of information to the Congress should continue to rest on the operating agencies themselves. GAO, especially in view of the independent position which it holds, can advise the Congress how well we think the agencies have done their job of evaluating the effectiveness of their programs and we can supplement their efforts and go more deeply into problems which may not have been adequately dealt with by the operating agencies.

I believe this is what the Congress had in mind when it established the GAO more than 50 years ago. Government has become more complicated in this period. Its needs for help have grown and will continue to grow. If the GAO cannot supply these needs, Congress most certainly will have to turn elsewhere.

I have said on many occasions that the GAO's greatest asset is the competence, dedication, and enthusiasm of its staff. We need to emphasize to our staff at all levels the great responsibility with which they have been entrusted.

We are employing and developing individuals with differing backgrounds and varied subject-matter competence in keeping with the diverse areas which we are called upon to review.

While the competence of our staff is highly important, needless to say it is essential that the GAO maintain its hard-earned reputation for objectivity,



accuracy, and high professional standards. This is particularly important as we place increased emphasis on reviews having as their principal objective the assessment of the results of Government programs and whether these programs are being carried out as intended by the Congress. We cannot avoid the situation where certain of these reports will be considered "controversial" in the eyes of those who may disagree with our conclusions and recommendations. This simply underscores the importance of developing and presenting our conclusions and recommendations as fairly, as objectively, and as factually as we can reasonably make them.

We do not lobby for a particular legislative or program decision. Rather, we endeavor to provide the kind of objective analysis of alternatives that can be valuable to the Congress in reaching its own conclusion. In short, the GAO must avoid becoming partisans of a particular program just as we have carefully avoided a partisan political role.

In a broader context, the GAO has a responsibility to the public. Its reports, if not classified for security reasons, are public reports. While we have no official "ombudsman" responsibility, we try at all times to be sensitive to responsible criticisms of Federal programs and take these into account in

our reports and in deciding which areas to review.

We have not sought publicity for our reports. At the same time, we think it quite important that the public have full access to our findings and conclusions. We provide for the public a meaningful demonstration of the openness of our governmental processes. We recognize that certain information must be restricted in the interest of national security. The legal authority to classify information for security reasons rests with the operating agencies. We should have as one of our objectives, however, the questioning of security classifications which seem unnecessary to accomplish the purposes of security legislation and regulations.

Increasing concerns are being voiced in the Congress and elsewhere that there is a lessening of confidence in Government, particularly in the Government's capability to make programs work effectively and to serve well those individuals and groups for which public funds are expended. If these concerns are valid, it is more important now than ever before that there be public awareness of the work of the GAO as an organization which has as its principal concern fiscal integrity and the economical and effective management of governmental programs. I believe we can play a part in overcoming these concerns.

## Effectiveness Reviews

*In recognition of the 50th anniversary of the General Accounting Office in 1971, the Los Angeles regional office held a panel discussion on effectiveness reviews. In this article, the panel participants give a recap of their presentations.*

As part of the 50th anniversary events of the Los Angeles regional office, a panel was assembled to discuss effectiveness reviews. The topic seemed especially appropriate, considering GAO's increasing involvement in such reviews and the charter in the Legislative Reorganization Act of 1970 to further increase such efforts.

Prior to the panel presentations, a videotape was shown of the 50th anniversary lecture given on June 11, 1971, in Washington, D.C., by Dr. Robert Weaver, professor of economics, City University of New York, and former Secretary of Housing and Urban Development.<sup>1</sup> The showing of the videotape was designed to get reactions to the challenges Dr. Weaver presented in his lecture on the effectiveness of management of urban programs and to give staff members insights into GAO's involvement in effectiveness reviews. The panel members were *Eugene T. Cooper, Jr., Gerald N. Denkers, Richard J. Gannon, and Milo*

*L. Wietstock, audit managers, and Thomas J. Schulz, supervisory management analyst.*

### Résumé of Dr. Weaver's Lecture

Dr. Weaver's topic was "Management of Urban Programs." He discussed the new dynamics of effective management, including program selection and evaluation—he stated that the best administrative skills will be misdirected unless all elements in Government join together in selecting programs based on greater understanding of social institutions, the environment that surrounds us, human behavior, and potential effectiveness. Dr. Weaver emphasized the need for research as the basis for more soundly conceived goals and programs. He analyzed the nature of urban problems and program development and cited some of his experiences with Federal housing and the Model Cities program of the Department of Housing and Urban Development.

He concluded that both evaluators and program managers should have a

<sup>1</sup> EDITOR'S NOTE:

Subsequently published in *Improving Management for More Effective Government, 50th Anniversary Lectures of the United States General Accounting Office 1921-1971*.



single overriding purpose—to provide the best possible delivery of services to society. This involves constant interchange of ideas and information and the need to become more concerned with the urban structure and the problems which arise within it. Dr. Weaver challenged GAO to reevaluate its mission and operations in the light of these developments.

**Eugene T. Cooper, Jr.**  
**Panel Chairman**

Dr. Weaver challenges GAO. In fact, he ends his speech by saying GAO must reevaluate its mission and operations. I think there is a tendency to view challenges to the GAO as referring to the Washington people, the top officials, the policymakers, and not to us as individuals. Yet every employee is in a real sense the GAO and these challenges should be taken personally. How, then, do the challenges apply to and can they be accepted by the onsite audit staff and audit team?

Let's look at some of the challenges. Dr. Weaver emphasizes the increasing importance of program evaluations and challenges us to widen our horizons, to evaluate program goals as well as results, and to systematically analyze programs—first to define the issue, to know the problems involved, and then to analyze the impact. He cautions us to not let evaluation become an end in itself—evaluation should facilitate delivery of services and not have recrimination as its objective. He also prompts us to overcome the frequent feeling in the Fed-

eral community that GAO is exclusively engaged in adversary proceedings.

Let's look at the work of our regional office in light of these challenges. In 1966, the initial poverty work was performed. It involved the community action program administered by the Economic and Youth Opportunities Agency in Los Angeles. Our work was strictly of a financial administration nature. Reviews of the Neighborhood Youth Corps and the Head Start programs followed and these reviews also dealt mainly with financial administration.

In 1968, with the Prouty amendment, our scope was broadened to include program effectiveness—determining the extent to which program objectives had been met. Today, program reviews emphasize effectiveness more than administration.

Our approach has clearly expanded and will continue to expand.

For the future, I can see our work expanding to include evaluating goals as well as challenging the justification for the programs themselves. Our approach has evolved to determining objectives, comparing the results to the objectives, and suggesting ways to increase achievements.

Determining objectives sounds simple, but some program projects either do not have objectives or do not have measurable, realistic, or achievable objectives. In evaluating and questioning objectives, we recognize the need to define them, to provide measurements, and to be realistic. Dr. Weaver acknowledges that we are evolving toward taking on these challenges, but I

believe there are some that remain to be met or at least need to be emphasized.

Toward the end of his speech, Dr. Weaver says GAO can be helpful to administrators by informally calling to their attention tendencies and situations that suggest trouble spots. He says evaluation should be more than surveillance and monitoring; it should facilitate the delivery of services. Evaluative organizations should speak with administrative agencies because the real objective is not to censor but to encourage positive results. I think Dr. Weaver is telling us to come in from the outside, to join in solving the problems, to contribute to solutions. We are all part of the human community; these are our problems; let's work together to achieve the goals and objectives of these programs.

### **Viewpoints of the Panel**

Based on their individual experiences on effectiveness reviews of specific programs, the panel members gave their viewpoints.

#### **Thomas J. Schulz— Teacher Corps Program**

The Teacher Corps was established in the Office of Education, Department of Health, Education, and Welfare, under the Higher Education Act of 1965. The legislative objectives of the Teacher Corps are to (1) strengthen educational opportunities for children in low-income areas and (2) encourage colleges and universities to

broaden their programs for training teachers.

The Los Angeles regional office reviewed three Teacher Corps program projects to determine the effectiveness of the program in achieving its legislative objectives and to identify measures needed to improve its effectiveness. These reviews were conducted in a manner that reflected the statements made by Dr. Weaver. That is, we recognized that the legislative objectives were broadly stated and we conducted a major part of our review based upon what the Teacher Corps agency personnel stated their goals to be.

Our major problem was in trying to establish criteria for the evaluation of the program. Considering that the whole field of education lacks firm and definitive criteria for measuring student achievement, one can see our difficulty. We resolved the problem by basing our review on the expert opinions of officials of the agencies that we dealt with. However, we found that we could not place full reliance upon the testimony of these officials.

In reporting on the two rather broadly stated legislative objectives, GAO presented a list of the various successes of the program in strengthening educational opportunities for children. Specifically, the Teacher Corps program exposed the children to various components or services and many program graduates were hired by low-income school districts. However, without clear criteria as to what was a successful educational experience, we could not fully consider the effectiveness of the program nor could we fully evaluate the reasons why some of these

programs were not continued by the districts after the end of Federal funding. Neither could we determine whether these new programs had actually improved the performance and learning of the children or whether the teachers and teaching methods introduced by the Teacher Corps program had had a significant impact upon the school districts.

As far as the program's ability to effectively meet the second legislative objective, to broaden teacher preparation programs of the universities, our report listed some of the program's successes but did not evaluate the reasons why it was not fully adopted into the teacher training programs of the participating universities.

As Dr. Weaver noted, many programs change their emphasis after a few years. This occurred also with the Teacher Corps program, but we did not report upon the impact of the expanded role of the Teacher Corps as envisioned by program administrators. Nor did we look at the even bigger question of whether the Teacher Corps was a teacher training program that was needed in view of the changing need for teachers in the labor market.

Another observation of ours, not reported upon but which fits within the area of effectiveness review, was that there were federally funded teacher training programs which may have duplicated or at least overlapped the Teacher Corps program.

Our report did not fully evaluate the effectiveness of the program because (1) we did not fully consider the restated goals of the program as enunciated by program officials and (2) we

did not question the purpose of the program. Also, we probably should have asked whether this program was realistic, especially in view of the lack of clear objectives.

The report on the Teacher Corps program, however, was a sincere attempt in performing an effectiveness review and I believe that the report format is one that should be followed in attempting such a review. This format makes the chapter title the question of whether a program meets its objectives. Thus a report of an effectiveness review would have its initial chapters asking the questions—Did or can the program successfully accomplish its legislative objectives? Has the responsible agency accurately restated these objectives as program goals? I think that Dr. Weaver wants us to provide the answers to these questions before we report on the agency's program efficiency and economy. Although we cannot always have the answers, an effectiveness review does require us to ask these questions.

One advantage of an effectiveness review is that it can be conducted in a relatively open manner. The review can be set up in such a way that the agency is aware of what you are doing and can be asked to comment on your progress and explain criteria. From my experience on effectiveness reviews, I have found most agencies receptive to having a "third party" objective evaluation of their program.

One of the major problems in conducting effectiveness reviews is that, in many instances, clear criteria are not available. To conduct the review, we have to rely upon expert testimony.

GAO, in conducting such reviews, has to be careful not to be caught in the position of having experts testifying against other experts, thus reducing the reporting value of our evaluations.

**Richard J. Gannon—  
Petroleum Reserves**

Auditing for program results is not really new. I believe the only thing new is the level at which we address our questions.

I have been interested in and exposed to program result audits since my college days. I recall that after a big date my roommate the next morning would assume objectives and immediately go to program results by asking: "How did you make out?" I have been asking this same question ever since.

To further explain, in 1951 we audited Bureau of Reclamation projects for program results. In one law, Congress imposed a 160-acre limitation on farms that could participate in the benefits of a Reclamation Irrigation Project to encourage "Mom and Pop" farm development.

This limitation was soon interpreted to mean 160 acres for mom and 160 acres for pop. In the San Joaquin Valley, an enterprising farmer interpreted it to mean 160 acres each for mom, pop, sister, brother, aunt, uncle, cousin, etc., until he participated in a project with about 10,000 acres. Today we are asking the question, "Is a 160-acre limitation needed or accomplishing what was originally intended?" Are Mom and Pop farms possible in today's real world of eco-

nomics and agricultural technology?

In connection with a recent assignment I had of assessing the results of the petroleum and oil shale reserve program, we experienced some of the problems Dr. Weaver addressed. For example, the original acts—the Pickett Act, as amended, and others—established reserves to provide a standby source of oil for use by Navy warships. Later legislation provided that the reserves were to be used and operated when needed for national defense. Managers of the program consider the purpose and objectives of the reserves to be much broader.

National defense has been interpreted to mean national security, derived from the ability to be self-reliant and self-supporting in the event of emergencies. A Navy group administers the reserves, and their concept of mobilization—operational readiness—is involved in the evolution of the objectives. The emergencies referred to now include events that would stop the flow of foreign oil, including armed conflict, cancellation of imports or restricted import quotas, and discontinuance of military overseas purchases of oil (which could correct or assist in correcting our imbalance of payments position).

Our review showed that, in relation to the evolved objectives or legislative objectives, the reserves have not been developed sufficiently to carry out the purposes of the program. If we needed oil from the reserves tomorrow, we probably could support a small bicycle corps—but not much else. Unless significant funds are spent to sink wells, lay pipelines, build collection and stor-

age facilities, and construct a gas-processing plant of significant capacity, the reserves have little importance.

In our recent report to the Congress<sup>2</sup> we recommended that the Secretary of the Navy determine the quantity of oil that is practical to produce from the reserves and the time in which the emergency production of oil should be available to meet national defense needs. We also recommended that the Secretary submit to the Congress a plan for the adequate development and conservation of the reserves. In summary, we questioned the effectiveness of the program under current conditions and suggested certain actions we believed were necessary to achieve the objectives of the program.

#### Gerald N. Denkers—Health Programs

In talking about program effectiveness reviews, I think it would be useful to distinguish between the ultimate purpose of the major programs and the goals and objectives of segments of the programs. While some program segments may be designed to somehow contribute to the ultimate purpose of the major program, the output of these segments may not be readily recognizable as a direct measure of achievement of the ultimate goals of the major program. I think this concept is illustrated by a review we performed of the Medicare program.

One definition of the purpose of the Medicare program is "to cushion the financial impact of illness on the popu-

lation of the United States over the age of 65." It would seem to follow then, that in order to assess the effectiveness of the Medicare program, one would have to measure how well it functions in "easing the financial impact of illness" for the aged population of the United States.

The review we undertook attempted to assess the results of a program segment within Medicare which was established by the Medicare law. The impact on the above-stated ultimate purpose of the Medicare program may have been largely secondary.

The legislative history of the Medicare program shows that the Congress was concerned that the program be carried out in a manner which would provide necessary hospital care to the patients, but at the same time, that the patients would remain in the hospitals only as long as necessary. Accordingly, the law provided that hospitals and extended care facilities, in order to participate, have a utilization review committee to review the medical necessity of services provided Medicare patients.

Because of congressional concern over rising Medicare costs, we undertook the review to determine the effectiveness of these committees in controlling the extent of care provided to Medicare patients. Please note that the law specifically establishes a requirement for utilization review committees and it specifically sets forth their purpose—to control the extent of care provided Medicare patients. Also note that the apparent intent behind the law was to control the costs of the program to the Government (i.e., to insure that

<sup>2</sup> "Capability of the Naval Petroleum and Oil Shale Reserve To Meet Emergency Oil Needs, Departments of the Navy and the Interior," B-66927, Oct. 5, 1972.

the program was not paying for stays in hospitals which were not medically necessary). Thus, in attempting to assess the effectiveness of this segment of the program in meeting congressional intent, we were not really directly assessing the effectiveness of the overall Medicare program in meeting its ultimate purpose. However, the results of our review may have secondarily influenced the overall program in achieving its ultimate purpose because, under certain circumstances, the Medicare beneficiaries share in a small portion of the costs of their hospitalization. Thus, to the extent that the unnecessary hospitalization is controlled, the financial impact of hospitalization upon the beneficiaries may have been eased.

Another interesting point came to light during this review. In order to measure the effectiveness of utilization review committees, we had to have a medical judgment as to whether cases reviewed and approved by utilization review committees contained any medically unnecessary hospital or extended care facility stays not detected by the committees.

In order to do this, we used consulting physicians, some of whom were employed by the Social Security Administration or its fiscal intermediaries, and others who represented State medical societies. GAO's consulting physicians reviewed the same records—for 1,735 Medicare patients—which had been available for examination by the review committees. In 465 cases the consulting physicians questioned whether the care provided should have been paid for under the

Medicare program. In effect, then, we were faced with a situation in which we had one group of professionals opposing the judgment of another group of professionals.

GAO had to decide whether it could take a position on the effectiveness of a program based on professional judgments which differed from another group of professional judgments.

The issue was resolved by placing the following paragraph in the report.

These issues are ones on which professional judgments may differ. Therefore GAO is not in a position to say how many patients should or should not have received \* \* \* [Medicare coverage]. These differences in professional judgment, however, point up a number of significant problem areas which require the further attention of SSA in its efforts to achieve an effective utilization review function as part of the controls exercised over the Medicare program.

**Milo L. Wietstock—  
Major Acquisition Reviews**

Our reviews of the acquisition of major defense weapon systems fit quite well into the effectiveness review category. These reviews probably differ from effectiveness reviews of poverty or social programs in that we generally have definitive criteria to measure against. Basically, we are trying to determine how effective the military services are at achieving procurement objectives, from the standpoint of both an individual weapon system and the overall weapon system acquisition process.

When a weapon system is being acquired, certain procurement objectives or criteria are established

for the (1) expected cost of the system, (2) dates by which certain scheduled milestones should be accomplished, and (3) technical performance characteristics. We have aimed our reviews at determining how effectively the military services are meeting these preestablished criteria. When there have been deviations, we have been investigating the reasons for them.

Each of our weapon systems reviews is performed as a part of an overall review of the weapon systems acquisition process. What we have been doing is matching how the acquisition of a

weapon system is accomplished in relation to a procurement model. That is, we have been working with the Defense Department to develop a model of a certain function of the acquisition process. When these models are developed, we have been looking at the weapon systems to see how effectively the services are achieving the objectives of the model. In our reports, we set out the model and show examples of some systems that closely follow it, examples of systems that do not, and the effect that this has on the acquisition of the particular system.

## Responsibility for Program Evaluation

With regard to program evaluation I recently informed the Congress and the Office of Management and Budget that in our view, program evaluation is a fundamental part of effective program administration. The prime responsibility for making this evaluation, therefore, rests with the agency administering the program. In line with this, we believe that the Congress should attempt to specify the kinds of information and tests which will enable the agencies, the GAO, and the Congress to better assess how well programs are working and whether alternative approaches may offer greater promise.

*Elmer B. Staats*

Comptroller General of the United States  
In address before the Educational Staff  
Seminar, Washington, D.C., October 12,  
1972



## A Look at the Congressional Fellowship Program

*In 1971 the Comptroller General recommended that GAO professional staff participate in the Congressional Fellowship Program, directed by the American Political Science Association under an arrangement with the Civil Service Commission. The recommendation was a recognition of the need for professional staff members to obtain (1) a thorough knowledge of the organization and operations of the Congress, (2) a perspective on how the Congress views national priorities and relates to executive branch operations, and (3) an understanding of congressional responsibilities and the manner in which these influence GAO operations. This paper summarizes the experiences and reactions of one of GAO's first two Fellows.*

The American Political Science Association (APSA) established the Congressional Fellowship Program in 1953, primarily for political scientists, journalists, and attorneys. Federal Government personnel from agencies of the executive branch began participating in 1961 and still participate with APSA Fellows in all activities. The 1971-72 program included eight political scientists, eight journalists, three Asian Fellows, and 26 Fellows from 22 Federal Government departments and agencies including:

Department of Agriculture (two agencies),  
Department of Health, Education, and Welfare (three agencies),  
Department of Commerce (two agencies),  
Department of Housing and Urban Development (two agencies),  
Department of the Interior (two agencies),  
Department of Labor,  
Department of the Navy,  
Department of State,  
Department of Transportation,

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Mr. Bowlin is an audit manager in the International Division. He joined the General Accounting Office after receiving a Bachelor of Science degree from Richmond Professional Institute (now Virginia Commonwealth University). He is a CPA (Virginia), and a member of the American Institute of Certified Public Accountants and the American Political Science Association.

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Department of the Treasury,  
 Central Intelligence Agency,  
 General Accounting Office,  
 General Services Administration,  
 National Science Foundation,  
 Office of Economic Opportunity, and  
 United States Information Agency.

The program is designed to provide the Fellows an opportunity to study and learn how the Congress functions, how it is organized, and how it relates to activities of the executive branch. Fellows can also improve their understanding of politics, policy areas, and public affairs.

The program, conducted in Washington, D.C., lasts about 10 months. It begins in mid-November with a 6-week orientation period which is followed by two work assignments of about 4 months each—one in the House of Representatives and one in the Senate.

## Orientation

Prior to the formal orientation period, our group was given lists of suggested readings to provide a common framework with which to begin.

Orientation, which was not conducted within a conventional classroom format, consisted of seminars, meetings, and interviews arranged by APSA. The seminars were flexibly scheduled, leaving sufficient free time for participating Fellows to read, study reports on congressional office assignments, and prepare for selection of office assignments. The seminars were held at Government, business, and academic locations in the Wash-

ington, D.C., area and covered topics including:

- Background and purpose of program
- The current congressional scene
- External pressures on the Congress
- The executive branch
- Press and public relations in Washington
- Congressional oversight

More than 40 speakers—including the Comptroller General, Senators, Congressmen, political scientists, journalists, representatives of interest groups, officials from the executive branch, congressional staff members, and former Fellows—discussed the above topics and answered questions.

## Assignment Selection Process

During orientation, former Fellows discussed the office selection process and their reactions to assignments. To assist us in our search for productive work assignments in the House and Senate, we were given names of Congressmen who were interested in having a Fellow assigned to their offices.

Each participant prepared résumés, developed his own selection criteria, and scheduled interviews. A Fellow usually made his own arrangements and talked with personnel from 10 to 12 offices. I visited 10 or 12 offices in the House of Representatives before selecting my first assignment and visited five or six Senate offices before selecting my second assignment. These interviews allowed us to get a quick look at some of the personalities in the Congress.

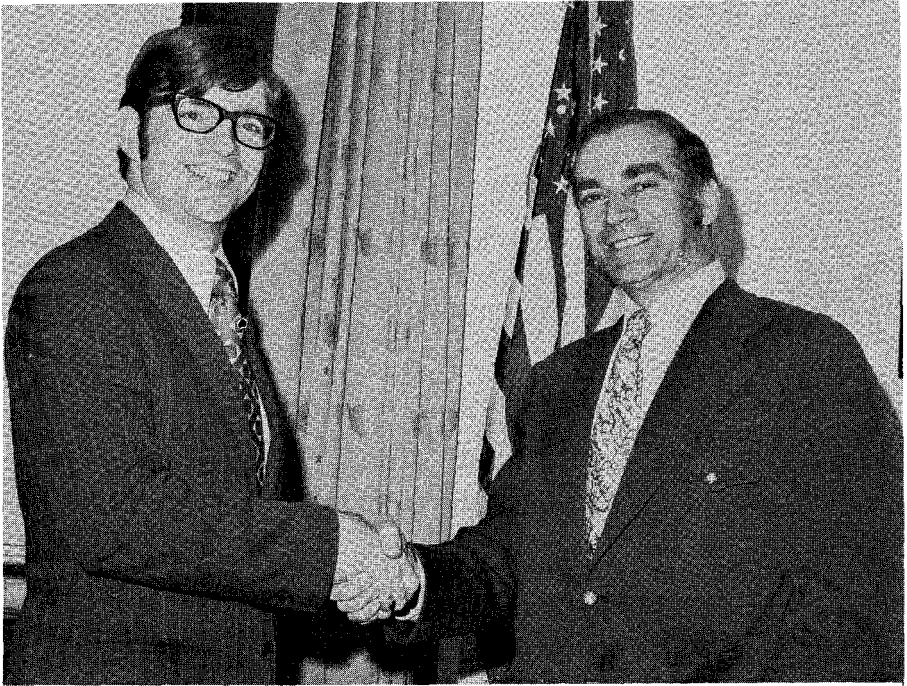
After the interviews, we indicated our selection preferences to APSA. If one Fellow preferred an office in which no other Fellow was interested, the selection was easy. If more than one Fellow was interested in the same office, that office selected a Fellow from among the competitors. On the other hand, if more than one office was interested in the same Fellow, the Fellow selected an office. It appeared that several choices were normally available to a Fellow, especially in the House of Representatives.

I based my selections on several factors, but probably most important was the office's enthusiasm for the program and its need for assistance. All other criteria, such as a Member's committee

assignments, party affiliation, issues in which the office was involved, and working conditions were important, but a Fellow should select an office where he is wanted and needed in order to gain the best experience.

### On the Job

My first assignment was in the office of Representative Peter A. Peyser of New York, who was serving his first term in the Congress. Congressman Peyser is a Member of the House Education and Labor Committee, but, since he represents a portion of the suburbs outside New York City, he has a multitude of interests that do not fall



*Congressional Fellow Bowlin (left) with Representative Peyser of New York.*

within this Committee's jurisdiction.

I found the office pace fast-moving and the activity, at times, quite frenzied. This scene is undoubtedly found in other offices in the House, especially for junior Members during an election year.

I worked mostly with Lee Greif, the Congressman's legislative assistant, and, as hoped, I was given ample opportunity to keep involved in many activities of the office. I had been in the office only a few minutes when Congressman Peyser asked me to develop information and to suggest courses of action that he might take regarding the Yonkers, N.Y., teachers' strike which had been called just that morning. In the days that followed, we would often send out for sandwiches in order to have a working lunch in the Congressman's office. These were the few times that key staff members could meet as a group with the Congressman to discuss current problems or strategy.

My second assignment was in the office of Senator Lee Metcalf of Montana. Senator Metcalf holds committee assignments on the Senate Government Operations Committee and the Senate Committee on Interior and Insular Affairs, and he is Vice Chairman of the Joint Committee on Congressional Operations.

My principal objective was to participate in as many activities as possible. I wanted to enter the mainstream of this congressional office and, in effect, function as a staff member. Everyone with whom I worked recognized my objective and demonstrated a willingness to help me fulfill it.

During my assignment in Senator Metcalf's office, I worked principally with his administrative assistant and executive secretary. My desk was in the office adjoining that of the Senator. He would often visit me in my office for a few minutes, either to offer his observations on pending floor action or to comment on various topics of mutual interest.

A brief description follows of some of the activities in which I participated during the portion of my fellowship spent in Senator Metcalf's office. I was involved in similar activities in Representative Peyser's office.

- Participated in weekly staff meetings with representatives from the offices of Senators and Representatives from Montana during which they discussed matters of mutual interest, such as Federal project proposals, mutual problems of constituents, and pending legislation.
- Observed strategy sessions concerning the Senator's reelection campaign.
- Answered mail from constituents on such subjects as property taxes, disaster assistance, drug abuse control, construction of Indian housing, income taxes, and contract disputes. This task often required research.
- Performed research and prepared newsletters concerning such items as drug abuse control and legislation affecting senior citizens.
- Attended open and executive committee hearings for the Senator and briefed him on the results.

Occasionally, I also accompanied the Senator when he participated in hearings on such topics as land use policy, consumer safety, property tax reform, and the National Environmental Protection Act.

—Accompanied the Senator on a trip to Montana in June 1972.

—Assisted in preparing a report by the Senate Committee on Interior and Insular Affairs on a housing construction venture undertaken by an Indian reservation in Montana. I met with the Committee staff to help develop conclusions and recommendations aimed at improving Federal agency management of future similar operations.

—Analyzed legislation concerning such topics as land use, revenue sharing, and consumer product safety.

—Attempted to resolve constituent problems with executive branch agencies by discussions and letters. The following are some examples.

1. We were able to gain the reversal by GSA of a decision to release four road graders to the Agency for International Development and have them go, instead, to the Bureau of Indian Affairs, as regulations required.
2. We attempted to obtain Federal assistance to help rebuild a Montana high school which was destroyed by fire.
3. We requested a review of

Glasgow Air Force Base contracting procedures.

4. We asked the Department of Health, Education, and Welfare to review and improve its audit effort, particularly in connection with the Youth Summer Sports Program.

The Senator's office operates quite informally and is relatively unstructured. The administrative assistant and others hurriedly prepare memoranda to the Senator and staff members on scratch paper. This informality, however, does not apply to all office activity. The Senator fervently guards against any errors in outgoing correspondence.

My assignment in Senator Metcalf's office offered the fringe benefit of sharing an office with Brit Englund, his administrative assistant. Mr. Englund—probably one of the more knowledgeable staff members on congressional operations—was quite willing to share his knowledge and kept me informed on various aspects of operations, ranging from administrative procedures to political strategy. This factor alone convinced me that I had been fortunate in having gained an assignment to Senator Metcalf's office.

### **Program Benefits and Observations**

Concurrent with the work assignments, APSA conducted seminars on topics of contemporary interest, with Congressmen, noted academicians, and Government officials as speakers. Also, throughout the assignments, Fellows



*Senator Metcalf of Montana talks over a project with the author.*

met weekly to exchange ideas and discuss experiences.

From their total experience, Fellows were expected to gain:

- A thorough knowledge of the organization of the Congress.
- A well-balanced understanding of the legislative process and factors and forces which influence it.
- Some perspective on how the Congress views national priorities and relates operations of the executive branch.
- A grasp of the scope and variety of congressional responsibilities and the Congress's relationship to the total Government process.

One former Fellow told me, "The program is somewhat like earning a master's degree in congressional operations."

As for my own experience, I received valuable knowledge and insight into the organization, functions, purpose, and operations of the Congress. I was provided with an insider's view of at least a portion of congressional operations. Day-to-day observation and participation gave me a better grasp of how one office or committee interacts with another. I now have a much better understanding of some of the things that precipitate actions by either a Member or a committee of the

Congress. I also gained a better perspective of the relationships that exist between the executive and legislative branches of our Government.

Much of the knowledge and insights

gained, although not quantifiable, are nevertheless part of a broader learning experience. I am grateful for the opportunity to have been a participating Fellow.

## **Public Understanding, Participation, and Confidence in Government**

None of us can fashion government in accordance with our personal wishes; few of us would expect to be satisfied with governmental performance at all times; but most of us can do a lot more in improving our understanding of the needs and problems of government and participating in citizens' groups, business organizations, and, indeed, as a voter, in seeking improvements in the processes of government. Only in this way can we ever achieve the confidence that governmental affairs are being managed as effectively as practicable.

*Elmer B. Staats*

Comptroller General of the United States  
Speaking to Executives' Club of Chicago,  
October 5, 1972



# Federal Procurement— A Philosophical View

*The equitable concepts inherent in Government procurement are discussed in this article, which is based on a speech given at the joint Government/Aerospace Industries Association seminar on Federal Procurement in San Francisco, Calif., October 12, 1972.*

## Introduction

Federal procurement—a creature of statute and regulations of almost endless complexity—is often characterized as a morass of mismanagement, wastefulness, and improprieties. But no system, even though of such an overpowering magnitude, can be entirely free of fault. Much has been written and said about the defects and shortcomings of Federal procurement and more will be forthcoming. But it seems more appropriate to examine the concepts of this system which touch upon practically all facets of the American endeavor; political, economic, and social.

## Competition Generally

Government procurement may be approached in the context that a contract

should be consummated only after an intelligently formed judgment is made of the quality of the product, the competency of the producer, and the reasonableness of cost. Inherent in this judgment is the concept of competition, whereunder qualified sources are given an equal opportunity to seek a contract award.

Competition is the force which brings into focus for the scrutiny of the evaluator those aspects inherent in competitors' offerings which will determine the eventual awardee. This weighing of technical capabilities in the broadest sense, together with cost considerations, calls for exercise of a high degree of fairness and impartiality. Although this weighing of competitive offerings is *in camera*, individual discussions may well be held thereafter with competitors remaining in conten-

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Mr. Rumizen is an Assistant General Counsel in the Office of the General Counsel and is responsible for the legal work of the General Accounting Office in the procurement law area. He is a lecturer at the Defense Advanced Management Logistics Center and has spoken extensively before Government and private groups on Federal procurement problems.

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tion to clarify technical and cost features of their offerings. It is important to note that a successful competitor for Government business need not be the lowest priced or the most technically qualified. In a sophisticated procurement, technical excellence may override price considerations, whereas, in an urgent buy of a somewhat standard article, price could well govern with technical superiority a lesser consideration.

Legislative guidelines as to the constituent elements of competition are lacking; whether this be deliberate or inadvertent is immaterial. The parameters of competition should be defined in the broadest sense. Administrators of procurement programs should have the responsibility to develop and foster a system of competitive procurement having the best attributes of the business marketplace.

Competition, logically, should complement, rather than restrict, the independent endeavor of competitors striving to obtain the business patronage of the Government by offering advantageous terms as an inducement to contracting. Perhaps competition, in the real world, is "horse-trading"—shrewd bargaining and reciprocal concessions in a business environment. However denominated, competition should result in advantages to the parties in the business sense or no equitable bargain may result. And, at this point, it is important to observe that the desired product or service in large measure influences and fixes the amount of competition generated.

## The Nature of the System

Federal procurement law is energized by compilations of regulations, directives, procedures, and other tools of administrative management. These guidelines of the procurement process create a system which is unique and distinctly different from the commercial marketplace. Because the procurement is "Federal" and funded by public moneys, public trust is the visible consideration. Thus, the large procurement agencies have created a modular system of regulations to reflect this public trust and perhaps, more importantly, to establish and maintain the confidence of the Congress.

Unlike the business sector, which is relatively free of restraints when it satisfies its needs for goods and services, Federal procurement—even its smallest details—is subject to constraints, controls, extensive critical reviews, and postmortem analysis. In this environment, problems arising out of procurement management are self-perpetuating, eventually becoming mutations of varying degrees. A good example would be the difficulties that arise when a competitive offeror is denied opportunity to engage in meaningful discussions of his proposal in the light of the Government's requirements.

Federal procurement is a convenient vehicle to administer and further national economic and social goals. Thus, the Government's buying programs are substantially affected by forces other than those directly related to the realization of needs. This necessarily adds complexities to already complex programs. Since the ultimate goal of pro-

curement is a reasonable balance between fairness, economy, and accountability, it is difficult to suppose that any procurement system can achieve any semblance of balance when it is also involved in the administration of economic and sociological programs. In these circumstances, procurement will not reach the goal of reasonable balance unless unlikely steps are taken to manage Federal procurement for procurement's sake.

Also, the procurement process is subject to outside surveillances that might lead to adverse corrective measures, public criticism, and even to the awesome wrath of congressional sources. These forces, foreign to the responsibility that attaches to the use of appropriated funds, impact upon the program being accomplished far beyond that reasonably expected in the management of a governmental function. Additionally, the end product of the procurement itself or the choice of contractor is vulnerable to varying challenges within and without the Government.

### **Fairness Doctrine**

If the legal formalities of the system are brushed aside, the very essence of the system is impartiality so that competitors for Government business will be considered equally in an environment which is conducive to mutually meaningful discussions leading to a reasoned selection of the winning competitor. This is more than "playing the game" according to strict rules of procedure; the credibility of the system

must be maintained to insure that the benefits of the system will inure to the public good. The question is not whether the credibility of the system should be preserved by adherence to rigid rules of procurement behavior, but whether flexibility and the concept of fairness should be the bulwark of the system. Blind adherence to fixed procurement rules has too often worked to the detriment of both the Government and an otherwise eligible prospective contractor.

### **Administration of the System**

Conceding the flexibility of the system, there is a need for the observance of principles which are essential to the integrity of the system. In the formal competitive area, the firm bid rule which becomes operative as of the time of public bid opening is the mainstay of that type of procurement. Negotiated procurement is distinctly different; there is no formal advertising with its attendant firm bid rule.

Negotiated procurement goes no further than insuring fair and impartial treatment during the solicitation and negotiation phases. But it neither contemplates nor requires adherence to rigid, predetermined criteria in the award selection period. The competitor puts its technical capabilities and cost proposal on the line for evaluation. If, after an impartial review of those presentations, a judgment is made to disregard the competitor as a source of supply, no valid complaint can be asserted. Only when that judgment is made without regard to the principles

of fair and impartial treatment may the aggrieved competitor have a just basis for complaint.

The efficacy of the system depends on the administrators of the procurement programs. Necessarily, considerable discretion must be given to the administrators in the award selection process. Also, judgments and decisions reached may be subjective in nature which reflect the individual idiosyncrasies of the evaluators. In view of these considerations, a harmonization of the equitable concepts with the administrative need to discharge a significant degree of discretion may be an academic exercise in some instances.

It is because of the need to strike a balance between discretion and the equitable concepts that the role of the Comptroller General has become significant as providing an independent

forum to weigh these considerations. It is an admittedly difficult and thankless task, but one that must be done to maintain the oversight imposed on that Office by the Congress and by the courts.

### Summary

The procurement system is not static but reflects the changing facets of American business enterprise. Whether the system keeps pace depends to a substantial degree on the contributions that the business sector may offer to vitalize and strengthen the equitable concepts of the system. Without observance of these concepts of fair treatment among competitors, Federal procurement will continue to be a fertile field of criticism and unfavorable public reaction.

## A Journalist in GAO

*What is the role of an information officer in an agency such as GAO? The author reviews some of his operations, the relative roles of auditors and editors, and the importance of good communications from GAO in contributing to public confidence in Government.*

Anyone who is in the information or communications business as a company man or a Government agency man usually finds himself in an unusual position.

In the first place, he is often a lone operator as far as his profession goes. In GAO there are something like 3,100 auditors and other professionals, 100 lawyers, and, until very recently, only one journalist.

In the second place, the Government information or communications man finds his situation awkward because the profession of journalism is not as well understood as that of the lawyer or the economist.

In the third place, many newspaper readers in Government have convictions that they know best what is wrong with the press, how to correct its inadequacies and deal with reporters, when and how to issue press releases or write letters to the editor, and

how to conduct public relations vis-a-vis the media generally.

I have had a number of information officers in Government tell me that they believe their agency colleagues wish that newsmen, information officers, and newspapers would fade away because they cause unnecessary problems. Notwithstanding this aversion, newspapers are read carefully every day in Government for what news or intelligence can be found among the far too many entertainment items. Basically, newspapers weren't designed for pleasant reading, any more than most GAO reports. Some of you may remember Hugh Sidey's words when he talked to us as one of the GAO 50th anniversary lecturers.

Some people, of course, believe that getting information should be a gratifying and comfortable experience. Not so. We do not promise our readers that we are going to be comfortable or that they are going to be

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Mr. Sawyer was appointed as Information Officer of GAO in 1966. His previous experience included service as a newspaper reporter, editor, and Washington correspondent. He also had experience in other Government agencies including the Atomic Energy Commission, the Export-Import Bank, and the Department of Commerce.

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satisfied with what they learn in our pages. Part of the public anger with us, in my opinion, is as basic as that—they want to kill the messenger of unpleasant tidings.

Most newsmen, like auditors, come to their profession with high motivation. They consider journalism a form of public service. If they stick to the ethics of their profession it becomes that. Reporters have the conviction that it is largely a free press, or at least a relatively free press—free, at least, of Government domination—that prevents things from being worse than they are.

The newsman turned Government information officer comes to his job with bifocal views. He feels he serves both the public and his agency, which in fact he does. He is undoubtedly in sympathy with the viewpoint of Bonfils and Tammen, the 19th century editors of the *Denver Post* who carried on the masthead of that newspaper this motto.

Dedicated in perpetuity to the service of the people that no good cause shall lack a champion and that evil shall not thrive unopposed.

This is basically what Ralph Nader and his people are saying to us today. And it needs to be said, although I believe it should be based upon more professional research than either the press or Nader sometimes bring to their products. (Both could take a cue from GAO when it comes to exactitude.)

Your newspaperman turned Government information officer enters his new profession with a different background and experience from his new colleagues, and he operates differently. He listens carefully to the press, for

example. Reporters can tell you a great deal about affairs in other branches of Government that you don't know about and sometimes about things in your own agency.

### **Wants His Agency Correctly Represented**

A Government information officer worth his salt wants the purposes of his agency to be stated correctly by the media in every case. If his agency has a special problem, the information officer does all he can to explain the situation so that a correct analysis will be published. He explains, he comments, he elucidates—for the purpose of getting the story straight. But sometimes, I am sure, he prays when he hangs up the phone on a tense day that he has not said the wrong thing to the wrong person.

There are times, as we all know, when you read accounts about GAO reports in the press, or hear them over the radio—reports which you slaved over—and you may be appalled that the accounts are not more accurate, or more to the main point. Usually these things happen when a report draft has been leaked or when a Senator or Congressman issues his own interpretation of the report in a press release.

When GAO reports get to the press third hand or in the form of someone else's interpretation—and we have had examples of these things this past year—then what you read or hear may sound strange. As a rule GAO does not have these kinds of problems with its public reports, which can be read by

the press for what they say, without anyone else kibitzing.

Why, you may ask, does the press, radio, or TV give currency to a GAO report based on incomplete information? There is probably no satisfactory answer to this question. A partial answer is that the news business is a private enterprise business and therefore competitive, sometimes extremely competitive. And on that basis, you often get the retort from reporters or editors: we print and broadcast *daily*, we are not historians.

In addition to understanding and explaining, as necessary, his agency's position concerning particular reports, the Government information officer understands the baffled newspaper reporter and his problem in obtaining correct information. He helps the reporter within the regulations which govern him as much as he ethically can. Invariably, this does the agency a service. It increases its reputation for reliability and integrity among the press corps here in Washington.

### **Common Grounds of Auditing and Editing**

Let me now turn the spotlight full on a subject or theme that I have touched upon. That is the commonality that exists between the auditor and the journalist. The General Accounting Office is a publishing house. Like a daily paper, we publish every single workday. In the first part of your jobs you are auditors. In the second part you become editors. The words are almost spelled the same. Incidentally,

you should not overlook that word, "editor."

You may have heard the story about a reporter who went to interview a well-known society woman about her impending divorce, news of which had leaked out. While he was there the estranged husband came in, saw what was going on, and threw the reporter down a flight of stairs. The reporter called his editor and complained. "You go right back there," the editor yelled, "and tell him he can't do that to *me*."

Editors and auditors have the same objectives. They seek information in the form of facts. They translate the data and facts they obtain into the written word. They often investigate, or examine, subjects which are problems of one sort or another. The reports that they write—either newspaper or audit reports—do not leave some readers very comfortable. At that point the commonality between the two comes to an end.

That point is in the time required by each to reduce what their investigations uncover to writing and to publish. In modern journalism reporters sometimes work in teams as do auditors. They may spend a long time getting the information they are after, or they may assemble it fairly quickly. The time of acquiring is not what is important. In journalism it is the time of dispensing the information that counts.

GAO, however, is like a one-newspaper town. It has no publishing competition. Sometimes it seems as if GAO forgets that information is a perishable commodity. As a general rule, the



value of information is in direct ratio to the time used in making it available. The longer publishing day is delayed, the less valuable the information. But if you have no competition, this fact of life may not be so apparent. If you had a rival GAO somewhere in town, no doubt things would be different.

GAO would find a way to shorten its mechanisms. As Johnson once said—I am referring to Samuel, not Lyndon—“when a man knows he is going to be hanged it concentrates his mind wonderfully.”

In Washington, newspapers publish articles about any and all phases of Government from an independent point of view. They publish on the basis of available reports and documents and what they can learn from interviews. Let us ask ourselves: Does any *Government* agency provide a remotely similar public service?

### GAO's Unique Situation

The Office of Management and Budget, of course, issues the annual budget, a document that tells so much about Government—if one has *perseverance*—that it has been called “The Book of Revelation.”

The U.S. Information Agency can, and no doubt does over a period of time, publicize activities of most Federal departments and agencies. That may be why the Congress, in its wisdom, prevents USIA from distributing its articles and films to American taxpayers. Its product is restricted by law to audiences overseas.

The Federal Bureau of Investigation

gets into all sorts of things involving Government. But its reports are largely the basis for presentations to grand juries and the courts, not to the general public.

There is the Congress, whose committees and Members comment on everything that takes place up and down Pennsylvania Avenue. Its reports are not readily available to the public and some are downright difficult to obtain. Where does the Congress get much of its information? Especially the information *independently obtained* about department and agency affairs. We all know the answer.

Beyond the Congress lies the public, a public that in our generation has grown distrustful of and disillusioned by governmental affairs. Many Americans no longer trust what a President or a Cabinet officer or a Congressman tells them. But the public still listens, as does the Congress, to GAO. Its reputation for accuracy and for fairness is untarnished—with the press and through them with the public.

What an invaluable asset!

GAO, like the press, publishes all sorts of information about the Government, some of it extremely valuable—in fact more valuable and more important to the public today than ever before. Today GAO is in a unique position to be of more service to the Congress and to the public than, I believe, any of us fully realize, with the exception of the Comptroller General.

The Comptroller General has had something to say about GAO communications from time to time. A few days ago, during an interview with a *Business Week* reporter, he said this:

GAO has a responsibility to the public. Its reports, not classified for security reasons, are public reports \* \* \*. We have not sought publicity for our reports. At the same time, we think it quite important that the public have full access to our findings and conclusions. In this way, perhaps we can play a small part in overcoming the concerns of the public loss of confidence in Government.

If this concern is valid, it is more important now than ever that there be public awareness of an organization which has as its principal concern fiscal integrity and the economical and effective management of governmental programs.

Notwithstanding that some GAO reports get a tremendous amount of publicity, public awareness of GAO appears to be dim. Just this week (October 23) we had a letter from someone in Florida asking for some of our published material and in the letter was this paragraph:

I think it is strange that an agency or whatever this office is, with as many people employed as you have, and power, is not known to the general public.

Unlike the writer of that letter, I do not think it strange that GAO is not better known. Bear in mind that for GAO's first 45 years it had no information office whatever. The present Comptroller General was the first to recognize the value to GAO of having an office where the press and the public could come to obtain rudimentary information. To be sure, GAO had publications available, such as its annual report, professional manuals, and recruiting brochures. But in these days of rapid, competitive communications, that is hardly enough.

We do not yet have a well-thought-out and considered communications program for GAO. We are working on

this but a great deal remains to be done. No doubt some of you are asking: What have you done for us since you came to GAO? It's a fair question, because an information office is a part of an agency's apparatus designed to support that agency's operations.

### Importance of Titles and Digests

I think that probably my greatest contribution to GAO so far, outside of the routine responsibilities which any information office assumes in its dealings with press and public, has been to make GAO more alert to the importance of communicating its product through clearer titles to the reports and through the digests.

Notwithstanding the letter from Florida, and others like it, GAO is becoming better known. This has been an unusual year because of the role of the new Office of Federal Elections which has brought TV reporters into GAO for the first time. General awareness of GAO will continue to spread as we devise improved communications methods and services that function on a steady, reliable, *continuing basis*.

Coming back to the digest technique—it is uniformly recognized, I am sure, that the digest performs a valuable communications service for GAO and for readers of its reports. It is designed to focus on the essential message of each report. It is the function of the Information Office to review, edit, and rewrite, as necessary, digest drafts so that this essential message comes through in clear, unmistak-

able language. We delete the jargon and technical words from digest drafts and prepare the digest as close to the *spoken* word as we can so that generalists—in the Congress as well as in the press—can more readily understand.

The more clearly you can tell the public and the Congress what you find, the more insurance you have that your report may accomplish what it is intended to accomplish: results. The corollary is that, if a GAO report has not been read, one may say that it has not been written.

The Legislative Reorganization Act of 1970 requires the Comptroller General to send to the Congress each month a list of all GAO reports issued or released in the previous month. The work is done in my office. This list has to be prepared quickly and accurately. It usually goes to the Congress by the fifth day of a new month. Each report is listed by title with a couple of summary paragraphs telling the Congress what its message is. Where does this summary information come from? From the digests.

Now, what has happened as a result of sending this monthly list to the Congress? In fiscal year 1971 congressional requests for GAO reports averaged 47 per month for the first 7 months. The first monthly list was issued in February 1971. For the final 5 months of that year, the average number of congressional requests for reports per month was 182.

In fiscal year 1972 the average number of congressional requests per month was 276—more than 2½ times the previous year's average. In March this year Congress requested 487 re-

ports, a record, and in September the figure was 467.

I don't mean to imply that this gain in the demand from the Congress for GAO reports is the result solely of improved communications. GAO's basic product is improving every year.

### Polishing the Image

One of the areas where I make a special effort, whenever the occasion permits, is to tell reporters what I know about auditors: what makes them tick, how they work, and so on. I do this because, as Ellsworth Morse has stated, the Government accountant is an unsung class of Government workers.

In a speech last year Mr. Morse said:

The work of the Government accountant—valuable as it is—is not always clearly visible to outsiders. In many cases, it is not perceptible at all. In others, what is visible is not impressive.

The image of the professional Government accountant needs a great deal of brightening. We are a profession that can and does contribute to better government operations but we do not do a very good job of communicating our usefulness to others or explaining it.

One of the reasons for this may be that you share with reporters the burden of being purveyors of unpleasant news. So much of what the reporter sees, hears, and reads is unpleasant or disturbing. Likewise with auditors. How many GAO reports a year make pleasant reading? Occasionally GAO has good things to say about a department or an agency but not often: nor do I believe this posture to be any-

thing but correct.

The view of GAO today from the Information Office—the bulk of GAO's products come through this office—makes it clear that GAO has become inescapably enmeshed in all the problems of our times, including political problems.

The defense profits study of 1971, the series of reports in the environmental area, the meat and food and

vegetable processing areas, the new Office of Federal Elections—all these have put GAO, to a greater or lesser extent, into the political arena. But these are the times we live in.

If some of you are fearful of possible political hazards in your work, my thought is: Don't be. There are basic purposes to the GAO mission which are so right that they will protect GAO—so long as it does not neglect them.

## Government Is People

And that, I would suggest, very neatly sums up the problems of better understanding of governmental affairs. Government is people, who work for people. Yet, far too many of us both in government and in the press consistently try to filter out the human factors in our stories and reports. We have developed a box score mentality which deals with billions of dollars appropriated, numbers of bills passed, masses enrolled, gross national product produced. In the end we sometimes produce a bloodless, dull, and often inaccurate narrative of the affairs of the Government.

*Hugh Sidey*

Chief, Time-Life Washington News Bureau  
GAO 50th anniversary lecture on "Improving Public Understanding of Governmental Affairs," May 21, 1971

# Operational Auditing and Standards for the Public Sector

*This paper was delivered at the technical session on New Frontiers in Auditing at the 85th annual meeting of the American Institute of Certified Public Accountants (AICPA), Denver, Colo., October 3, 1972.*

The term "operational auditing" has no generally accepted definition. It usually refers to a scope of auditing which examines and evaluates the operating, managerial, or administrative performance of an activity or organization beyond that required for an audit of accounts and financial statements. The primary purpose of such extended auditing is to identify opportunities for greater efficiency and economy and for improved effectiveness in carrying out procedures and operations. The basic objective is twofold: *better information* for managers and decisionmakers and *improvement* in relation to the goals of the organization.

## Literature on Operational Auditing

Some useful literature has been published on operational auditing, although there are as yet no really good textbooks on the subject. For those wishing to examine some of the better writings, I can refer you to a compilation of 17 articles carefully selected by

the Northern Virginia Chapter of the Federal Government Accountants Association. This compilation was published in June of this year under the heading, "Auditing—Operational-Management-Performance-Effectiveness."

The AICPA Committee on Auditing for Federal Agencies, chaired by Karney Brasfield, included a short discussion of the subject in its "Suggested Guidelines for the Structure and Content of Audit Guides Prepared by Federal Agencies for Use by CPAs," published earlier this year. This material should be of especial interest to practicing CPAs since it analyzes operational auditing in relation to the traditional approaches the CPA uses to audit financial statements and operations.

## Auditing Standards

About 2 months ago the Comptroller General of the United States published a statement of comprehensive auditing standards for governmental op-

erations.<sup>1</sup> These standards embrace an expanded scope of auditing—what I am calling operational auditing. These standards specifically provide that the full scope of an audit of a government program, function, activity, or organization should encompass three areas.

1. Examination of financial transactions, accounts, and reports, including an evaluation of compliance with applicable laws and regulations.
2. Review of efficiency and economy in the use of resources.
3. Review to determine whether desired results are effectively achieved.

As CPAs, we are well acquainted with our generally accepted auditing standards. We know what they mean and what kind of auditing they were developed to cover. Over the years these standards evolved as applicable to examinations which lead to professional opinions on the fairness of financial statements.

In government operations an audit of financial statements, which includes an examination of financial transactions and accounts, is only a part of the underlying need for an independent audit. Furthermore, it is seldom the most important part of that need. More important to government administrators and legislators, as well as the public that puts up the funds to pay for governmental activities, are independent evaluations of what is done

with the money. They are interested in assessments such as these.

- Are public funds really being used for good and needed purposes?
- Is money being wasted by inefficient use or operations or by spending for unnecessary purposes?
- Is anything or is enough being accomplished?
- How good a job is being done?

In a broad sense, these questions are financial questions, but they are also operating or management questions. Auditors whose main concern is auditing accounts and financial statements cannot shed much light on questions such as these.

Thus the need evolves for an expanded scope of auditing and a framework of auditing standards that will embrace such an expansion.

#### Development of the Standards

A vigorous effort was started under GAO leadership a couple of years ago to construct such a framework. This effort involved the assistance of representatives of other Federal agencies as well as State and local governments and numerous other organizations, including the AICPA.

GAO took the lead in this effort primarily for three reasons.

1. It saw the need and had the background of experience and the resources needed to proceed.
2. No other organization was in position, or seemed to be inclined, to do the job.

<sup>1</sup> "Standards for Audit of Governmental Organizations, Programs, Activities and Funds," by the Comptroller General of the United States, 1972.

3. As the central independent auditing organization in the vast structure of the Federal Government, GAO has a very strong interest in bringing about effective management systems, including adequate audit systems wherever Federal funds are employed.

Those of you who are familiar with the Federal budget, now running at about \$250 billion a year, will be quick to recognize that a very substantial part of it is turned over to other organizations to help them finance programs and activities. The largest single category of such expenditure is the whole area of financial assistance to State and local governments—a class of expenditure that now amounts to some \$40 billion for a wide spectrum of assistance in such fields as welfare, highway construction, housing, education and manpower training, health, agriculture, and environmental protection.

Recognizing that by itself GAO cannot audit everything that the Federal Government is involved in directly or indirectly, we saw the need to proceed with a project that would help upgrade the quality and expand the nature of audit work performed irrespective of who did it. As a byproduct, it was also felt that conflicting and duplicated audit work could be reduced.

### Benefits

Several other purposes will be served by having a more comprehensive body of auditing standards.

1. They provide goals to shoot for in making improvements in auditing policies, procedures, and practices in all audit organizations concerned with the audit of governmental activities.
2. Better evaluations will be obtained on performance of public programs and activities and on accountability for the public funds and other resources used in them.
3. Information resulting from such evaluations will enable executive and program managers as well as legislators—at State, local, and Federal levels of government—to more effectively carry out their responsibilities.
4. Auditing arrangements involving auditors from different tiers of government can be simplified.
5. Agreement on auditing standards and closer adherence to those proposed will provide a better basis for reliance by Federal agencies on the audit work performed by or for State and local governmental bodies.

These auditing standards are intended to apply to the audit of Federal grant and other programs irrespective of who does the auditing or whether it is done by one group or by several groups.

### Nature

Those who study the newly published standards will readily detect some similarities to the generally accepted auditing standards of the



AICPA. Some of these standards are basic to any audit—for example, those pertaining to proficiency, independence, due professional care, adequacy of planning, proper supervision, and sufficiency of evidence to support opinions, judgments, conclusions, and recommendations.

Other standards which are not so readily identifiable with those of the AICPA, call for:

- A review of compliance with legal and regulatory requirements. This requirement is most important in reviewing government operations.
- An extension of the evaluation of the internal control system to enable the auditor to make judgments on its adequacy for insuring the production of accurate information and promoting the conduct of operations that are efficient, effective, and in compliance with applicable laws and regulations.
- A scope of auditing that embraces not only financial and accounting operations but considerations of efficiency and economy and effectiveness of results of operations.

In addition, the reporting standards are much more numerous and detailed than those of the AICPA. This is largely because the expanded type of auditing called for requires much more in the way of detailed audit reports than standardized opinions on financial statements or comments on financial position, operations, and procedures. The new standards, therefore, incorporate not only the AICPA standards pertaining to financial statements—with some rewording—but also con-

tain specific standards on distribution, timing, and content of reports.

#### Importance of Full Scope Standard

There is no time here to review all of these standards in detail. I would like to emphasize that the most important aspect of the new standards is the one relating to *the full scope of a governmental audit*. In referring again to such broad scope, the point needs to be underscored that the standards as stated do not necessarily require that all of this work be done in one package. Government officials may arrange for or authorize specific assignments of parts of the total work at different times and to different groups.

The main point to emphasize, however—and the explanatory discussion in the standards statement makes this point—is that those responsible for authorizing governmental audits need to know that their full responsibility for obtaining audit work is not discharged unless the full scope of audit work as specified in the standards is performed.

#### Social Measurement

A major audit problem in comprehensive audits of government programs with one or more social improvement objectives is the measurement of results. The recent formation by the AICPA of a new committee to coordinate the efforts of the accounting profession to improve social measurement techniques is a very healthy and welcome development. Hopefully, it will take the lead in marshaling the talents of our profession to really dig

into this difficult problem and demonstrate that professional accountants can play an important role in developing and improving these measures.

### Stating Standards Is Only a Beginning Step

Setting standards is a desirable step in almost all management processes. In relation to governmental auditing, that step is only a beginning to the solution of the many complex auditing problems that have evolved as governmental activities have ballooned in size and proliferated in nature, scope, and impact.

Besides setting standards many other questions must be faced and challenges must be met. These problems include:

- Working out effective divisions of audit effort between different jurisdictions.
- Evaluating the quality of audit work performed.
- Providing widespread and realistic training in advanced auditing techniques.

We have 50 States and thousands of other governmental jurisdictions involved in Federal grant programs alone. Management concepts, systems, and methods vary widely among them and these differences affect the audit function. As a result, there is a wide range of differing viewpoints and attitudes to try to reconcile.

Erecting a framework of standards of audit performance for all to work within is certainly a necessary early step. Professional auditors at all levels

should be able to agree on general objectives and standards. In other words, they ought to be able to agree on the kind of auditing systems that we ought to have.

### Importance of Audit Programs

The newly stated standards are general, as they should be. In carrying out a specific audit assignment, however, we have to get more specific as to what is to be done and such planning can be a most challenging task. Clinton T. Tanimura, the legislative auditor in Hawaii, brought out this point very well in a recent discussion of auditing of program effectiveness. He said:

We formulated general standards for the conduct of effectiveness audits but found that the standards, by themselves, were insufficient guidance to our auditors. Our approach now is to require detailed specifications to be prepared for every audit we conduct. This involved not only defining the nature and specific scope of the audit but developing in each case a framework, including program objectives and effectiveness measures, by which the program is to be assessed.<sup>2</sup>

What he is saying of course is gospel to all auditors. There are no easy overall rules to follow on any audit assignment. There is a framework of general standards within which to work, but a tailor-made audit program for specific assignments has to be prepared to guide the auditor toward whatever audit objective he is pursuing.

<sup>2</sup> Clinton T. Tanimura, "State Approaches to Performance Auditing," *Governmental Finance*, August 1972.

## Auditing in the Public Interest

As auditors, we have to recognize that what we do in the public area is for the benefit primarily of the public and they have the right to demand that we do what they think we ought to do, namely, evaluate and report on performance and accountability of all kinds—financial, managerial, and functional.

The pressure for expanded auditing comes primarily from users, not from auditors. In GAO's case, the Congress itself over the years has fixed the dimensions of the auditing effort and that body—in its collective wisdom as some are prone to say—has often been ahead of us in spelling out what was wanted. This is also happening in some State and local governments and I feel confident that these pressures will continue to build.

Today, GAO's audit work is reflected in hundreds of audit reports prepared for the Congress and Federal agency officials each year. Most of these documents are publicly available and they contain evaluations of all kinds of management performance in the almost limitless range of Federal agency activity.

You will find reports completed and published within recent weeks on such varying activities as:

- Regulation of users of radioactive materials
- Medicare payments
- U.S.-financed projects in India
- Inter-American Development Bank projects and activities
- Test and evaluation processes in

the acquisition of major weapons systems

- Use of the Federal telecommunications system by military installations
- Administration of the Federal Coal Mine Health and Safety Act of 1969
- Teacher Corps program
- Increasing U.S. exports through better foreign market analyses
- Highway safety improvement
- Housing codes
- Self-insurance practices in the Federal Government
- Space shuttle program

The list is almost endless in terms of the variety of activities that GAO auditors review. I would like to note also that some good advanced audit work is being done by auditors in the Federal executive agencies.

In mentioning the GAO reports, I feel impelled to note that we do not have all of the answers by any means on how to make useful evaluations of performance in complex governmental programs. In many ways, the program evaluation art is in a very primitive stage, but it is a needed function and the auditing profession should be a major factor in carrying it out or in evaluating how it is carried out. The auditor's function is basically one of evaluation and all we are discussing here is extending it beyond the traditional financial arena.

## Concluding Remarks

In closing, I have one further observation. A major part of our interest in

developing a more comprehensive statement of auditing standards is to stimulate a strengthening of the audit function in State and local governments and thereby promote a scope of auditing in all jurisdictions that will be more fully responsive to the interests of management and legislative officials and the public. The Comptroller General, Elmer B. Staats, emphasized this point when the new statement of standards was issued. He stated:

We are hopeful that these standards will foster broader and more responsive auditing at all levels of government, and that they will be a real force for improvement in those State and local governments that still are performing financial audits of limited scope and are not responding to the needs of users for more and better information on public programs.

Our goal is constant improvement in the quality of auditing of governmental operations. Issuance of our new statement of standards is one small step in that direction.

## Aim High

Aim at the sun, and you may not reach it; but your arrow will fly far higher than if aimed at an object on a level with yourself.

*Joel Hawes*

# Attitudes Towards Cost Accounting Standards

*In 1970 legislation was enacted to establish the Cost Accounting Standards Board in the legislative branch of the Federal Government to develop and promulgate cost accounting standards for negotiated defense contracts (The GAO Review, Fall 1970). One panel session of the annual symposium of the Federal Government Accountants Association in Los Angeles, Calif., in June 1972, was devoted to a discussion of the subject. One of the panelists was the Executive Secretary of the Cost Accounting Standards Board whose remarks are presented in the following article.*

Since this panel is comprised of representatives of industry, the public accounting profession, and Government, I thought it might be appropriate to review some of the past attitudes of these groups toward Government regulation, their current views, and what we may expect in the future from these groups with respect to the development of cost accounting standards.

## Industry—Prior Attitudes

In the mid and late 1950's, the Department of Defense set about drafting a comprehensive set of cost principles as a major revision to section 15 of

the Armed Services Procurement Regulation. In response to the proposed "Uniform Cost Principles," an industry spokesman stated that he was flabbergasted and upset to find in these latest proposed amendments so little recognition of the validity of many industry positions despite so many years of effort to make industry views understood. He characterized the proposals as a retrogression with adverse effect so serious upon defense contractors that the national safety might well be imperiled. Therefore, he indicated, industry would prefer the status quo to continue in preference to having the proposed comprehensive cost princi-

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Mr. Schoenhaut was appointed Executive Secretary of the Cost Accounting Standards Board in March 1971. He previously served, from 1967, as Deputy Controller of the Atomic Energy Commission. Before that, he was employed by the General Accounting Office, serving as Deputy Director of the Civil Division from 1964 to 1967.

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ples issued without substantial revision. DOD did adopt many of the revisions to ASPR 15 proposed at that time and they continue in the current provisions of ASPR 15.

In 1969, an industry association prepared a position paper on the cost principles of ASPR. That position paper indicated that industry considered the cost principles detrimental to a buyer-seller relationship. Further, it was asserted, the principles promote an adversary relationship which has proven to be inefficient to the conduct of a complex activity. The industry association recommended that the cost principles be substantially recast and simplified by removal of all detailed guidance and instructional material related to making determinations of the reasonableness of individual items or elements of cost.

In 1970, this same industry association restated somewhat the same theme: a revision to ASPR issued 10 years earlier was too detailed and restrictive, producing an environment of disallowance rather than allowance of cost. Further, the association pointed out that the justification required to assure allowability had become so onerous that administrative costs might outweigh potential savings.

In a 1969 report to the Comptroller General related to the study of the feasibility of cost accounting standards, DOD summarized the views expressed by industry regarding certain major revisions to contract cost principles. The report stated that industry, over the past 20 years, had consistently opposed major revisions to the DOD contract cost principles proposed by the

Government. It had done so on the presumption that such revisions would result in increased cost disallowance by the Government. Where its apprehensions did not materialize, industry either withdrew its earlier opposition or endorsed the proposals it had originally rejected. The DOD report further pointed out that the reservations cited by industry on proposed cost accounting standards were largely consistent with those it had cited in resisting major changes to ASPR section 15 during the preceding two decades.

I recently read an article on the subject of "Why Business Always Loses." In that article, the author states that, ever since 1887, when American business had its first important experience with Government regulations in the form of the Interstate Commerce Act, business has been a constant and predictable loser in all its major legislative confrontations with the Government. The author went on to cite the many regulatory acts involving business that have been enacted since 1887 and the gruesome predictions of industry of awful consequences to our private enterprise system that would stem from each of these acts. He pointed out that business has not really won or had its way with proposed regulatory or social legislation in the last three-quarters of a century, the only exception being the Smoot-Hawley Act (1924) and the Taft-Hartley Act (1948). The author states that significantly these were also the only statutes during this period which business did not oppose. An observation such as this suggests to me that industry reaction to cost accounting standards is

not unique but simply reflects a persistent failure in many quarters to recognize the facts of life.

### **Public Accounting Profession— Prior Attitudes**

The public accounting profession, through the American Institute of Certified Public Accountants, initially opposed the need for cost accounting standards and the legislation directing GAO to study the feasibility of cost accounting standards. Following the GAO feasibility study, which concluded that cost accounting standards were both feasible and desirable, AICPA endorsed the concept.

The record of hearings leading to the creation of the Cost Accounting Standards Board shows that the accounting profession, in developing accounting principles, was placing maximum emphasis on principles related to financial reports to stockholders. Problems concerning cost accounting have always received very low priority within the profession. The result was that a vacuum was left insofar as cost accounting principles were concerned. In my opinion, the Cost Accounting Standards Board was established to fill that vacuum.

In their testimony on the proposed legislation which would create the Cost Accounting Standards Board, AICPA representatives stated that, to insure there is no conflict between cost accounting standards and the larger body of generally accepted accounting principles, it would be highly desirable to draw on the services of practicing

public accountants who are well informed as to cost accounting principles used in industry. The Institute representatives specifically approved the provisions of the proposed legislation which called for the Comptroller General to consult with representatives of the accounting profession and with representatives of American industry. The Institute spokesmen objected to the use of the term "uniform cost accounting standards" and recommended that the term "cost accounting principles" be used in the proposed legislation. It is interesting to note that, in the recent report of the Wheat Committee, creation of a Financial Accounting *Standards* Board is recommended. Apparently, the accounting profession has finally reached the conclusion that "standards" is more appropriate than "principles."

### **Government—Prior Attitudes**

Government agencies have long struggled to issue appropriate and uniform cost accounting principles and procurement regulations. Many attempts have been made over the years to restate cost principles and to have such restatements adopted uniformly by all Government agencies.

With respect to cost principles, Government regulations are now generally consistent except for five areas in which AEC procurement regulations differ from other Government procurement regulations. These areas are in the definition of allocability, bidding costs, research and development costs, compensation for personal services,

and patent costs. It is within the province of the Cost Accounting Standards Board to issue standards which should resolve the differences in cost principles among Government agencies, since the agencies involved are relevant Federal agencies who must comply with promulgations of the Cost Accounting Standards Board. Also, the various Federal agencies that commented on the GAO report on the feasibility study indicated agreement with the conclusion of the GAO that it is feasible to adopt and apply uniform cost accounting standards for use in defense procurements.

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Two years ago at the annual symposium of the Federal Government Accountants Association, representatives of industry, the accounting profession, and Government presented their views on cost accounting standards. These presentations took place just two months before the enactment of the legislation creating the Cost Accounting Standards Board. Let me briefly review what was said at that time.

In his keynote address, Admiral Rickover stated that, in the 1968 Senate hearings on a bill that culminated in the requirement for a GAO study of the feasibility of cost accounting standards, the DOD claimed that adequate standards already existed, GAO hedged the issue, and AICPA opposed the development of cost accounting standards. Financial executives of company after company in the defense industry went on record against the bill. The Federal Government accountants were conspicuous by their silence.

The admiral went on to point out that contractors, industry associations, and Washington lawyers all exert tremendous pressure on legislators and Government officials to loosen the constraint of laws, regulations, and policies governing their conduct. Further, by failing to work for standards for accounting affecting the public, he believed that the accounting profession had neglected its public responsibilities. In the absence of such standards, he stated, industry was free to use accounting flexibility to its own advantage and to the disadvantage of the public. Moreover, because the profession had been laggard in promoting authoritative standards, accounting issues were being decided by boards, by courts, and by industry—instead of by accountants.

The representative of the public accounting profession stated that he had no basic argument with what he called the conceptual aspects of cost accounting standards. He indicated that anyone in his right mind had to favor improved methods and procedures, and we can all hope that all sides of the procurement process will derive benefits from the Cost Accounting Standards.

In referring to the earlier presentation by Admiral Rickover, he stated that he was saddened to hear this great national hero take the accounting profession to task. He stated that he felt offended by the Government representative's scathing contempt for the doingness of the practicing profession. He indicated, however, that the profession should take his challenge



and build on the same national interest base of his motivation. He felt that the organized profession could and should contribute to this new look at its established accounting precepts and conventions. He expressed a hope to see substantial inputs by individual accounting firms like his own who perform substantial professional engagements both for the Government and for its contractors. He cited the extensive expertise and skills possessed by the accounting profession which must be brought to bear on this staggering, but challenging, undertaking.

The industry representative stated that his reading of the GAO report on feasibility convinced him that the cost accounting standards advocated would be practical, inexpensive, and endurable rather than in accordance with theoretical pap dished out by some academic nonpractitioners. He went on to point out that industry should not be universally opposed to a genuine code of cost accounting standards whose aim would be to define the costs of Government contracts fairly and impartially. He discounted the industry fear that cost accounting standards would come to mean cost accounting practices, cost accounting procedures, and cost accounting systems. That industry spokesman was Charles A. Dana, who is a member of the Cost Accounting Standards Board.

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Now let us look at what has transpired since the Cost Accounting Standards Board went into operation a little over a year ago.

## Industry—Current Attitude

Shortly after the Board became operational, it directed the staff to seek early involvement in its work by industry, Government, and the public accounting profession. The Board established the policy of seeking suggestions from these sources on problems in accounting for Government contracts and on recommendations for their resolution. Every effort has been made to minimize the feeling of distrust that has grown over the years between industry and Government in matters pertaining to contract cost accounting. The Board is particularly interested in minimizing distrust of the work of the Board.

Generally speaking, the Board's purpose is to narrow the options in cost accounting that now are available to defense contractors and Government agencies who use "generally accepted accounting principles" and Government regulations which rely heavily on such principles. This purpose is to be served by issuing cost accounting standards that are designed to improve cost accounting, and the standards are required to be followed by defense contractors and relevant Federal agencies in estimating, accumulating, and reporting on costs of defense contracts.

Industry attitudes in the light of the Board's policy of early involvement of industry and the previously stated purpose of the Board may be separated into two categories: (1) the attitude of industry associations and (2) the attitude of individual contractors.

Shortly after coming to the Board, I attended several association meetings at which representatives of industry

clearly expressed the view that the feasibility of cost accounting standards had not been proven, that the legislation creating the Board was a disaster case, and that, strangely enough, there was nothing wrong with Section 15 of ASPR and it should not be changed—unless perhaps broadened somewhat to include contractor accounting principles as well as generally accepted accounting principles.

Recently, in response to our requests to industry associations for examples of the Government overreaching on 12 subjects currently being studied by the staff, one industry association offered no examples but instead advised us that the cases included in the feasibility study were not an adequate basis for identifying problem areas or for selecting subjects for standards. This association went on to state that to primarily base the selection of cost accounting standards on Government audit reports was, in its opinion, an unwarrantedly narrow approach; but it offered no examples of industry problems with respect to current Government cost principles or regulations. The association went to great length to rebut the examples in the GAO feasibility study, despite its knowledge that we had supplemented the GAO examples with current examples from Government agencies that indicated that the same problems exist today.

The association also gratuitously offered us the advice that more in-depth research must be performed in determining which topics should be selected for standards and in properly preparing the standards so selected. It was suggested that we have panel discus-

sions at selected points during the planning, research, and evaluation stages by selected qualified industry and Government representatives. Further, the planning schedule established for development of cost accounting standards should be based on the nature of the difficult task to be performed and not on arbitrary completion dates.

Let me make it clear that we have no arbitrary completion dates with respect to research and development of any cost accounting standards, although we are being criticized in certain quarters for going too slowly. If we were to follow the advice of the industry association with respect to research, I believe we would go through a process of almost endless revision and testing of standards without ever reaching the point of acceptance by industry. It may sound as if I am somewhat critical of the lack of constructive suggestions emanating from industry associations. I am being critical. I would point out, however, that they are a valuable sounding board in the development of cost accounting standards. The associations give us the most negative attitude possible. We believe that if we can deal with the problems included in this worst possible case we have gone a long way toward practical solutions to problems that exist at individual contractors' plants.

In rather sharp contrast to the attitude of industry associations, individual contractors have evidenced a constructive approach to the research and development of cost accounting standards. They have responded in a timely manner to questionnaires and draft

standards. They have been readily available for across-the-table discussion of their practices and views on proposed standards. While not always in agreement with our proposals, they are generally prepared to offer alternatives. They are responsive to questions concerning the administrative costs of implementation of proposed standards and are willing to test the standards in action from the standpoint of administrative problems and the cost impact on existing Government contracts.

Since we are engaged in research and development involving 12 subjects, most of which may culminate in more than one standard, we have been somewhat concerned about the impact of questionnaires and draft standards on individual firms. For the most part, however, the individual firms have been receptive to responding to our material, both orally and in writing, and have assured us that they want to continue to be deeply involved in all that we are doing.

In summary, contractors appreciate the potential impact of cost accounting standards and are cooperative. We, in turn, are attempting to realize maximum benefit by use of their practical experience.

### **Accounting Profession— Present Attitude**

We see very little evidence of change in the attitude of the public accounting profession from that described earlier concerning cost accounting standards. Perhaps the best evidence of the continued disinterest

of the profession is a statement included in the recent Wheat Committee report concerned with establishing financial accounting standards:

More closely related to our own area of concern is the Cost Accounting Standards Board, set up by legislation in 1970 and headed by the Comptroller General of the United States. But before too much is made of this agency as a possible model, we note that it is concerned with the relatively narrow field of setting cost accounting standards for government defense procurement contracts, and that the government is itself a major party to the transactions which the Cost Accounting Standards Board oversees. It should not be surprising, therefore, that standard-setting in this field is not left in private hands.

It should be noted that the "relatively narrow field" of setting cost accounting standards for Government defense procurement contracts involves about 4,000 prime contractors doing business in 5,000 plants with about 26,000 contracts, an indeterminate number of subcontracts, and total annual costs of about \$28 billion. Further, cost accounting standards will provide the foundation in many respects for the financial reporting represented by financial statements; and, as you know, AICPA finds itself currently in substantial controversy concerning many of its issuances or lack of issuances with respect to such reporting.

AICPA has created a liaison committee with the Cost Accounting Standards Board. In the year of operation of this committee, we have not received much in the way of cooperative assistance, despite our willingness to make early drafts of material available

to the committee and to informally discuss the material. The committee has stood ready to criticize draft material and publications of proposed standards in the *Federal Register*, but they have not offered much in the way of constructive alternatives to what is being proposed. We have had some indications from the committee that they are ready to take a more positive and active approach to our work.<sup>1</sup>

Individual public accounting firms also have offered little in the way of professional assistance to the Board. One national firm stands out above all others in the extensive investment it has made in time and money to support cost accounting standards and actually develop a brochure on standards in an effort to stress the importance of fundamental objectives, concepts and principles of cost accounting, together with a framework within which cost accounting standards should be developed. We have had numerous talks with staff of this accounting firm, both on the material they have developed and the material we are developing. Another firm assisted us in recruiting staff from the public accounting profession by making available its executive search organization, at no fee, to try to find qualified personnel in lieu of offering us any of its own personnel. A few individual partners of other accounting firms have

contributed advice and criticism on specific draft material prepared by the staff of the Board.

The National Association of Accountants has a subcommittee of its Management Accounting Practices Committee that interfaces with the staff of the Board. The MAP Committee has made some constructive suggestions in the past and, in fact, developed a statement of contract cost concepts which was published in the March 1972 issue of *Management Accounting*. Although one can find fault with the statement of contract cost concepts, it is the only such statement available and it emanates from an authoritative group.

The Financial Executives Institute is a professional accounting organization whose membership includes financial vice presidents and controller-types who have hands-on responsibility for accounting practices and systems of most major U.S. industry. This organization initially opposed the need for a feasibility study, it criticized the reported results of the study, it opposed the legislation establishing the Board, and it initially predicted nothing good could result from the activities of the Board. This totally negative attitude has changed markedly within the last few months. I believe the FEI has finally conceded that cost accounting standards are imminent, and if its membership is going to have to live with the products of this Board, it had best turn its accounting expertise toward assisting the Board in the development of practical, useful, and equitable standards. Accordingly, it has

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<sup>1</sup> EDITOR'S NOTE:

Mr. Schoenhaut has advised that, subsequent to the delivery of this paper, the AICPA liaison committee with the Cost Accounting Standards Board has taken steps to better insure prompt, constructive comments concerning Board proposals and that the more productive and active approach sought from that Committee actually has materialized.

formed a 22-member committee that deals with the Board. The committee is divided into five subcommittees with each subcommittee interfacing with our project directors on the individual subjects for which they are responsible. We are having frequent, informal discussions with each subcommittee on proposed research plans, questionnaires, and draft standards; and the future looks promising from the standpoint of constructive dialogue all through the procedure we follow in developing standards.

The American Accounting Association, which primarily consists of university and college professors, has shown almost no interest in the subject of cost accounting standards. Several attempts on the part of the Board to involve this association have been unsuccessful. They are conspicuous by their absence.

Despite the admonition of Admiral Rickover 2 years ago, FGAA has made very little contribution as a professional accounting organization toward the development of cost accounting standards. There was an initial surge of interest on the part of the Financial Management Standards Board of FGAA, but that interest has gradually waned to the point where very little constructive assistance is being offered. It is a source of considerable personal disappointment to me that an organization professing to consist of professional Federal accountants cannot find the means to do more in the development of sound accounting standards which the membership will

have to administer in the course of its daily business.<sup>2</sup>

### Government—Present Attitude

We have been receiving extensive cooperation from a number of Government agencies. The Defense Contract Audit Agency and the installations and logistics parts of the Department of Defense are in almost constant communication with us on various aspects of cost accounting standards. NASA and the AEC likewise are constantly involved in the research and development process.

We have an interagency advisory committee to the Cost Accounting Standards Board consisting of top-level representation from DOD, NASA, AEC, GSA, and OMB which meets periodically with the staff of the Board on subjects that have Government-wide implications. Perhaps the outstanding accomplishment of this committee has been the endorsement and adoption of the concept of a single representative for the Government in contractors' plants on all matters pertaining to cost accounting standards. The negotiation of contract price adjustments, resulting from Board standards, rules, and regulations, and the decisions involving those adjustments will be made by a single Government representative on

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#### <sup>2</sup> EDITOR'S NOTE:

Mr. Schoenhaut has advised that, subsequent to his address at the annual national symposium of the FGAA, he has been assured by FGAA officials that there has been no waning of interest toward the work of the Cost Accounting Standards Board. Arrangements have been made that should improve the timeliness and content of FGAA communications with the staff of the Board on draft material.

behalf of all Government agencies involved.

Other accomplishments of this advisory committee include endorsing the issuance of procurement regulations (DPC 99, NASA Regulation Directive 72-7, and FPR and AECPR soon to be issued) designed to implement the material initially promulgated by the Board. A speed record in Government regulation was probably set by these organizations in issuing these regulations. Also, this committee endorsed our proposal for the 1-day training sessions that were put on by staff of the Board and DOD all across the country involving more than 4,000 Government personnel and more than 2,000 industry personnel.

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We will continue to seek advice and assistance from various organizations in industry, the accounting profession, and Government. However, we will not delay in going forward with the development of standards even if such assistance is slow in forthcoming. Too much valuable time continues to be consumed by technical program managers in both Government and industry in bickering over cost accounting issues. These technical personnel should be devoting their time at the negotiation table to considerations of quality of products and timeliness of deliveries. We believe standards are long overdue.

Our staff is dedicated to what it considers to be a once-in-a-lifetime opportunity to make a meaningful contribution to society generally and to the art of accounting in particular. The diffi-

culties ahead will be significantly influenced by the extent of cooperation and assistance we receive from people in Government and from people in industry and the public accounting profession.

I propose that the FGAA establish a committee that deals exclusively with the subject of cost accounting standards and that the membership of FGAA contribute to the output of that committee in response to the material proposed by the Cost Accounting Standards Board. Such contributions can be made in the form of oral or written commentary on draft material furnished to the FGAA committee for its review and comment. Appropriate arrangements will, of course, have to be made by such a committee for dissemination of Board material to its membership and for the receipt of input.

I also believe that the individual members of FGAA can contribute in an even more significant way to the work of the Cost Accounting Standards Board. Apart from taking every opportunity to comment and make your views known on proposed standards, you are in the best position to make sure that cost accounting standards work. I implore you that once a standard has been issued, and if you can view it as at least a step in the right direction, you should make every effort to exercise reasonable judgment and fairness for both the contractor and the Government in your administration and audit responsibility related to the standard. These standards should not be used as a means of disal-

lowing additional costs or reducing contractor profits. They should be used constructively toward the ascertainment of costs that are equitable from the standpoint of both the Government and industry.

### **Applies in Government Too**

The consideration of usefulness is necessarily subjective and will change, for example, with changes in the composition of the users of financial statements. Usefulness is a dynamic consideration that must be examined continually by accountants, not only with respect to financial statements in general but also with respect to the financial statements of particular business enterprises, particular industries, particular countries and particular environments. Thus, inflexible rules and procedures are likely to militate against the usefulness of financial statements. Objectives and means of achieving objectives of financial statements must be stated in broad terms always subject to modification and adaptation to current conditions.

*“Objectives of Financial Statements  
for Business Enterprises,” Arthur  
Andersen & Co., 1972*

## The Making of a Standard—1972

*“(g) The Board shall from time to time promulgate cost-accounting standards designed to achieve uniformity and consistency in the cost-accounting principles followed by defense contractors and subcontractors under Federal contracts.”*

### The Mission

The above words from Public Law 91-379 represent a unique opportunity for members of a relatively small group—the staff of the Cost Accounting Standards Board—to develop and propose cost accounting standards to be used for the costing of negotiated Government contracts (and hopefully, to be adopted in all cost accounting situations).

How many of us considered this opportunity the fruition of our “impossible dream”—to promulgate cost accounting principles to be followed and used by our colleagues?

In mid-June, 1971, when I joined the staff of the Cost Accounting Standards Board, I became the tenth professional member of the staff. Already on the payroll were the Executive Secretary, General Counsel, three project directors, and four staff members. Sub-

sequently, another project director and 12 more professionals joined the staff. There are now 23 of us.

The General Counsel was developing administrative regulations, one project director and a staff member were working on accounting concepts and terminology, and another project director and two staff members were assembling information as a basis for developing a disclosure statement dealing with contractor cost accounting practices. And so it was, more by chance than by design, that the assignment to develop the first two standards became the full-time occupation of project director William Parker, Ken Jackson, and me. The Board selected the two subjects to be researched. The proposed standards would require (1) consistency in estimating, accumulating, and reporting costs and (2) consistency in allocating costs incurred

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for the same purpose and in like circumstances.

### The Research Program

The first phase of research involved familiarization with the contents of the GAO report on the "Feasibility of Applying Uniform Cost Accounting Standards" and with the legislative history of Public Law 91-379, which established the Cost Accounting Standards Board. Having accomplished that, we searched out and evaluated relevant authoritative pronouncements, especially:

1. Current procurement regulations.
2. Recognized texts and reference books in the areas of accounting, cost accounting, and accounting for Government contracts.
3. Articles in trade publications.
4. Professional association pronouncements, such as the Accounting Principles Board opinions, etc.
5. Reprints of speeches of recognized experts.
6. Board of Contract Appeals and court cases.

We also considered examples of problems listed in the GAO report. Since these examples were somewhat dated, we requested that current examples of problems be furnished to us from Government agencies, industry associations, and industry generally. GAO, the Defense Contract Audit Agency, the National Aeronautics and Space Administration, and the Atomic Energy Commission responded

promptly with numerous examples of problems. None were received from industry or industry associations.

We soon recognized that our staff possessed a wealth of diverse experience. Each issue and possible approach was discussed with the staff as a whole and on an individual basis. It is important to note that in staff selection a particular effort was made to recruit people with expertise in Government, industry, the accounting profession, and the academic community. Another dimension to the recruitment effort is indicated by the fact that the staff consists of CPAs, lawyers, controller-types, and contract managers.

In September, 1971—after completing the basic research—we undertook the next step: writing the proposed standards. The three of us then spent about a month writing and rewriting the proposed standards to insure proper clarity and the objectives desired.

During this period we met with numerous Government agencies, professional associations, and industry associations, to obtain their suggestions with regard to the goals and objectives to be achieved by the standards.

This decision to seek participation of Government and industry early in our development of the standards was, in my opinion, one of the most important decisions made by the Board. We found this participation of significant value when we tested and evaluated the impact of our staff proposals. Seeking the participation of knowledgeable people and organizations also demonstrated that the Board and its staff were not hampered by preconceived

ideas or prejudices. This was only one of the elements necessary to achieve another objective: earning the respect of both Government and industry representatives.

After we had developed what we felt was a viable draft standard, we mailed it for discussion purposes to 62 addressees which included Government agencies, industry associations, professional associations, CPA firms, individual contractors, and other interested parties. In addition, we personally visited contractors' plants to get their reactions. In about 3 weeks we had received 33 written responses, including discussions of the accounting principles involved and suggestions for specific changes.

### The Staff Review

After evaluating the responses and adopting a number of the changes suggested, we reached one of the major milestones on the road to promulgation of a standard: the staff review. An informal procedure adopted by the Executive Secretary requires that all papers to be submitted to the Board for consideration first be subjected to staff review. Accordingly, we distributed the two cost accounting standards and their supporting staff papers (providing background, alternatives considered, and conclusions) to all professional staff members.

Then, during November 19-20, 1971, the staff review (also known as the blood bath or taffy pull) was held. The rules are fairly simple: the staff gathers in a room. The author of the

paper being reviewed and his project director are then fair game for comments, criticisms, and questions relating to any aspect of the subject under review. Subject to approval of the Executive Secretary, changes to the staff paper and draft standards are made whenever the weight of staff opinion suggests. When there is a considerable difference of opinion, the Executive Secretary decides the direction to be followed. As a result of this procedure, the product of any individual staff member reflects the combined effort of the entire staff. The staff review is the crucible in which the diverse experience and backgrounds of the staff are brewed into a palatable product. It is here that the recruiting efforts pay off.

After a rewrite to accommodate the suggestions of the staff, the revised staff papers and draft standards were mailed to Board members for their review and evaluation. The second major milestone was achieved during the Board meeting on November 29, 1971, when the Board discussed and approved the publication of the proposed standards in the *Federal Register* to seek the views and comments of as many concerned persons as possible.

### The First Publication

The third major milestone was the actual publication in the *Federal Register* on December 30, 1971. Commentators were requested to respond on or before February 4, 1972. In addition to this publication, approximately 175 copies of the standards were mailed directly to interested parties similar to

those included in our October mailing.

Just prior to, and immediately after, this first publication, we visited and, in some cases, revisited a number of contractors and Government offices to further discuss the standards, emphasizing anticipated costs of implementation and the probable benefits of adopting the standards. Almost all of the contractors indicated they followed the overall concepts of the standards and, as such, could see no significant costs of implementation. They also believed that a significant benefit to be derived from the two standards stemmed from the fact that the ground rules for consistency in contract costing would be more clearly spelled out and that both parties would be bound by those same rules.

By February 4, 1972, we had about 105 comments from interested parties which we read, analyzed, and categorized. We then revised the standards to accommodate the suggestions which we deemed appropriate. In addition, we prepared an analysis for the Board indicating the action taken with respect to each suggestion and our reasons for accepting or rejecting a particular suggestion.

### The Promulgation

The fourth major milestone was passed on February 17, 1972, when, at its regular meeting, the Board voted to promulgate the standards. On February 24, 1972, the promulgated standards were sent to the Congress and

were published in final form in the *Federal Register* on February 29, 1972.

Public Law 91-379 requires that cost accounting standards

\* \* \* shall take effect not earlier than the expiration of the first period of sixty calendar days of continuous session of the Congress following the date on which a copy of the proposed standards, rules, or regulations is transmitted to the Congress; if, between the date of transmittal and the expiration of such sixty-day period, there is not passed by the two Houses a concurrent resolution stating in substance that the Congress does not favor the proposed standards, rules, or regulations.

The next to last major milestone was passed on May 5, 1972, when, after 60 continuous days of session, the Congress took no adverse action.

Finally, on July 1, 1972, almost 54 weeks after the project started, the two cost accounting standards—"Consistency in Estimating, Accumulating and Reporting Costs" and "Consistency in Allocating Costs Incurred for the Same Purpose"—assumed the full force and effect of law.

These standards and the other material (a disclosure statement requirement and a required contract clause) that went into effect on July 1 constitute important initial steps toward accomplishing a major Board objective—the proper determination of the cost of negotiated contracts through the consistent application of the cost accounting practices followed by contractors.

## Accounting Systems in the Civil Agencies— Could They Serve Management Better?

*This article presents the results of the author's independent research to determine the extent that Government's accounting systems provide management with pertinent information.*

Operations and related expenditures of the Federal Government have increased tremendously in the past several years. The Federal budget has risen at an accelerated rate as a substantial portion of activities has shifted from the private to the public sector. The pressure on the Government to manage its activities more effectively requires vastly improved information for its managers.

In the Federal Government, as in industry, accounting's vital role is its aid to management. The relationship of accounting to the operations of a Federal agency is very close and very important. The effectiveness of accounting performance has a major impact on the general effectiveness of governmental operations.

Two of the principal functions of management are planning and control. The informational requirements for these two functions may often be different, but the accounting system should be responsive to the needs of both.

Are the financial management systems of Federal Government agencies providing the needed information? I recently conducted research to evaluate their effectiveness.

A specially designed questionnaire, which I mailed to all civil agencies that have accounting systems, was the primary research methodology used for the study. The questionnaire was addressed to the chief financial management official of each agency. I received responses from 96, or 83 per-

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cent, of the recipients.

The questionnaire contained the following 13 statements which dealt with the extent to which the accounting system provides management accounting information.

1. Information needed for internal management purposes—financial data.
2. Information needed for internal management purposes—nonfinancial data.
3. Information on a timely basis.
4. Information in the desired format.
5. Cost information for budget preparation.
6. Cost information on budget performance.
7. Information useful for budgetary purposes in justifying staff requirements.
8. Information useful for the planning-programing-budgeting system (PPBS).
9. Information for a comparison of program plans and performance over a given time.
10. Information useful in performing cost-benefit analyses.
11. Information for matching costs and benefits for a specific program.
12. Information for matching costs and benefits over a specific time.
13. Information for the development of productivity and work standards and measurements.

The respondents were asked to provide their replies to these statements

on a five-point scale, coded as follows: (1) none, (2) slight amount, (3) average amount, (4) considerable amount, and (5) complete. Table 1 shows the frequency distribution by coded values for the statements. It shows also certain statistics pertaining to the distributions, such as mean, standard deviation, skewness, and kurtosis.<sup>1</sup>

The average statistics convey the impression that the amount of information provided by the accounting systems is slightly above average and the frequency distribution approaches a normal curve. You gain a different perspective, however, when viewing the statements categorically.

Accounting systems traditionally have been designed to provide financial data. It was not unexpected, therefore, to find that over 70 percent of the systems in the civil agencies provided a considerable amount of financial data. It was surprising, however, to find that seven systems provided little or no financial data. One wonders what purpose has been served by having accounting systems in these agencies.

Insofar as financial data are concerned, most of the agencies appeared to be very well satisfied with the timeliness and format of the reports which their accounting systems produced. Most systems also provided the necessary information to support cost-based budgets and to evaluate budget performance.

<sup>1</sup> Standard deviation measures the variability of the distribution. Skewness measures the degree of asymmetry of the distribution. Kurtosis measures the degree of peakedness of the distribution relative to a normal distribution.

**TABLE 1**  
**Frequency Distributions of Coded Responses to Statements**  
**Pertaining to Management Accounting Information**  
**Provided by Accounting Systems**

Statement	Coded values					Mean	Standard deviation	Skewness	Kurtosis
	1	2	3	4	5				
Financial data	1	6	21	47	21	3.84	0.87	-.38	.36
Nonfinancial data	15	29	26	19	7	2.73	1.16	.28	-.84
Timeliness	0	6	39	30	21	3.69	0.88	.31	-.85
Desired format	0	10	29	37	20	3.70	0.91	-.13	-.51
Budget preparation	2	16	18	34	26	3.69	1.10	-.44	-.72
Budget performance	4	16	22	30	24	3.56	1.15	-.37	-.84
Staff requirements	10	22	26	24	14	3.10	1.21	-.05	-1.14
PPBS	22	19	22	22	11	2.80	1.33	-.05	-1.31
Program information	15	22	26	15	18	2.99	1.33	.15	-1.10
Cost-benefit analyses	13	42	14	18	9	2.67	1.20	.85	-.74
Cost-benefit—program	21	29	21	14	11	2.64	1.28	.49	-.91
Cost-benefit—time	21	29	17	17	12	2.69	1.33	.59	-1.05
Productivity	25	30	23	15	3	2.39	1.12	.32	-.88
Average	11	21	24	25	15	3.11	1.14	.09	-.81

A different picture is presented, however, when nonfinancial management information is considered. About half of the respondents stated that their accounting systems provided little or no nonfinancial data. It is interesting to note that, of the systems in this category, 13 were less than 2 years old.

Nonfinancial information consists primarily of quantitative factors such as personnel statistics, utilization rates, inventories, logistics, etc. This type of information can be just as useful as monetary information to management.

I found that relatively few of the systems provided management with information useful for budgetary purposes in justifying staff requirements. Statistical data that could aid management in its planning function are included in this category.

Many systems provided little or no information for comparing program plans and performance over a given time. Without this type of information, management is restricted in its evaluation of program effectiveness.

Almost 60 percent of the systems provided little or no information to aid in performing cost-benefit studies. This includes information which would permit the matching of costs and benefits for either a specific program or over a specific time. Although most of the systems in this category were over 6 years old, almost a fourth of them were less than 2 years old. It seems to me it would be difficult, if not impossible, for management to be able to perform effectively in a decisionmaking environment without the aid of cost-benefit analyses. Without the ability to produce quantitative data for this pur-

pose, accounting systems help management little in carrying out its planning function.

I explored the ability of the accounting system to provide information for the development of productivity and work standards and measurements. Both work measurement and productivity measurement are concerned with the use of resources. As in the other nonfinancial categories, I found that the accounting systems generally did not provide the necessary information.

### Statement Correlations

I determined correlations between each of the statements and the age of the systems. Some of the highlights are listed below.

- The timely production of financial information in the desired format has improved in newer systems.
- The correlation of financial information and information for budget preparation has deteriorated in the newer systems.
- Systems less than 2 years old have improved greatly over the older systems in providing (1) financial information useful for budgetary purposes in justifying staff requirements and (2) information for use with PPBS.
- There appears to be some improvement in the newer systems in the correlation of nonfinancial data provided by the systems with information for matching costs and benefits both for a specific program and over a specific time.

—The correlation of cost information for budget preparation and information on budget performance has decreased with the newer systems.

—Cost information for budget preparation has improved greatly as far as providing information for budgetary purposes both for justifying staff requirements and for PPBS.

### Participation in Systems Design of Nonaccountants

Using a similar five-point scale, I requested information from respondents on the degree of participation of functional managers outside of accounting in the design of the organizations' accounting systems. The replies to this question indicate that, for the most part, accountants designed the systems for accountants. Only about a quarter of the respondents indicated a considerable amount of participation by nonaccounting managers in the design of their systems. Almost half indicated little or no nonaccounting participation.

I compared the distribution means of the coded values for selected management accounting statements with the degree of participation by nonaccounting managers in the design of accounting systems. Generally, the responses were rated higher when participation was higher. The low participation by nonaccountants could be the reason for the general lack of nonfinancial and program data provided by the accounting systems.

## System Integration

An opinion section was included in the questionnaire. Three statements applied to management accounting information.

*Statement 1:* Accounting and budgeting should be considered inseparable and the financial management systems of Government agencies should integrate the two into one information and control system.

*Statement 2:* It is practical to integrate accounting systems and operating systems into an overall "management information system" for the whole department or agency.

*Statement 3:* An accounting system should provide information for planning purposes as well as for reporting on past activities. Respondents were requested to provide coded answers to these statements on the basis of their degree of agreement, as follows: (1) strongly disagree, (2) disagree, (3) neutral or undecided, (4) agree, or (5) strongly agree.

I compared the distribution of responses to statement 1 with those of statements 2 and 3. Over 90 percent of the responses indicated agreement with both statements 1 and 3. There was not such overwhelming agreement with statement 2; nevertheless the majority agreed. The means and standard deviations of the frequency distributions of statements 1 and 3 are almost perfectly correlated. Between statements 1 and 2 and between 2 and 3, the correlation is highly significant.

I compared statement 1 with selected statements from the management

accounting group of statements and found that:

- The systems were above average in producing cost information for budget preparation for the majority of the respondents who agreed that accounting and budgeting should be integrated into a single system.
- The systems produced an average amount of information for evaluating budget performance for almost half of the respondents who agreed with opinion statement 1.
- Forty percent of the respondents whose systems were below average in producing information for PPBS agreed with the statement, whereas about 30 percent in the "above average" categories agreed.
- For the statements pertaining to program performance and cost-benefit analyses, a higher percentage of the respondents whose systems were below average agreed with the opinion statement than those whose systems were above average.

We can conclude from this analysis that, even though the respondents agreed that accounting and budgeting should be inseparable and the systems so integrated, a very large percentage of their accounting systems did not provide the desired budgetary data.

Similarly, I compared statement 3 with certain selected statements of the management accounting group. Many who agreed that an accounting system



should provide planning information did not have systems that provided the information. Also, very few who disagreed with the statement had systems that were above average in providing the information called for by the statements.

The number of accounting systems that were integrated with overall management information systems (MISs) was relatively low. Only nine systems were completely integrated into overall MISs. Only 49 respondents indicated that their organization even had an MIS.

Table 2 shows a comparison of opinion statements 1 and 2 (integration of accounting and budgeting and integration into overall MISs) with the degree of integration the systems have with organizational MISs. About 10

and 12 percent of the respondents to statements 1 and 2, respectively, who agreed with the statements also indicated that they had completely integrated MISs. Of the respondents to statement 1, more than a third agreed but had no MIS.

### Conclusion

The agencies' accounting systems generally provide information for maintaining the control of funds and for reporting cash transactions to the public. They are deficient, however, in providing information for managerial purposes. However, agency representatives generally agree with the concept of integrated accounting and budgetary systems and the necessity for information on both planning and control.

TABLE 2  
Comparison of Opinion Statements 1 and 2  
With Degree of Integration With MIS

Statements	Completely integrated		Partially integrated		Interfaced		Separate systems		No MIS	
	Num-ber	Per-cent	Num-ber	Per-cent	Num-ber	Per-cent	Num-ber	Per-cent	Num-ber	Per-cent
1										
Disagree <sup>1</sup>	0	0.0	3	4.1	0	0.0	0	0.0	0	0.0
No opinion	2	2.7	0	0.0	0	0.0	0	0.0	0	0.0
Agree	7	9.6	18	24.7	10	13.7	8	11.0	25	34.2
2										
Disagree	0	0.0	6	8.2	1	1.4	2	2.7	6	8.2
No opinion	0	0.0	6	8.2	2	2.7	1	1.4	6	8.2
Agree	9	12.3	9	12.3	7	9.6	5	6.8	13	17.8

<sup>1</sup> There was no response to the category "strongly disagree" for this statement.

The majority of respondents agreed that it would be practical to integrate accounting systems and operating systems into an overall MIS. Very few, however, indicated that their systems were integrated.

The systems have been designed primarily by accountants with very little help from managers of other functional areas. Without the participation of interdisciplinary representatives, the specific needs of program managers, personnel specialists, etc., could not be expected to be met. Nor would it be expected that the entire financial man-

agement structure would be accommodated.

This research indicates that much needs to be done to improve the financial management systems of Federal Government agencies. To bring systems to the point of compliance with managerial needs will require great effort. The concept of management information systems which use advanced technological principles and techniques can provide the framework for the development of systems to supply the pertinent information needed by managers.

### First Line of Accountability

In our governmental system, we usually make those who are responsible for administering a program for which Federal funds are appropriated accountable through us to the taxpayers. We have, of course, the General Accounting Office as an arm of the Congress. But the basic argument is accountability during administration not a checkup afterwards.

*Albert H. Quie*

Representative from Minnesota

During debate on Economic Opportunity  
Amendments of 1972

*Congressional Record*, September 5, 1972

## Personal Observations on Report Writing

*This article discusses concepts of report writing that are generally understood and generally accepted—but not too generally applied.*

Written communication in the Government leaves much to be desired. The irreverent refer to it as gobbledygook, a good example of which is its definition: “garbled and ambiguous thought couched in stilted and ponderous language.” Because the technique is deeply ingrained, many Government officials and employees accept it as the norm in communication; newcomers to the Government quickly fall into line after recovery from the initial shock. Gobbledygook apparently serves its purposes in intra-Government communications; but what about external communications?

As one newcomer to the Government—22 years ago—who has not yet fully recovered from the initial shock, I should like to set down some observations gleaned from my personal experience. In earlier years, I drafted audit reports and reviewed or revised drafts prepared by others. In later years, I

condensed audit reports on Department of Defense operations for the Comptroller General’s annual reports to the Congress and for other purposes.

Much of what has been said about written communication emphasizes form and style—the cosmetics of writing. Not enough emphasis has been placed on the message to be communicated—the substance of writing. Form and style embellish the message—an embellishment that an editorial review can go far to supply. Editorial review, however, cannot—in fact, should not attempt to—supply what is lacking in the substance of the message. The message, like water, will not rise above its source through an editorial review. If the message is to be improved, we must look to its source.

GAO’s principal written message is the audit report; the source of the message is the senior staff member in-

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volved in the fieldwork on the audit assignment. On the basis of the rules of evidence, he is best qualified to report the facts. Others who interject themselves can only contribute hearsay.

What advice can we offer the senior staff member responsible for writing the report? My observations lead me to the following suggestions:

1. Plan and visualize the report.
2. Simplify the complex.
3. Communicate rather than impress; convince rather than overwhelm.
4. Be concise.
5. Stay within the limits of your seasoned vocabulary.

In planning this article, my first impulse was to include examples from issued reports that could have conveyed their messages more clearly, in fewer words, and with less strain on the reader had these suggestions been applied. My second impulse, which prevailed, was to discard the first impulse—not for want of examples but to let sleeping dogs lie. I hope that the following exposition makes examples unnecessary and enables the reader to supply his own—from the other fellow's reports, of course—should he feel the need.

### **Plan and Visualize the Report**

The report writer can write his report first and then read it to see what he has written; or he can plan and visualize it before he starts writing. Too often the former approach is followed; the latter approach is obviously

the more logical one.

How and when should the report be planned? It is never too early to start; therefore a good time to start is at the beginning of the assignment. The following procedures may be found helpful.

### **Record Random Thoughts as They Occur**

A tickler or scratch sheet should be started at the beginning of the assignment for recording pertinent random thoughts as they occur. The entry for a thought could be a key word, phrase, or sentence. The entries should cover matters ranging from facts and observations to be considered when the report-writing stage is reached to suggestions and ideas for the language to be used in expressing them. As more thoughts occur, more entries should be made throughout the assignment.

As the assignment progresses, the random thoughts will assume a pattern. It would then be well—before the record gets out of hand—to sort out the thoughts and to classify them by subject matter. Separate sheets should be used for each subject.

Each member of the assigned staff should be aware of these sheets, their contents, and their purpose, and should be encouraged to contribute his thoughts. However, only the senior staff member should make the entries, after discussing them with the staff member, so that he may have complete control of what is recorded.

Compiling such a record requires only a nominal effort—the effort of jotting down a thought or inspiration

as it occurs. Being involved in the assigned work and aware that a report is to be issued should stimulate many such thoughts—both during and after working hours on the assignment.

### **Prepare a Tentative Outline**

The report writer should review the random thoughts and delete those that are redundant or no longer pertinent. Those that survive should be studied, classified, and arranged into a tentative outline for the report.

### **Refine the Tentative Outline**

The report writer should refine the tentative outline, the rough skeleton of the report, by perhaps rearranging some of the elements in the outline, adding more detail (subelements) and generally insuring that the thoughts are presented in a logical order.

The outline may appear to be less than satisfactory at this point. That only means that more work is necessary. Otherwise, the deficiencies in the outline will be carried over into the report. Perspiration in the preparation of the outline is preferable to the hope of inspiration in the actual writing of the report. Planning of the report is complete only when the prospective writer can visualize the report from its outline.

### **Prepare a Digest**

Most of our reports include a digest. It would be well to prepare it at an early point. The preparation will not only test whether the prospective writer can, in fact, visualize the report

from its outline but will also reinforce that visualization.

### **Maintain Momentum in Writing**

Writing momentum is necessary to produce the report while the image is fresh. To maintain momentum, the writer should not be concerned with providing tables or checking out such items as citations of legislation, dates of events, or specific amounts and quantities, at this time.

The writer also should not search for the precise words or phrases he needs if they do not readily come to mind. Acceptable substitutes can be replaced later by the preferred words or phrases.

### **Simplify the Complex**

Some of our reports deal with complex matters. Complex matters, however, are generally only the sum of many simple elements. It is fair to assume that in the course of a complex review the auditor has analyzed the complex matters, broken them down into their essential elements, and thus identified the simplicities. Otherwise, he could not have conducted the review.

At the time he is writing the report, however, the writer sometimes forgets that what now appears simple to him was far from simple at the outset of the review. It became simple only through his experience. Lacking that experience, the reader is at a disadvantage. He should therefore be guided through the sections of the report dealing with complex matters. The reader

would appreciate short, simple sentences that advance the thought in easy stages. Simplicity in writing neither demeans the writer nor patronizes the reader.

### **Communicate Rather Than Impress; Convince Rather Than Overwhelm**

Psychologists tell us that many a mild-mannered, even-tempered individual becomes the exact opposite when he seats himself behind the wheel of his car. This psychological phenomenon also manifests itself quite often in the auditor when he seats himself to write the report. The objectivity, patience, courtesy, and humility exhibited during the review suddenly abandon him.

In his new role he is more concerned with impressing the reader with his wealth of knowledge about the operations under review and with the richness of his vocabulary than he is with communicating that knowledge. He overwhelms the reader rather than convinces him. He is more likely to overstate than understate and, in doing so, loses sight of the fact that overstatement, or the appearance of it, tends to antagonize the reader and causes him to discount what is said. He fails to understand that understatement, on the other hand, helps to establish a rapport with the reader that more than compensates for the understatement. Advertisers refer to this technique as the "soft sell."

Not being a psychologist, I cannot say what causes this phenomenon. But I think we must agree that it does

occur and that it should be guarded against. A possible explanation is that the objectivity of the auditor may have unconsciously acquired a subjective taint through his deep involvement in the assignment.

### **Be Concise**

A reader is a captive—but only if he has been captivated. Even then, he is a captive only so long as he chooses to be. One good way to lose him is to ask him to read a report that is longer than necessary. There are two easy ways to lengthen a report unnecessarily. One way is to fill it with extraneous detail. The other way is to use a barrage of verbiage—both barrels of a shotgun rather than a well-aimed rifle shot—to communicate a thought.

A reader has no way of knowing what is germane to a report and what is merely mentioned in passing. He assumes that the detail included is essential to the presentation of the thought. He should not be imposed upon to read that which, interesting though it may be, is not essential and impedes the flow of the central thought. Marginally significant detail should be included, if at all, as an appendix or a footnote. This warns the reader of its marginal significance and at the same time makes it available to him if he is interested.

The shotgun approach of presenting a thought—spraying the reader with words—usually starts when a writer is unhappy with a sentence; it seems to lack something. So he adds another sentence of equally dubious merit, then

another, and another. The writer hopes that, somehow, the reader will receive the message that is buried in the mish-mash. But the reader finds it difficult to determine whether the succeeding sentences are intended to amplify, restrict, or merely restate the first one. Even worse, the reader may well decide, after several such encounters in the report, that the determination is not worth the effort.

The obvious solution is for the writer to identify the shortcomings in the first sentence and to correct them rather than compound them with additional sentences. The writer should understand that the burden of communication is on him, not the reader.

### **Stay Within the Limits of Your Seasoned Vocabulary**

Words are like people. Some of them are our personal chums or close friends. Others are nodding acquaintances or are known to us only by reputation. Still others are known to us not at all.

For purposes of receiving thoughts, we can call upon the words in the outermost circle of our vocabularies. In fact, given an appropriate context, we can cope with words beyond the outermost circle. For purposes of transmitting thoughts, however, our vocabularies shrink to the innermost circles—words that are our personal chums and close friends—and we should recognize this. Any effort to reach beyond the innermost circles—to include words with which we have nodding acquaintance or those known to us

only by reputation—serves no purpose in communication and is generally as transparent as the effort of a name-dropper to impress his listeners.

The tendency to overreach is generally unconscious. It comes about when the writer admits a word into his inner circle of familiar words after looking it up in a dictionary or thesaurus. In doing so, he overlooks the fact that that was just an introduction.

Admission into the inner circle requires a more intimate relationship with the word and with its connotations and nuances. This relationship can be developed only through numerous exposures to the word used in varying contexts and by authoritative speakers and writers. Such a seasoning process brings out the individuality of the word. It also brings the realization that very few words are in fact synonymous. Each has its own personality; each has its own place in effective communication.

### **Conclusion**

Communication is the means by which thoughts are transferred among minds of individuals. Except in instances of telepathy, a medium of communication is needed for that transference. To effect the transference, the transferor must reduce his thoughts to the symbols of the medium he selects. The transferee must then use those symbols to reconstruct the intended thoughts.

Words, the symbols of written communication, share the flaw of imprecision common to all symbols of commu-

nication, whether they are those of colloquial speech or of the arts at the highest levels. Because of the imprecision, a transmission loss is inherent in all media of communication: a loss in reducing thoughts to symbols and a further loss in reconstructing the thoughts from the symbols provided.

Many words have diverse and contradictory meanings. Furthermore, the connotations and nuances of many words are strongly influenced by life experiences and vary widely among individuals. Thus, even under ideal conditions, there is no assurance that the intended thoughts will be conveyed to the reader and no assurance that what is implied will be inferred by him.

My personal reaction to some of the words commonly used in GAO's reports conflicts with the meanings attributed to them. I have deleted them from my vocabulary to avoid being misunderstood. Two examples will suffice: "activity" and "minimize."

"Activity" is often used, interchangeably, in the sense of a function, the place where a function is performed, and the organization responsible for carrying out a function. To me "activity" does not mean any of these things; it is merely the opposite of "passivity." It does not suggest a systematic or coordinated effort toward a planned objective. On the contrary, it conjures up an image of aimless spinning of wheels.

"Minimize" means to reduce to a minimum. To some it means a quantitative reduction. To me it means to belittle, detract from, or disparage—a qualitative reduction. Such statements as "the agency minimized the incidence of errors" or "the automobile industry minimized the incidence of car recalls" confuse me. Do these statements mean that the incidence of errors and incidence of defects in cars were reduced? Or do they mean that a concerted effort was made to counter the adverse publicity resulting from disclosure of the errors and the defects?

It may be argued that my reaction to such words is puristic and disregards the context in which they are used. To rely on context as a means of bridging ambiguous words is to play games with the reader. It is an imposition that a dedicated reader may tolerate; an irritated one will not.

Effective written communication requires the participation of both the writer and the reader. However, the writer has an active role; the reader has a passive role. The burden is on the writer. He should do his utmost to insure that, in reducing his thoughts to words, his part in the transmission loss is held to the minimum. In doing so, he will make it easier for the reader to avoid contributing to the transmission loss.



## Writing Improvement Programs— A Critique

*Drawing on research in the field and his experience in teaching over 70 writing courses for GAO, the author discusses (1) the fundamental stuff that makes or breaks any writing improvement program—desire, recognition, and support by top management and (2) the strengths and weaknesses of the more common methods used to improve writing skills.*

For the record, Government administrators are *for* writing in a readable style and *for* providing the Congress, the executive agencies, and the interested public with the information they need to monitor and improve Government operations and to vote intelligently. That is policy. Yet, the practice has been to write in a specialized “governmentese” that is often unreadable to all but a very small, well-educated segment of the population. As such, very little information is communicated to anyone.

Both researchers and observant practitioners have commented upon the reasons for the differences between

policy and practice in large organizations. But the fundamental reason seems to have been captured by George Orwell in his concept of *doublethink* and by S. I. Hayakawa in his concept of *word magic*.<sup>1</sup> *Doublethink* assumes a value system in which appearing to be *for* good is more important than *doing* good. Similarly, *word magic* assumes a value system in which the truth of a statement lies in the mere stating of it.

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<sup>1</sup> George Orwell, “Nineteen Eighty-four” (New York, American Library, 1961), pp. 138–140 and 155; S. I. Hayakawa, “Language in Thought and Action” (New York, Harcourt Brace, 1949), pp. 96, 118, and 138–39.

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Being *for* readable writing but not practicing it has seriously limited the written document as an effective means for communicating with interested readers.<sup>2</sup> In turn, these ambivalences have permitted managers and workers to neutralize administrators' attempts to improve Government writing style. The net effect is an intolerable credibility gap<sup>3</sup>—an undesirably large difference between policy and practice.

According to Hayakawa, the educated are sometimes more naive about language than the uneducated. The uneducated frequently realize their own limitations, while the educated conceal their muddled thinking from themselves and others through skillful word juggling. If a man uses a word to hide ignorance or to becloud an issue that would help sell an otherwise unacceptable idea, one may suspect both his scholarship and his integrity.<sup>4</sup>

Unfortunately, Hayakawa contends, educated people are contemptuous of others' failings but have a correspondingly high opinion of their own insights. Such "enlightened" persons often write their own brand of trivia and conclude that those who do not understand it are fools. Too, through education, people may learn to manip-

ulate words skillfully and in turn falsely expect others to believe what they say simply because they say it. Often such truths are descriptions of nonexistent phenomena.<sup>5</sup>

One reason Government writers have difficulty with language stems from their attempt to define their own private brand of truth. Another reason is the environment in which the writing is done—job pressures, supervisory pressures, review levels, and the writer's own desire to please and to advance. A politically sensitive writer will attempt to avoid committing his organization to a position by introducing semantic subtlety into the writing. But the work is frequently wasted, for alert readers are indifferent or insensitive to the cleverest achievements in this direction.<sup>6</sup>

### Changing Writing Style

Doublethink and word magic values have led organizations and individuals to spend much time and money creating slogans, false reports, or false inferences from good reports to describe conditions that do not exist. When an organization practices doublethink and word magic, change in that environment is almost impossible. Why? Because problems are identified and all will agree they must be corrected and then all will write memos to admonish those who have not done so. But the change, if any, will be infinitesimal!

Yet, the challenge to the public ad-

<sup>2</sup> For more detailed discussions about the effect of writing style on the usefulness of written material, see S. I. Hayakawa, "Language in Thought and Action"; Cleanth Brooks and Robert Warren, "Modern Rhetoric," (Harcourt Brace, 1958); Stuart Chase, "The Tyranny of Words" (Harcourt Brace, 1938); George Orwell, "Politics and the English Language"; and Mario Pio, "Words in Sheep's Clothing" (New York, Funk and Wagnall, 1969).

<sup>3</sup> Orwell, "Politics and the English Language" and Pio, "Words in Sheep's Clothing."

<sup>4</sup> Hayakawa, "Language in Thought and Action," pp. 35-39.

<sup>5</sup> S. I. Hayakawa, "Language in Action" (New York, Harcourt Brace, 1941), pp. 35-37 and 85.

<sup>6</sup> *Ibid.*

ministrator is to bring about change in this kind of environment. That challenge is to keep the difference between policy and practice large enough so that policy remains an achievable but unachieved goal and small enough so that practice is an imperfect but consistent application of policy. By maintaining this balance, the public administrator can control the size of his credibility gap by limiting doublethink and word magic in his organization.

Since writing is personal and private, it is difficult to change. Writing improvement programs are effective only when top managers support them—not just in words but in deeds. Public administrators should forego the expense of such programs if they are not willing to risk the internal disruption and the possible shock created by outside readers who, for the first time, understand the message.

To succeed in improving his organization's writing style, the administrator must insist that every document published compares favorably with the official standard. The staff must be able to see that management can comply with its own standard. Once the staff is convinced the administrator does indeed demand quality writing, some of the researchers' and teachers' suggestions may help him change his organization's writing style. The more popular ways to change style include the casebook, the journal, a professional writing or editorial staff, and classroom training.<sup>7</sup> Each of these ap-

proaches are discussed below.

### The Casebook

Almost any group that needs help in writing can benefit from a casebook, if it defines the desired standard for writing, explains the difference between standard and current practice, and uses examples from the audience to show how to achieve the desired style.<sup>8</sup> They are effective only when studied by those in need of the instruction.

The administrator should be aware of weaknesses in the casebook approach. First, there are literally thousands of excellent books on how to improve writing but there is little evidence that the advice offered is being followed. John O'Hayre's "Gobbledygook Has Gotta Go" (see footnote 8) is a good example. This well-written book gives excellent advice on how to eliminate the more common undesirable elements of writing style; yet all of them are still used in the Government (and in private industry, too, for that matter). The book, in effect, becomes a defense for managers who advocate improved writing but who are not in-

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August 1964); Cleanth Brooks and Robert Warren, "Modern Rhetoric" (Harcourt Brace, 1958); George Orwell, "Politics and the English Language" (New York, American Library, 1965); George Klare, "Know Your Reader" (New York, Harper and Brothers, 1950); and Rudolf Flesch, "How to Write, Speak, and Think More Effectively" (New York, Harper and Brothers, 1960).

<sup>8</sup> For examples of casebooks, see "Air Force Guide to Effective Writing," Air Force Manual 11-3 (Washington, D.C., U.S. Government Printing Office, 1957); John O'Hayre, "Gobbledygook Has Gotta Go" (Washington, D.C., U.S. Government Printing Office, 1966); Laura Grace Hunter, "The Language of Audit Reports" (Washington, D.C., U.S. Government Printing Office, 1957).

<sup>7</sup> For a reasonably complete list of recommended ways to improve writing, see Lawrence R. Klein, "High Symmetry," unpublished staff study (Washington, D.C., Bureau of Labor Statistics, U.S. Department of Labor,

clined to practice it or to expect it from their staffs. They write and approve governmentese, but they blame the poor work on their staffs. "We told them and showed them how to write better," they claim, "but they just won't follow instructions." And if the casebook is not written in a style consistent with the instruction it offers, staff members will conclude, "Write clear like we always have." This will happen even when management truly wants to change.<sup>9</sup>

### The Journal

All writers can benefit from experimenting with different writing styles and from writing to different audiences. The journal (an internal publication like *The GAO Review*) is an excellent vehicle for employees to gain this experience. The more talented writers can demonstrate their writing and research abilities, and the less talented can learn improved techniques by participating in the editing process that is necessary to get their contributions in suitable form for publishing.

The journal approach has its shortcomings, too. First, only those with the time, talent, or inclination contribute articles and such writers are often fully capable of writing in both standard English and governmentese. (As stated earlier, an individual's writing style is affected by the environment in which the writing is done.) Second, if those in need of help read the articles of others, they will not learn how to

write well through some mystical process. Third, the quality of the journal tends to diminish over time and the organization may find itself publishing words rather than substance, all to the detriment of the writing improvement program.

### Professional Writers

An editorial and writing staff can help teach and improve writing skills, but these professionals should not be asked to write initial drafts. As any researcher, auditor, or author knows, only a small part of the knowledge and insight required to create a scholarly and accurate work is ever put on paper. The expert writer who was not associated with the research ordinarily would not have this insight.

If professional writers or editors are expected to write the initial drafts, teaching them the facts behind each of them might be more time consuming than teaching writing skills to the researchers. Besides that, a professional writing staff provides a built-in defense for managers who advocate good writing but who do not intend to practice it or demand it from their staffs. These managers make comments like, "The editors certainly are falling down on the job," "It's their responsibility to carry out policy," "We are going to have to hire some real talent down there," and so forth.

The professional staff of nearly all Government agencies have baccalaureate degrees and many have advanced degrees. Most of them graduated in the upper fourth of their classes. To suggest that such people are incapable of

<sup>9</sup> George R. Klare, "The Measurement of Readability" (trends in readability research) (Ames, Iowa, University of Iowa Press, 1963).

learning to express themselves is absurd. A manager, auditor, or researcher unable to communicate his findings is at the level of a person not bright enough to do the research.<sup>10</sup> He is hardly worthy of professional credentials or the accompanying salary and should not have been hired in the first place.

### Training Courses

Training courses are probably the most useful way to improve writing style in large organizations because they provide immediate feedback on the progress of individuals attending and because they are infinitely flexible. Flexibility is important when writing improvement is part of an overall organizational development program. The instructor can work with special teams on specific products, with persons at the same level (horizontal grouping), with management-worker groups (vertical grouping), and with groups made up of members from different organizations.

The aim of training should not be to create literary stylists or grammarians. Rather, the idea should be to teach people how to use orderly thought processes in drafting and editing their own writing and the writing of others. A writer needs to know how to write for his audiences rather than for the boss, a colleague, or himself. In GAO, the best results came when those who worked together were trained together. We used their own writing and their

ideas of audience as the starting point for the instruction.

Training courses tend to fail when: (1) management does not agree with or see the need for applying the principles and writing style advocated, (2) the course is designed for low-ranking staff members on the false assumption that they are the only persons in the organization who do not know how to write, and (3) the course is viewed as a one-session cure for all the agency's writing ills.

Anyone who has both written for a Government agency and has tried to teach its staff members how to write has soon found that the reason why employees use Government style is because supervisors expect it from them. If low-ranking employees plan to advance, they emulate the style of their superiors regardless of their personal preferences.

Regardless of how well conceived and accepted, writing instruction using mock exercises will produce outstanding writers only if they were outstanding when they enrolled in the program.

Proficiency in writing demands practice, particularly in editing and revising draft copy. Any number of training programs can only introduce potential writers to the concepts, give them examples of errors to avoid, and show them how to avoid them. This is much like trying to teach a person how to ride a bicycle by giving him the names of the parts and letting him get the feel of it by practicing on an exercise. Effective writing requires more discipline than that!

<sup>10</sup> Paraphrased from Pericles (429 B.C.)

## Alternatives

The writing style in any organization will be just as good as the top managers of the agency insist upon. The key to success is consistency between policy and practice, together with praise and promotion to those who express themselves well. After working at GAO with over 2,400 professional staff members, grades GS-7 to GS-18, the instructors concluded (1) over one-third of the participants were able to write in standard English when they knew that was the assignment, (2) another one-third seemed capable of relearning to do so, and (3) the remainder seemed perfectly happy with the style practiced for so many years and even argued that standard English was too unsophisticated and direct.

Writing in Government style has little to do with the writer's innate writing abilities. Much of the hedging, mincing, nondirect, protective, and lacking-in-authority tone evident in most Government reports is a learned skill sanctioned by tribal custom and reinforced by political reality. The contrast between responsible newspaper coverage of a Government report and the report itself is revealing. The newspaper reporter is trained to cut down on unnecessary verbiage and to present the essential data. Without turning out newspaper copy, Government writers could adopt the more precise and straightforward style used by journalists.

If the written document cannot be revitalized as an effective medium for communication, what will replace it?

With modern audiovisual aids, the video-taped or live briefing seems a logical substitute. For example, if the Government used briefings, the Congress, the agency administrators, and the public would receive messages at least 6 months earlier than they would through a written report. Another alternative is the automated data retrieval system similar to those used by libraries in large State university systems. In such systems, a brief digest of essential points is programed into a computer. Using a coded index system, any person with an output console can get an immediate printout of the digested information. For additional information he can ask for the supporting documents.

Both suggestions would eliminate the 100-page report, but neither would eliminate the need for disciplined writing. In fact, such technology requires much more sophisticated writing than is evident in Government today. Scripts for briefings would have to be precise, interesting, and written in conversational English. Similarly, digests for storage in a computer would have to be *digests*—brief summaries that furnish only the information that the audience needs. Such precision would require a more accurate definition of the audience and its characteristics than is evident among Government writers. Before either technique could be effective, the writers would need a precisely defined purpose for attempting to communicate (or confuse).

## Summary

Effective writing is fundamental to

the democratic process, particularly in our culture which has more information available than any one person can possibly assimilate. But little has been done to reinforce the need for Government administrators to communicate more effectively with the public. So administrators should pay more attention to this problem.

The more popular ways to improve organizational and individual writing style are the casebook, the journal, the professional writers and editors, and training courses. Before any of these methods are attempted, top-level administrators must develop writing standards and plans for implementing

them. Writing can be improved only when managers demonstrate an interest in good writing by using a style that meets the new standard. If praise and promotion are given to persons who express themselves well, then persons all along the line will try to do so. The writing will be just as good as the agency administrators and managers insist that it be.

Even if the writing improvement program is successful, the administration should look for new media for sending messages. Videotaped or live briefings and computer storage and printout systems sound promising.

## The Right Word

The difference between the right word and the almost-right word is the difference between lightning and lightning bug.

*Mark Twain*

## Sesquipedalian Verbosity

*This article discusses how long words and sentences (sesquipedalian verbosity) affect the readability of reports.*

- STILTED
- PONDEROUS
- POMPOUS
- COMPLICATED

These words all too often describe GAO reports. The Comptroller General in his February 24, 1970, memorandum asked all staff members to improve the language of GAO reports. Why? So that people can easily *read* and effectively *use* them.

The readers' interest is influenced by two elements, long words and number of words. If there are too many long words and too many words, reading becomes difficult. The result: the reader stops reading.

Let's look at the reading level of our reports. A reading level is the number of years of formal schooling needed to read a document easily, quickly, and with maximum comprehension. The reading level was computed for the Comptroller General's memorandum on writing—considered a standard—and

for 10 congressional reports issued in February 1971 and for 10 issued in April 1972. The comparison was dramatic.

The graph on reading level shows that a person with 13 years of education could read the Comptroller General's memorandum *easily, quickly, and with maximum comprehension*. For a person to read our congressional reports in the same way would require a master's degree (1971 reports—reading level 18) or a Ph. D. degree (1972 reports—reading level 21). We must face up to it: many of our reports are extremely difficult to read.

The graph shows also that the conclusions and recommendations are more difficult to read than the rest of the report (1971 reports—reading level 19; 1972 reports—reading level 22). *A paradox*: We want to motivate the reader to do something, but we write so that the reader will not easily understand.

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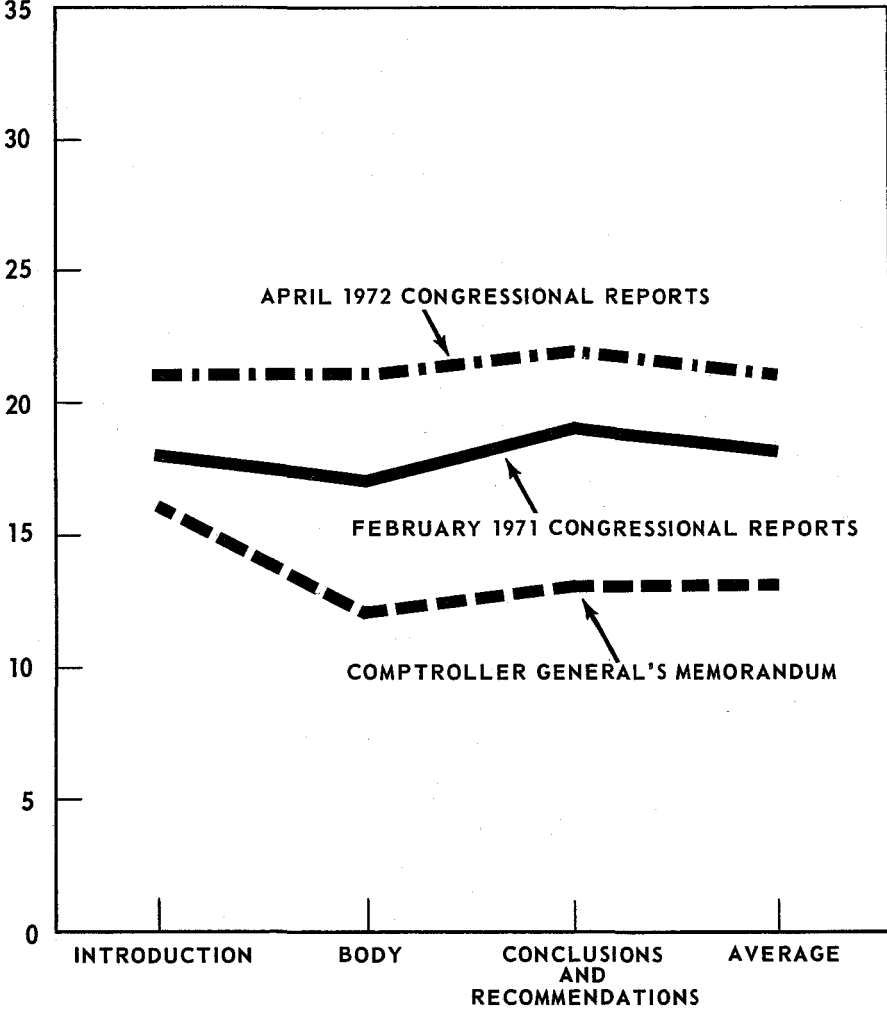
Mr. Laurie is a supervisory auditor in the Cleveland suboffice of the Detroit regional office. He is a graduate of the University of Buffalo with a B.S. degree in accounting. He joined GAO in June 1957. He is a CPA in Ohio and a member of the American Institute of CPAs and the Government Relations Committee of the Ohio Society of CPAs. Currently, he is Secretary of the Cleveland chapter of the Federal Government Accountants Association.

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## READING LEVEL

YEARS OF SCHOOLING



*The solution:* Write our reports like the Comptroller General's memorandum—with a reading level of 13 or less. How can a writer do this? By varying sentence length and choice of words.

### Sentence Length

Grammar textbooks suggest an *average* sentence length of 22 words. This average requires that a variety of sentences be used—both long *and* short

sentences.

The Comptroller General's memorandum met this criteria (19 words); our congressional reports did not (1971 reports—30 words; 1972 reports—31 words), as shown in the graph on sentence length.

The graph shows also that the introductions to our reports, where we are trying to encourage our readers to read on, have the longest sentences. Will the reader read on? No!

### Word Choice

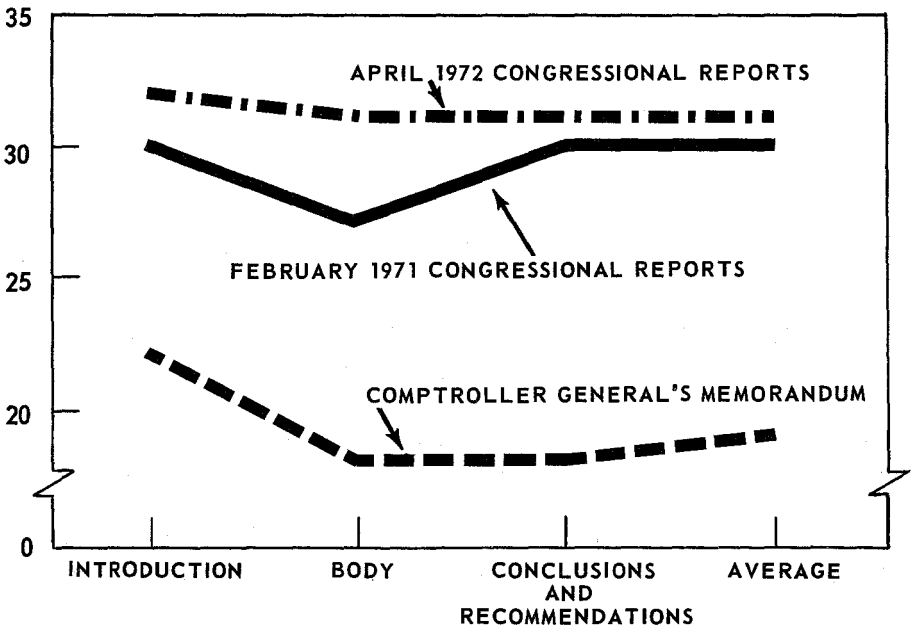
To maintain a reading level of 12, assuming an average sentence length

of 20 words, the number of polysyllable words (three or more syllables a word) should be limited to an average of 10 for each 100 words. This is not easy. "Governmentese," gobbledygook, technical words, and jargon of the trade creep into our writing; all are polysyllable words. In the following graph, note the extensive use of polysyllable words (1971 reports—17 polysyllables per 100 words; 1972 reports—24 polysyllables per 100 words).

Again, the greatest number of long words are used in the conclusions and recommendations. Usually these are concept words. Concept words do not form immediate mental images when read. Instead, they require mental ef-

## SENTENCE LENGTH

### WORDS PER SENTENCE



fort to understand. *Example*: the word "tree" forms an immediate mental image; the word "instrumentation" (a concept word) does not. Will readers take the time to think out polysyllable words? Definitely not!

### The Solution

Step back from your written product and perform the following simple test—here lies the first step toward readable writing.<sup>1</sup>

1. Sample 100 words from the introduction, body, and conclusions and recommendations (or closing) of a report or memorandum.
2. Determine the average number of words per sentence. Independent clauses are counted as separate sentences.
3. Count the number of polysyllable words per 100 words. Do not count polysyllable words which are capitalized or verbs made into three syllables by adding "es" or "ed."
4. Add the average number of words per sentence to the number of polysyllable words per 100 words and multiply by .4. Eliminate digits after the decimal point. The answer is the reading level.

If the reading level exceeds 12, look deeper into what you have written. Try the following.

<sup>1</sup> This technique is suggested by Mr. Robert Gunning in his booklet, "How to Take the Fog Out of Writing," an excellent source of helpful hints for readable and interesting writing.

### Sentence Length

- Is there variety in sentence length?
- If sentences contain 40 or 50 words, why are they so long? Can they be shortened and thereby give more impact?
- Are qualifiers, hedgers, and redundant expressions at work in the longer sentences? Eliminate them.

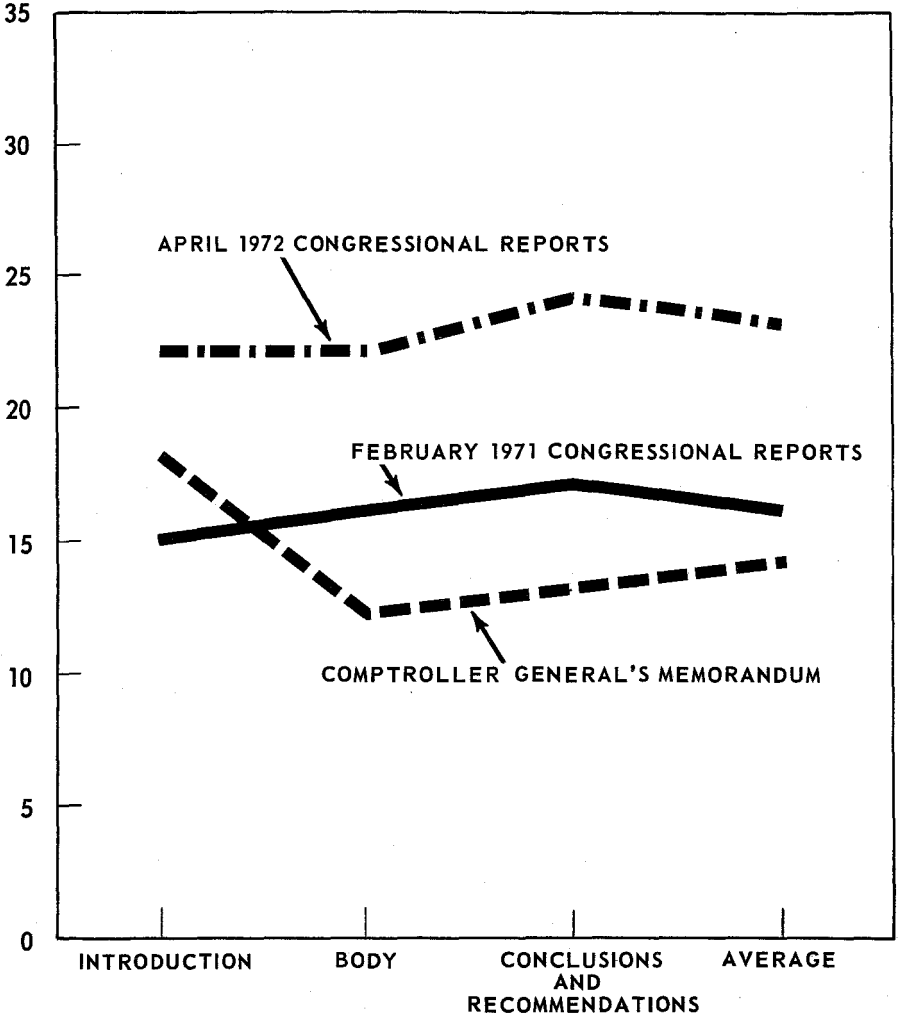
### Polysyllable Words

- Look for words ending in "ation, tion, ion, ment, ence, and ency." Usually, a good verb has been changed to a noun by adding these endings. The result: Governmentese, a polysyllable word, and the loss of a good action word. Reconstruct the sentence and eliminate them—turn them back into verbs.
- Look for technical terms. Usually they are polysyllable words and mean little to a layman. Eliminate them.
- Look for concept words. They are also polysyllable words. Simplify them by using words that readily form mental images.

Finally, writing must become a labor of love. Tremendous amounts of mental energy have to be expended if a written product is to motivate the reader. Adequate planning at the outset will save energy throughout the assignment, especially in writing. The result will be a written product with a reading level of 12 and devoid of sesquipedalian verbosity!

### POLYSYLLABLE WORDS

POLYSYLLABLES PER 100 WORDS



## Questionnaires: A Case Study

*An article, "A Commonsense Approach to Questionnaires," in the Spring 1972 issue of The GAO Review discussed some considerations for developing effective questionnaires. This article describes how the questionnaire technique helped in obtaining views of Government scientific and technical personnel and how this information was communicated to wide audiences and used to demonstrate appropriateness of report premise.*

Most Federal agencies conducting or supporting research and development have automated information systems or data banks which receive certain information about ongoing research projects for storage and for retrieval by agency managers and scientists. We were to determine whether these data banks were coordinated to provide ready access to a Government-wide inventory of all research projects.

Our fieldwork showed that many studies had been done on the need for improved methods of keeping research managers aware of other agencies' research. Most of these reports identify various benefits and uses that automated information systems could provide, but many do not either specifically identify the different types of users or state whether these systems satisfy the needs of the users.

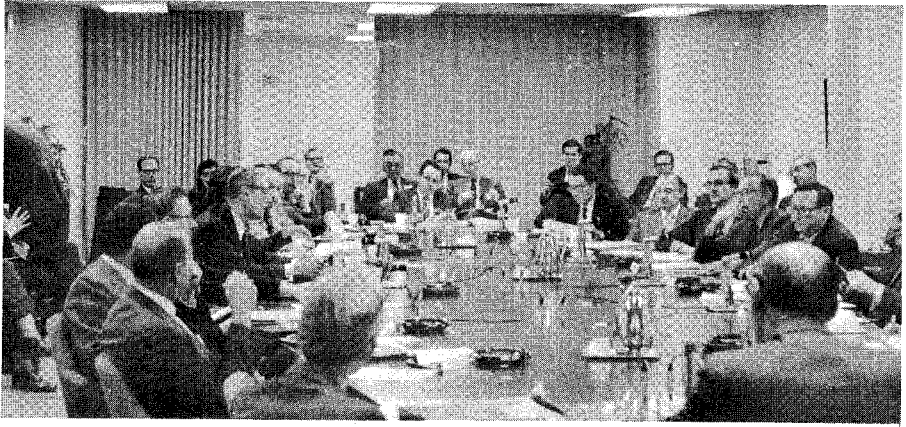
Although substantial evidence showed that a Government-wide information system would be a useful tool to research administrators and scientists, we wanted to confirm this by directly querying scientific information users. Since the Federal Government has over 200,000 professional scientific and technical personnel who are potential users of information on active research projects, our problem was how to obtain a reasonably accurate picture of their information-gathering processes.

To properly present the role of data banks in providing useful information, we needed data on three separate but interrelated questions. It was essential to know (1) what information sources the Federal professional scientific and technical personnel are presently using to keep current on research in prog-

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*Agency representatives meet to discuss significant aspects of coordinated research data banks.*

ress, (2) whether current agency data banks were being used, and (3) whether there was a demand for a coordinated Government-wide system of data banks.

An objective-type questionnaire seemed the obvious answer for several reasons. First, to get a representative sample we would have to contact 619 Federal scientists, engineers, and health personnel. The sheer number and location of these people ruled out the traditional face-to-face interview. Another consideration was that it would be easier to tabulate and analyze objective questions, and the results could be projected to the universe with a high degree of statistical reliability. The final factor was that we wanted a good response and a high return rate.

Although the questionnaire was lengthy—14 pages—the response rate was over 95 percent. A factor contributing to this high return rate was our attempt to make the recipients feel that their answers were important by sending a followup letter and by offering to

send a summary tabulation of the questionnaire results. Sending results is a good way to make the recipient feel involved in the study and hence increase his willingness to complete and return the questionnaire. In our case this technique prompted over half the people that received questionnaires to request summary tabulations.

### **Questionnaire Results Support Report Premise**

The questionnaire results which fill an information void left by most of the previous studies demonstrate that a Government-wide information system is needed and would be useful to a large number of people. The concept of developing an information system for research projects has been a controversial matter, as is any new method that would change management patterns. We hope that the questionnaire statistics will help to resolve some of management's skepticism that a system is needed and will reinforce prior studies

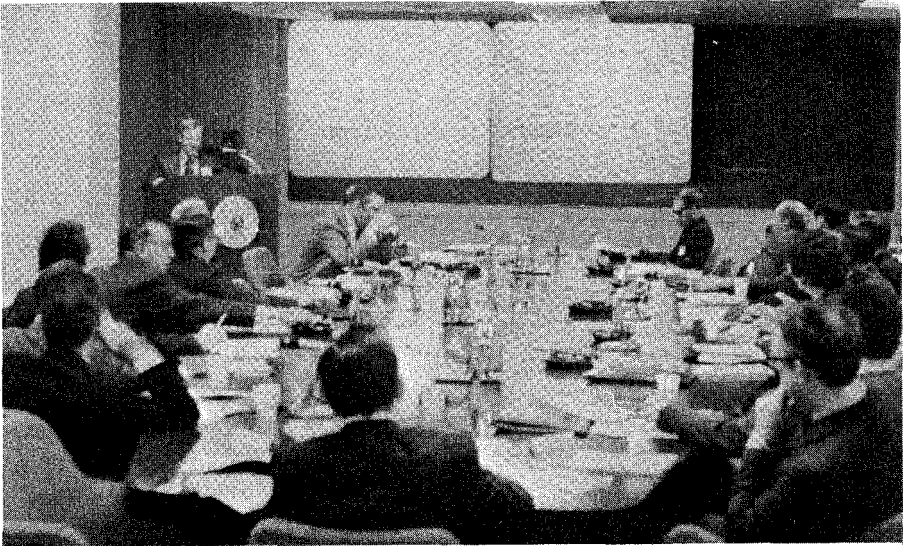
which recommended that a system be established.

Our analysis of the results shows that present agency information systems are serving a limited but useful purpose. One of the most surprising benefits was that the existing systems have aided in minimizing duplication of research work. On the basis of questionnaire results, we estimated that about 39,000 persons within the professional scientific, technical, and health community of the Federal Government had learned of instances of research duplication and that about 6,000 persons had discovered such duplication through the use of data banks.

The questionnaire results show that the projected number of potential Government-wide system users is nearly five times the estimated number of current systems users. In addition, the

respondents identified what benefits would accrue to them if a Government-wide information system were established. They thought this would aid communication between persons engaged in parallel research work, make the process of search less time consuming, minimize duplication, and help them become aware of negative results. Many people also indicated that the system would aid them in learning about canceled projects that never reach the stage where the results are published.

In summary, the responses indicated that informal means, such as personal contacts and attendance at scientific and technical meetings, are presently the most prevalent methods for obtaining current research information. However, on the basis of the experience of several existing systems, we believe the use of data banks will in-



*The author describes questionnaire results to agency representatives.*

crease in their complementary relationship with the other more traditional sources as the reliability of data banks for providing complete and current information is increased.

## Questionnaire Results Widely Distributed

In addition to serving as support in the report, the results of the questionnaire have been useful as a starting point in describing the research information problem to personnel outside GAO.

One instance in which we used the questionnaire results to help amplify and explain the problems of information exchange was at a Government-wide briefing on coordination of data banks reported in *The GAO Review*, Summer 1972, pages 75-76. At this March 1972 meeting only preliminary summary tabulations were available. Nevertheless, they proved useful in describing some of the benefits the present systems were providing and what could be expected from a Government-wide system. These preliminary results provided a starting point for a lively discussion on several topics, including who would use the system and for what purposes.

The meeting was intended to bring out these topics for discussion so we could ascertain problem areas that should be covered in the final report. The meeting also provided us with ideas for refining the analysis of the questionnaire results so that some questions not answered could be covered in a later analysis. About 3 weeks

after the meeting we were able to provide all the agency representatives with a revised analysis of the questionnaire results so they could consider this information in formulating agency comments.

The Office of Science and Technology in the Executive Office of the President also expressed interest in the questionnaire analysis. Because our sample included all types of professional scientific and technical personnel equivalent to GS grades 7 to 18 and because results could be analyzed in almost unlimited combinations of work functions, grade levels, and scientific areas, to name a few, we were able to provide the Office of Science and Technology with a special analysis for a project they were pursuing at that time. Their staff was interested in knowing if the information-gathering methods of top managers (GS-15 and above) and middle managers (GS-14 and below) differed significantly.

Our analysis showed that managers at all levels used the same information-gathering methods and that top managers were just as likely to obtain information from data banks as were the middle managers. This information proved quite significant in pointing out that the need for information encompasses all management levels, and it is now part of our final analysis of the questionnaire results.

Another use of the questionnaire, almost a side effect, was that it brought GAO's interest and concern in this area to the attention of over 700 people who can benefit from the develop-



ment of useful information-handling techniques.

### Conclusion

A questionnaire can be a helpful audit tool to develop data not easily

obtainable by other methods. The questionnaire and its results can be used for diverse purposes, from supporting a report premise to communicating GAO's interest in an area of national concern.

## The Laws of Bureaucratic Immobility

- I. Never do anything for the first time.
- II. Pay is a function of time spent.
- III. Wait until others have given clearance.
- IV. It is futile, so why try?
- V. Make only big mistakes.

*Byron L. Johnson*

*The Washington Post, October 22, 1972*

## Why Management Development Efforts Are Disappointing

*Mr. Gormley discusses principles of management development which may be well known but are often violated or ignored.*

In the days prior to World War II, the generally accepted viewpoint was that the management development process required little attention. Somehow, during the normal operation of the industrial organization, men supposedly acquired whatever it took to be managers and rise to the top.

The unprecedented demand on industry during the war disclosed a shortage of management manpower and the postwar prosperity further emphasized the shortage of executive talent. This shortage, as well as an increased realization of the complexity of the management job and the peculiar skills required of a manager, caused tremendous growth in formal management development programs and activities through the whole Western World. T. A. Mahoney and others point out that

\* \* \* concern for management development reflects a growing awareness of the

contribution of management performance to the continued success of our economy as well as the individual enterprise. Various pressures \* \* \* have contributed to an increased concern for efficient utilization of managerial resources, and numerous activities are being conducted by individual companies to improve the identification of management potential and to develop and utilize this potential more effectively.<sup>1</sup>

Management development efforts on the part of industry and educational institutions have been rapidly increasing since the war. It is rare to find a large- or medium-sized company today without planned efforts to develop managers. Despite this push, few organizations possess sufficient managerial competence to insure that the firm can capitalize on its economic opportunities and continue rapid expansion. Often, those responsible for the man-

<sup>1</sup> Thomas A. Mahoney, Thomas H. Jerdee, and Abraham Korman, "An Experimental Evaluation of Management Development," *Personnel Psychology*, Vol. 13, No. 1 (Spring 1960), pp. 81-98.

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agement development process in industry are dissatisfied with the results but fail to understand exactly why an adequate number of capable managers is not being developed fast enough. Top management asks why development programs have fallen short of the mark.

The purpose of this article is to (1) identify the principles that are widely accepted as being pertinent to an enterprise's management development and (2) pinpoint those principles that are often violated or ignored, thereby lessening or inhibiting the effectiveness of management development programs.

### Objectives of Management Development

In the broadest sense, the ultimate objective of management development is improved economic performance. In general, development plans propose to accomplish this primarily by improving the performance of all managers in their present jobs and, secondly, by preparing them for broader future assignments.

Management development is the progress a manager makes in learning how to manage and

\* \* \* is made up of all those activities designed to improve current or future performance by providing the necessary skills, knowledge, attitudes, and value system required of men who discharge the obligations of managerial responsibility within a particular company.<sup>2</sup>

<sup>2</sup> Joseph L. Cross, "Return on Personnel Assets: A Conceptual Framework for a Practical Management Development Program," *Personnel Journal*, Vol. 46, No. 8 (September 1967), pp. 502-507.

### Principles Pertinent to Management Development

Although not all inclusive, the principles set forth below are generally recognized as important to the success of development efforts.

- All development is self-development. Internal motivation is essential to the development process. A company can provide the opportunity for a manager to develop, but it cannot develop a manager.
- Development is an individual process. The activities involving the individual should be tailored to fit his development needs and capabilities as they compare to the requirements of the job. The individual will only develop in areas he sees as meaningful and valuable. The individual's development must be evaluated in terms of the objectives of the program.
- Development is a continuing process. Management techniques and knowledge and the total environment of management change constantly. As a result, the management development process is a day-to-day, year-round activity.
- The opportunity for development must be equally available to everybody in the enterprise.
- The wholehearted support and continued involvement in the development program from top executives down is required to create a favorable climate. Top management as well as lower management must be willing to accept change.

Management must accept the responsibility for providing an environment conducive to development.

- Development of one's subordinates is a fundamental responsibility of management at all levels. The immediate supervisor is the key influence. His interest and active participation are essential to the success of the management development program. He must be responsible and accountable for development of his subordinates.
- Specific development objectives must be set only after careful and thorough examination of the company's particular needs. The established objectives must be thoroughly understood and progress must be measured against the objectives.
- Development is a long-range process that must closely tie into corporate long-range plans to be effective.
- Direct application of managerial knowledge and training on the job are essential for managers to learn to manage.

These principles are easily understandable and seem obvious. However, studies and observations on management development efforts show that several of these so-called obvious principles are more often violated and ignored than observed and honored.

### Principles Most Often Violated and Ignored

The commitment and involvement of management is the principle consid-

ered most important to the success of the development efforts. According to J. L. Cross,

It would be futile to "develop" the lower levels of management in principles of management unless these principles are understood and practiced at the top.<sup>3</sup>

Yet, literature points out that the primary reason for less-than-satisfactory results in management development is the failure of top management to be totally involved in, and committed to, the change essential to the development process. Although committed by establishment of a formal program, top management should not expect development to succeed, to the extent that it will appreciably influence managerial performance, if it does not (1) set an example by its own participation in the development program, (2) insure that policies are compatible with the development desired, and (3) hold all levels of management truly accountable for the development of their subordinates.

Although development is a long-range process that must closely tie into the corporate long-range plans, the effectiveness of many management development programs has been inhibited because the drafters of these programs have failed to adequately consider this aspect prior to making commitments to development efforts. Inadequate planning is a defect often found to be at the root of unsuccessful management development efforts. If development is to have any real impact on company success, the management development program requires solid organization and manpower planning. Those plan-

<sup>3</sup> *Ibid.*

ning management development must estimate (1) the future of the organization and (2) the number of managers with specific skills, knowledge, and attitudes that will be needed to staff the organization of the future. Also, in this regard, many programs have been unsatisfactory because they have expected change or improvement after only a short period of training and development or after the use of a single technique.

Another reason for the disappointing results of development efforts is the inappropriateness or obscurity of the development objectives. Many programs have failed because the set of objectives used was merely a mirror image of development objectives commonly used in industry and did not fit the actual needs of the company. The design of the development efforts rarely clarifies the objectives sufficiently to (1) permit a thorough understanding of the objectives in order to plan operations to attain the objectives or (2) permit managers to feel satisfied with the results.

### Measurement of Management Development Efforts

Evaluation of the effectiveness of management development programs requires the identification of relatively precise and detailed criteria. Seymour Levy, reporting on a survey of management development practices, states that

The major issue \* \* \* is to recognize that we are still primarily talking about an art rather than the making of scientific statements. The difficulty with \* \* \* management

development practice is the lack of any systematic attempts to develop measures of the effectiveness of these practices. Very few studies have systematically evaluated the impact of these different practices. To the extent this continues, management development will continue to be an art rather than a science or applied technology.<sup>4</sup>

Scientific study of the effects of development programs is increasing, but much more empirical research is needed before management will possess the criteria necessary to measure the effectiveness of management development efforts to the extent required to satisfactorily answer the questions raised earlier.

### Conclusion

The preceding discussion presented those principles pertinent to management development which are usually found diluting the effectiveness of management development programs. Also pointed out are reasons why measurement of management development is difficult. An enterprise that is willing to make policy decisions and commitments to a comprehensive development program can look forward to major improvements in performance. Precise statements of the development objectives need to be built into the program as benchmarks to evaluate the effectiveness of the program. If this is not done, managers are likely to settle for unsatisfactory scraps of development and continue to wonder why management development does not pay.

<sup>4</sup> Seymour Levy, *Personnel Psychology*, Vol. 18, No. 1 (Spring 1965), pp. 127-128.

The management of a firm needs to continually emphasize the principles important to the success of development efforts if successful changes are to occur. Too many firms make commitments to development efforts without following through on the management development program.

# How The President Gets Paid

A little-known function of GAO is to initiate each month the Government's administrative processes by which the President of the United States receives his salary and expense allowance.

This procedure is a carryover from GAO's predecessor organizations in the Treasury Department. The Budget and Accounting Act, 1921, which created GAO as an agency independent of the executive branch, provided that the powers and duties of the Comptroller of the Treasury and the six auditors of the Treasury Department were to be taken over by the General Accounting Office.

One of the duties was to prepare and process the documents necessary to support payment of the President's salary and expense allowance. Federal laws set the amount of salary (currently \$200,000 a year) and expense allowance (currently \$50,000 a year) to be paid to the President, but over the years none of these laws have ever specified the procedures to be followed in making the payments.

GAO's involvement is longstanding. The present practice, carried over from the Treasury Department, is to treat these payments as claims. From the beginnings of GAO, the GAO organizational unit responsible for settling claims has handled this function.

Today, this monthly duty is one of the lesser known functions of the GAO Transportation and Claims Division.

This Division, under the general direction of its deputy director, *James M. Campbell*, follows the procedure below.

- Near the end of each month, the chief of the Payment Claims Section, *James W. Johnson*, prepares a certificate of settlement, payable to the President. This certificate sets forth the President's salary for the month and the monthly portion of his authorized expense allowance, less withholdings for Federal income tax, etc.
- The certificate as prepared is reviewed by either the chief of the Payment Claims Review Section, *A. W. Lilliston*, or by the chief of the Payment Claims Branch, *H. J. Shahan*, and is then signed by *John P. Gibbons*, assistant director, Transportation and Claims Division.
- After signature, the certificate is sent by special messenger to the Treasury Bureau of Accounts for recording in the Government's central accounting records and a certifying officer approves the document.
- It then goes to the Washington Regional Disbursing Office of the Treasury's Division of Disbursement. There a check on the Treasurer of the United States is drawn over the name of the Chief Disbursing Officer and turned over to

a special messenger from the White House.

The key reason for the evolution of the current procedure is that, although the law provides for the Treasury to pay the President's salary and expense allowance, no one who was connected with the President's office was authorized, in earlier years at least, to execute a voucher in support of the payments. Arrangements were made for a Treasury auditor to perform the duty since his certificate would be accepted as a basis for payment.

In earlier years, as was true of many of the Government's fiscal proc-

esses, much more cumbersome procedures were followed to provide the Treasury with documentary support for making these payments. These procedures involved requisitions, accountable warrants, and settlement of the amounts advanced. These procedures came under internal scrutiny in the Treasury in 1884 and some changes were made in the process which was then not greatly different from that being followed today. (For more detailed information on earlier procedures, see Decisions of the First Comptroller of the Treasury, Vol. V, 1884, p. 149.)



# The Watchdog Reports

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

## **Postal Accounts Division**

October 1950

Comptroller General *Lindsay C. Warren* has announced that major functions of the Postal Accounts Division of the General Accounting Office, located in Asheville, N.C., will be transferred to the Post Office Department, Washington, D.C., effective November 15, 1950. This action, which carries out provisions of the Post Office Department Financial Control Act of 1950, involves the transfer of personnel, records, funds, equipment, and supplies.

The Comptroller General sent a letter to the employees of the Postal Accounts Division pointing out that the realignment of functions under this new law constitutes an important milestone in progress toward better accounting and financial reporting in the Federal Government. He stated the act is a most significant contribution to efficiency in Government, and will give the Post Office Department the same responsibility for its own accounting as other Government agencies have.

Expressing deep personal regret in losing such a fine group of people, he

wrote: "I know that you will continue in your new assignments to maintain the same high standards of efficiency, loyalty, and conscientious devotion to duty which in the past made the Postal Accounts Division one of the best and most effective operating arms in the Federal Government."

## **Comptroller General Abolishes Accounting and Bookkeeping Division**

November 1950

Comptroller General *Lindsay Warren* has announced the abolition of the Accounting and Bookkeeping Division of the General Accounting Office effective December 31, 1950. The Division was set up September 1, 1935, to maintain certain central accounts in the General Accounting Office, to settle the accounts of accountable officers and make adjustments in appropriation symbol and title designations, and to perform certain functions in connection with the countersignature of warrants. Some of the functions of the division are to be transferred to other divisions in the Office, and others will be discontinued as they will no longer be necessary under new law and proce-

dures. This move is in accord with the policy of the new Budget and Accounting Procedures Act of 1950 and represents further progress in the direction of simplifying Federal accounting procedures.

Comptroller General Warren, in issuing his order, said, "This is a major step in my drive for efficiency and economy in Government. It in no way reflects upon the loyal performance of the employees of the Accounting and Bookkeeping Division. Their hard work through the years has made a major contribution to better Government. It is not the fault of the individual employee when a better method is found for performance of a function of the Office resulting in the necessity for adjustments in our personnel."

The Secretary of the Treasury hailed Mr. Warren's order as "a progressive step in achieving the objectives of our joint accounting program and the Accounting and Auditing Act of 1950."

The Director of the Bureau of the Budget told Mr. Warren, "I am delighted to see the prompt and vigorous action you are taking in the improvement of the Government's accounting."

Three years ago, the Comptroller General, the Director of the Bureau of the Budget, and the Secretary of the Treasury instituted a joint program for the improvement of accounting and financial reporting throughout the Government. This program has been carried on since that time with the active participation and support of all other Government agencies. One of the principles of this joint program, as announced January 6, 1949, by the three

top fiscal officials, is that the maintenance of accounting systems is a function of the executive branch.

That principle is incorporated in the Budget and Accounting Procedures Act of 1950. The act makes each agency responsible for establishing and maintaining an accounting system. It makes the Treasury Department responsible for central accounting and reporting. All of these accounts are to be established in accordance with principles and standards prescribed by the Comptroller General and subject to audit verification by the General Accounting Office. The act places emphasis on orderly improvements resulting in simplified and more effective accounting.

The reorganization is a result of a study commenced a year ago. It is a major part of the reshaping of the activities of the General Accounting Office, along with those of the other agencies, in the direction of bringing about the most effective and economical operations attainable under the new law.

Under an agreement with the Secretary of the Treasury, the General Accounting Office will play a major role in developing the most effective accounting and financial reporting for the Treasury Department. A cooperative survey of the Department's accounting, utilizing Treasury and General Accounting Office staff, is now underway.

With due regard to the responsibility placed on the Treasury Department and other agencies by the new act, records of the Treasury Department, audited in the Treasury by General

Accounting Office staff, will serve the purpose of present General Accounting Office records as a basis for countersigning warrants and related activities. In other instances agency accounts will be inspected in lieu of maintaining accounts in the General Accounting Office covering the same transactions. Symbols and titles for appropriation, limitation, receipt, and trust accounts will be designated by the Treasury Department and other agencies in accordance with revised regulations of the Comptroller General. These steps will make the performance of paralleling work in the Accounting and Bookkeeping Division unnecessary in the future, and such work will be discontinued.

The first transfer of functions from the Accounting and Bookkeeping Division to other divisions in the Office was accomplished by an order issued November 7. The order moved the audit and adjustment of accounts current and the settlement of accounts of accountable officers from the Accounting and Bookkeeping Division to the Reconciliation and Clearance Division. Other orders and revisions of regulations will follow.

### Major Accomplishments of Joint Accounting Program

February 1951

Comptroller General *Lindsay C. Warren*, Secretary of the Treasury *John W. Snyder*, and Budget Director *Frederick J. Lawton*, at a recent meeting, discussed major accomplishments under their joint program to improve the Government's accounting. Policies

and objectives of the program, carried on since December 1947, are embodied in the new Budget and Accounting Procedures Act of 1950. The officials said this act authorizes the most fundamental kind of improvements in the Government's budgeting, accounting, financial reporting, and auditing. The President cited it as the most important legislation in the budget and accounting field since the Budget and Accounting Act, 1921.

Mr. Warren stated that he and Mr. Snyder had issued their first joint regulation under the new accounting act. It simplifies accounting for repayments to appropriations, eliminating warrants previously issued by the Treasury and countersigned by GAO. This not only saves paperwork but avoids weeks of delay in making collections available for disbursements. All other phases of the warrant system are under examination for possible simplification.

Mr. Warren emphasized expansion of comprehensive on-the-site GAO audits, broader coverage, more effective results, less paperwork, and reduced flow of documents into Washington. He named 16 agencies, in addition to Government corporations, for which comprehensive audits have been undertaken. These are in addition to hundreds of other on-the-site audits of vouchers and other fiscal documents. The central receipt and appropriation accounts of the Government, under recent arrangements, are being audited where the accounts are maintained in the Treasury Department.

Mr. Snyder noted that the Treasury Department and GAO are collaborat-

ing in a top-to-bottom review of Treasury accounting. This is aimed at providing the Department with the best possible system of accounting and internal control and means of producing central financial reports for the Government as required by the new accounting law. Agreement on the underlying principles is an important factor in consistency, proper disclosure, and increased understandability and usefulness of these reports.

Mr. Lawton added that Budget-Treasury regulations dealing with apportionment and status reports on each appropriation have been completely revised. Duplication and conflicts in reporting have been eliminated by revision of this regulation and related GAO requirements. He announced virtual completion of a joint review of agency budgeting and accounting practices undertaken at the request of the Chairman of the House Appropriations Committee. He also pointed out that through accounting improvements, better financial information is becoming available for evaluating budget estimates and appraising performance under agency programs.

The three officials stressed that the key to lasting improvement is the cooperative work being done with all Federal agencies in improving their accounting. A report of results to date cites "truly remarkable progress" in work with 40 agencies or major subdivisions. Numerous examples of improvements are listed, including reductions in accounting costs. For the first time in law, each agency is now responsible for establishing and maintaining adequate systems of accounting

and internal control for its own operations.

Mr. Warren, Mr. Snyder, and Mr. Lawton cautioned, however, that the greatest value of the program lies not so much in economizing in accounting itself as in contributing to more efficient and economical management through better accounting results. They summed up progress under the program in this statement: "The improvements in accounting in individual agencies and in the Government as a whole being achieved under the joint program are basic to the President's program for the improvement of management in the executive branch. Likewise, progress under the program is providing a basis for improvement in service to the Congress by establishing a generally more reliable foundation of financial information for legislative action and an improved structure for control of the public funds."

#### **Warren Appoints Westfall to Director of Audits Post**

June 1951

Comptroller General *Lindsay C. Warren* has announced the appointment of *Ted B. Westfall* as Director of Audits in the General Accounting Office. The Director will be a staff officer of the Comptroller General responsible for overall planning, programming and correlation of GAO audits.

The position was set up to aid the balanced development and provide overall guidance of the audit programs of the Office and for coordination of its auditing activities.

Mr. Westfall is a graduate in business administration of the University of Oklahoma. He holds the degree of Bachelor of Laws from The George Washington University Law School. He is a certified public accountant (Texas) and a member of the Texas Society of CPAs, the American Institute of Accountants and the District of Columbia Bar. He was formerly an Assistant Director of the Corporation Audits Division of GAO.

#### Audit Subdivision Opens at Denver

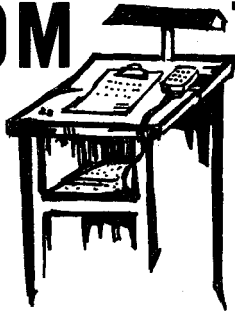
July 1951

Comptroller General *Lindsay C.*

*Warren*, by his order 2.19, has established the Air Force Audit Branch at Denver, Colo., for the purpose of receiving, auditing, adjusting, and settling the accounts of accountable officers of the Department of the Air Force and conducting periodic surveys of its fiscal operations.

*John B. Cummins*, who was transferred from the subdivision in Cleveland, is chief of the Audit Subdivision; while *Lavina B. Andrick*, also transferred from Cleveland, is Personnel Officer. *Doris M. Freed*, transferred from Washington, is Assistant Personnel Officer.

# FROM



# GAO

# SPEECHES

## Oversight Role of the Congress

*Elmer B. Staats, Comptroller General, speaking on "Public Confidence in Government and the Need for Accountability" before the Executives Club of Chicago in Chicago, Ill., October 5, 1972.*

Much has been said in criticism of the Congress. We hear of such criticisms almost daily. But, having been directly concerned with budget and legislative matters in the Executive Office of the President for more than 25 years and now as Comptroller General in the legislative branch for more than 6 years, I can testify that there is no place for the blanket criticisms of the Congress of the type rendered by Mr. Ralph Nader within the past week. As a general proposition, the committees of the Congress not only make vigorous efforts to understand—but do understand—the complexities of the programs on which they are required to legislate or appropriate. The plain fact is that Government has become more complex; therefore the job of the Congress has become more complex in dealing with such matters as atomic energy, space programs, Medicare,

monetary reform, pesticides, air pollution, and so on. The list is endless.

Too frequently, we think of the Congress only in its role of appropriating funds or enacting major legislation. Perhaps there has not been enough concern about the ability of the Congress to exercise adequate oversight as to whether programs, once authorized and financed, are being carried out economically and efficiently and are serving fully the purpose for which they are intended.

It would be naive to fail to recognize that special problems arise when the Congress is of one political faith and the President is of another. As a minimum, the noise level associated with the charges and countercharges is increased, especially in an election year, but the more fundamental issue is whether the Congress has lost its "coordinate position" with the executive branch; whether the Government has become too large and too complex for legislative oversight; and whether the President—thanks to television—overshadows any similar figure or group of figures in the legislative branch and thus has an overpowering natural advantage in molding public opinion.

Effective congressional oversight can serve two highly important purposes: First, it can publicize waste, mismanagement, conflicts of interest, etc., and bring pressure for corrective action. In short, it can serve to keep the administrator on his toes. Democracies through the centuries have relied on freedom of information and a free press as important ways to make government responsible to the people. Second, as programs change and as needs change, the Congress must be concerned with both their level and direction.

The General Accounting Office, of which the Comptroller General is the head, carries an important responsibility in assisting the Congress to obtain the facts, to assess the efficiency of management, and to advise the Congress on whether programs which it authorizes are achieving their objectives.

As Government has expanded and become more expensive, this responsibility has increased. As an arm of the Congress, the General Accounting Office responds to requests from the Congress as a whole, from committee chairmen, and from individual Members to investigate and to assess and analyze the manner in which Federal programs are being carried out by the executive agencies. Equally important, as the independent auditor of the Federal Government, our Office undertakes, on its own initiative, reviews of virtually every Federal program and reports to the Congress *and to the public* its conclusions and recommendations as to how Federal programs can be improved.

## Standards and Systems for Social Measurement

*Stewart D. McElyea, deputy director, Field Operations Division, speaking on "Approaches to Define Standards of Social Impact Measurement" at the seminar on Corporate Social Accounts at the Battelle Seattle Research Center, November 11, 1972.*

However the Nation chooses to divide the tasks of social betterment between the public and private sectors, there is the need either way of beginning to develop our ways of knowing more about what the results of our decisions are.

That is what standards are all about and it is no new suggestion to recommend that standards for social measurement need to be worked out with the help of all the experts available.

My feeling about a way to *force* this development would be to begin requiring as a condition precedent to approval and financing, that social program proposals include explicit goals and operating methods stated in such terms as to allow measurement of performance. Such a stringency would be much easier of application in business than is it in government. I believe that the primary contribution of accountants to this development process should be that of helping the experts of any particular discipline to state goals and define measurement systems which take into account the information needs of external and relatively unsophisticated interests, as well as those of the managing experts.

I also believe that accountants should bear the primary responsibility for developing the systems for gathering, analyzing, and reporting data about the operations, which are revealing of performance as it actually occurs. And, in this part of the en-

deavor the accountants need the advice of other interested groups for the same reasons that managers, and investors, and lenders, and regulators are and always have been involved in the development of financial accounting standards.

## Eliminating Government Programs

\* \* \* The fourth thing I shall mention is \* \* \* a more overwhelming need in Government to have terminal facilities on activities or programs. It seems to be practically impossible to stop something once Government starts it. No matter how bad it is, it just keeps going. The only question is whether it should be bigger, but never whether or not it should be eliminated \* \* \*.

*George P. Shultz*

Director, Office of Management and Budget  
GAO 50th anniversary lecture on "Improving Management for More Effective Government," June 11, 1971



The amendment to the Defense Production Act of 1950 passed in August 70 which provided for the establishment of the Cost Accounting Standards Board designated the Comptroller General as Chairman and authorized him to appoint the other four members. The law further specified that two of the additional members are to be from the accounting profession; one is to be representative of industry; and one is to be from a Federal department or agency.

On January 21, 1971, the Comptroller

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

The Board will have the responsibility

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

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

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

## GAO Role in Revenue Sharing

Legislation providing for sharing of Federal revenues with State and local governments became law with the enactment of Public Law 92-512, approved October 20, 1972, and it is to be called the State and Local Fiscal Assistance Act of 1972.

As explained by the Comptroller General at the regional meeting in Boston, November 2, 1972, on the implementation of revenue sharing, GAO's role is threefold:

1. To consult with the Secretary of the Treasury about the auditing, accounting, and fiscal regulations in the administration of the legislation. The interim regulations of the Department of the Treasury are already before you.

2. To report to the Congress on how the Department of the Treasury carries out its function, including any suggestions we may have about changes we think may be desirable in the legislation itself.

3. To respond to inquiries from the committees and Members of Congress as to whether State and local governments have discharged their responsibilities adequately. This is a normal role we play in virtually all Federal legislation, and we assume this will be the case here. The kinds of questions we can anticipate are:

- Has there been compliance with the anti-discrimination provisions in the statute?
- Have Davis-Bacon and local prevailing

rate provisions of the law been complied with?

- What has happened concerning expenditure levels at the local level from all sources of funds—Federal, State, and local—for the “priority” expenditure categories set forth in the law?
- Has the availability of revenue-sharing funds caused any slackening of vigilance in resisting waste and discouraging efforts to effect economies?

## Technology Assessment

During the waning days of the 92d Congress, a law was enacted establishing a new office in the legislative branch to assist the Congress in anticipating, understanding, and considering the consequences of applications of technology in determining public policy on existing and emerging national problems.

The new law is the Technology Assessment Act of 1972 (Public Law 92-484, approved Oct. 13, 1972). It creates the Office of Technology Assessment “within and responsible to the legislative branch of the Government.” The office consists of a 13-member Technology Assessment Board to formulate and promulgate the policies of the office and a director to carry out these policies and administer the operations of the office.

The Board is to be comprised of six Senators, six Representatives, and the director.

Provision is also made for establishment of a Technology Assessment Advisory Council of 12 members (10 from the public, the Comptroller General, and the director of the Congressional Research Service of the Library of Congress).

GAO is called upon in the law to provide to the new office financial and administrative services and "such other services as may be appropriate."

### **Assistance to Appropriations Committees**

Providing assistance to congressional committees on appropriations is a very important part of the work of GAO. The report of the House Appropriations Committee on the Department of Defense Appropriation Bill, 1973 (H. Rept. 92-1389), which considered budget estimates of nearly \$80 billion and recommended appropriations of \$75 billion, contains numerous references to the Committee's use of GAO reports in its deliberations. A summary statement early in the report gives this indication of the extent and breadth of assistance:

The Committee has been greatly assisted in its efforts to evaluate Defense budget proposals by studies made by the General Accounting Office. A total of 150 reports on defense programs have been made available to the Committee by the GAO during the period of July 1, 1971 through July 31, 1972. The Committee and the Congress must have available objective studies of the details of selected Defense programs. The GAO studies supply the needed objectivity. Many savings

have been made possible by these efforts. Reports made to the Committee include:

- 1) The Army's Program to Modernize Ammunition Plants;
- 2) The Army's Base Operating Information System;
- 3) The Army's Combat Service Support System;
- 4) The Acquisition of Major Weapon Systems;
- 5) Cost Estimating for Major Acquisitions;
- 6) Audit of Payments from Special Fund to Lockheed Aircraft Corporation for C-5A Aircraft Program;
- 7) Causes of Shipbuilders' Claims for Price Increases;
- 8) Systems Engineering of the Army's Tactical Operations System Operable Segment;
- 9) The Army's Request for Funds for the Evaluation of Three Helicopters.

As can be seen from this brief listing, GAO reports cover many areas and programs. The Committee expects to continue to rely heavily on the information provided by the General Accounting Office.

### **AICPA Committee on Social Measurement**

Leroy Layton, incoming president of the American Institute of CPAs, remarked as follows about this committee in his inaugural address at the Institute's annual meeting in Denver, October 4, 1972:

Earlier this year the institute sponsored an interdisciplinary roundtable on social measurement attended by social scientists, businessmen, government officials and CPAs. An outgrowth of that meeting was the appointment of an institute committee on social measurement which is now functioning. The committee has met with representatives of the General Accounting Office to discuss the GAO's current methods and techniques for measuring the effectiveness of the multi-

billion dollar Federal social programs. While continuing to follow the work of the GAO and other Government agencies, the committee has decided to concentrate its efforts in the corporate field for the time being in an attempt to develop principles and standards for corporate social reporting. The work of this new committee represents the departure of the profession into a new and exciting field of service to the public.

The committee is chaired by Arthur B. Toan, partner, Price Waterhouse & Co. *Stewart D. McElyea*, deputy director, GAO Field Operations Division, is a member.

### **ADP Terminals for GAO Regional Offices**

Time-sharing services have been extended to seven regional offices. The Cincinnati, Denver, Kansas City, Philadelphia, San Francisco, Seattle, and Washington regional offices are participating in a pilot study to determine the feasibility of using time-sharing techniques on GAO audits. Their experience will provide the basis for determining whether time-sharing terminals should be installed in all regions and, if so, how much training and support are needed.

### **ADP Training Course at Wharton**

Starting in early April 1973, 24 GAO staff members will attend a pilot 4-week training course provided by the faculty of the Wharton School of Commerce and Finance at Philadelphia. The main objective of the course is to provide an indepth understanding of

basic and advanced concepts of computer-based information systems. In addition to enhancement of individual professional qualifications, the course is intended to facilitate recognition of those audit situations where ADP methods might usefully be applied. Subsequent courses are tentatively planned. Amplifying information can be obtained from GAO heads of divisions and offices.

### **Efficiency and Savings in Computer Operations by Using Evaluation Techniques**

On August 22, 1972, the Comptroller General issued a report on "Opportunity for Greater Efficiency and Savings Through the Use of Evaluation Techniques in the Federal Government's Computer Operations" (B-115369). This report was based on a review conducted by the Washington regional office and the Financial and General Management Studies Division.

The report emphasizes that the use of computer performance evaluation techniques could increase the productivity of computer systems—some estimate by as much as 20 to 40 percent—with only a minimal increase in cost. The Federal Government has thousands of computers which cost about \$4 to \$6 billion annually to operate; therefore, the potential for savings by improving their performance is apparent. These potential savings become particularly important because there is a continued demand within the Government for additional computer capacity.

The term "computer performance evaluation techniques" is described with the methods used to measure and/or evaluate the performance of computer systems. The report deals with hardware and software monitoring techniques. Hardware monitoring uses electronic monitoring devices to determine how much and when the various components of a computer system are being used. Software monitoring uses special computer programs to check other computer programs to see if these programs use computer capabilities efficiently. By using the information produced by these monitoring techniques, management can redistribute workloads among the various hardware components of their computer system to achieve an evenly distributed workload between the various components; and by identifying inefficient processes in their operating programs, management can adopt more efficient processing procedures to cut down on the amount of computer time used.

The GAO report recommended that the efforts of the Office of Management and Budget encourage that the use of these techniques include:

- Directing heads of Federal agencies to consider using computer evaluation techniques to improve the efficiency of computer performance, especially before acquiring additional computer capacity.
- Promoting more use of the hardware and software techniques that are currently developed and in use.

- Encouraging the development of productivity and performance criteria, encouraging more training in the use of the techniques, and encouraging manufacturers to design "built-in" computer performance evaluation techniques in future ADP systems.

- Obtaining periodic reports on agency efforts to evaluate the efficiency of their computer operations to determine if further actions are needed and distributing such reports to other agencies to assist them in recognizing the potential benefits available through performance evaluation.

### Advice for Accountants

William J. Casey, Chairman of the Securities and Exchange Commission, included the following advice in his address at the annual meeting of the American Institute of CPAs in Denver on October 2, 1972. He was speaking to public accountants on investor needs but his remarks also bear study by accountants involved in governmental operations.

In addition to improved reporting standards, there is a pressing need for improved two-way communication between accountants and the users of their statements. It may be every bit as important to create public and investor understanding of what accounting is as it is to redefine its goals and upgrade its methods. It seems vital to me that you correct the impression that accounting is something which produces exact measurements—that it is a scale on which a business can be weighed to get an exact and precise answer as to its performance and the degree of its progress in any particular period and

its value. It seems to me that there is a need for greater public understanding that the accounting process relies on and produces estimates.

Accountants have encouraged the public to think of accounting as an exact science by producing a single number result and limiting accountants' responsibility to a single, segregated section of reports to shareholders, when the essence of the accrual system of accounting is estimation and prediction of future events.

On the other side of the coin, accountants must also recognize that in developing accounting principles, they must pay considerable attention to the perceptions of users of financial statements. If statements are to be useful, they must communicate: They must mean what informed people think they mean. Formulas cannot be used blindly which produce results which defy common sense and fail to present a fair picture. Form cannot triumph over substance.

### Connecticut's Legislative Program Review Committee

Overriding the Governor's veto, the Connecticut General Assembly enacted in May 1972 legislation creating a legislative program review committee. The committee is to be a permanent standing committee of 12 members. Among its duties is the conduct of "program reviews to assist the general assembly in the proper discharge of its duties."

Of especial interest is the definition of "program review" included in the act. The term means:

\* \* \* an examination of state government programs and their administration to ascertain whether such programs are effective, continue to serve their intended purposes, are conducted in an efficient and effective manner, or require modification or elimination.

### Article on Food Safety

GAO's reports on food sanitation received extensive attention in an article by Irwin Ross published in *Reader's Digest* for September 1972, entitled "How Safe Is Our Food?" The article delves into Federal food inspection activities carried out by the Department of Agriculture and by the Food and Drug Administration.

Findings in the following GAO reports are discussed:

—Consumer and Marketing Service's Enforcement of Federal Sanitation Standards at Poultry Plants Continues to be Weak—Department of Agriculture, B-163450, November 16, 1971.

—Dimensions of Insanitary Conditions in the Food Manufacturing Industry—Food and Drug Administration; Department of Health, Education, and Welfare, B-164031 (2), April 18, 1972.

### More Compliments

The following excerpts are from more letters of appreciation for the quality of assistance rendered by GAO staff members:

*From Senator William Proxmire, Chairman of the Subcommittee on Foreign Operations of the Senate Appropriations Committee, January 13, 1972:*

I want to relay to you my appreciation for the able assistance rendered \* \* \* in connection with the fiscal year 1972 hearings by Mr. George L.

Demarco, Assistant Director of the International Division's Defense Audit Group.

Mr. Demarco's demonstrated knowledge of the Department of Defense's military assistance and military sales program, together with the high level of professional competence of his staff, enabled the Committee to focus on several fundamental problems inherent to these programs as they have been carried on in the past.

Meaningful changes are in order because of these disclosures, and when they are accomplished Mr. Demarco and the General Accounting Office would have played an important part in bringing them about.

*From Representative Wayne L. Hays, Chairman, Committee on House Administration, August 14:*

Recently, Mr. Edward M. Morahan of your office completed, on assignment to the Committee on House Administration, an audit of a contract between Informatics Inc., Rockville, Maryland, and the Clerk of the House of Representatives.

I want to take this opportunity to express my appreciation for the excellent work performed by Mr. Morahan, and the expeditious manner in which he completed his assignment.

*From Senator Harold E. Hughes, Chairman, Subcommittee on Alcoholism and Narcotics of the Senate Committee on Armed Services, August 18:*

I just wanted you to know how very much we appreciated having Mr. Charles Schuler of the General

Accounting Office staff serve with the Subcommittee on Alcoholism and Narcotics as a Congressional Fellow this year.

Chuck provided invaluable assistance in the preparation of hearings held by the Armed Services Subcommittee on Drug Abuse in the Military, particularly in determining that commercial drug screening laboratories under contract to the Army were performing below contract standards. Later, he pursued this while working on the staff of Representative Les Aspin and, on several occasions, assisted our Subcommittee staff further in this matter. All in all, we found him to be an excellent Government servant, and we enjoyed having him with us.

*From Representative George H. Mahon, Chairman, House Appropriations Committee, August 30:*

On behalf of the Committee, I wanted to express my sincere appreciation for your generosity in making available the very capable services of Mr. John M. Hoover, who recently completed an assignment with our Surveys and Investigations Staff. The Director of the Staff informed me that Mr. Hoover not only exhibited unique perception in areas of irresolution involving the subject matter of studies on which he was assigned, but also showed considerable skill and resourcefulness in translating the results of his efforts for the benefit of the Committee.

The impressive performance of Mr. Hoover is one in which you can be justifiably proud.

*September 26:*

On behalf of the Committee, I want to thank you once again for making available the services of such fine and capable men as Mr. Clarence P. Squellati and Mr. Philip A. Olson to our Surveys and Investigations Staff. The Director of the Staff has informed me that both men exhibited not only rare insight in probing the subject matter of studies on which they were assigned but also unique capacity for identifying and objectively reporting areas of concern for meaningful use by the Committee.

Mr. Squellati deserves special recognition for providing outstanding leadership in the conduct of these studies. According to the Director of the Staff, Mr. Squellati's performance as team leader provided inspiration to his Staff associates, and his efforts, as well as those of Mr. Olson, were certainly in conformance with the high principles associated with your organization.

*From Mario T. Noto, Special Counsel, Subcommittee on Labor of the Senate Committee on Labor and Public Welfare, May 17:*

Mr. Allen R. Elliott, a supervisory mathematician from the General Accounting Office on detail to this Subcommittee \* \* \* was actively engaged in the study conducted \* \* \* of the private pension plan system in the United States. Mr. Elliott was of invaluable assistance to the Subcommittee staff in implementing the responsibility of the review and analysis of detailed accumulated statistical data received by the Subcommittee in response to approximately 1500 selected private

pension plans throughout the United States. He worked closely with Mr. Homer W. Anderson, a supervisory auditor from your office similarly on detail to the Subcommittee.

\* \* \* \* \*

In my opinion, Mr. Elliott conducted himself not only competently in the execution of his assigned duties, but also unhesitatingly worked without regard to hours. The competency of his work and his personal demeanor among the staff was in a manner which reflects with credit to his organization. I want to express the Subcommittee's appreciation and my own for your having made him available to us.

*November 1:*

As you know, Mr. Leonard Selkowitz, a supervisory auditor, was on detail from the General Accounting Office to this Subcommittee between December 6, 1971, and October 20, 1972.

Mr. Selkowitz's assignment with the Subcommittee entailed responsibility for supervision of that portion of the Subcommittee study of private pension plans which was processed through use of the computer of the United States Senate. His task was of even greater significance since this was the first use of the Senate computer and a variety of problems required solutions by Mr. Selkowitz. \* \* \* As with his predecessors from the General Accounting Office who had been on detail to the Subcommittee, he proved to be of invaluable assistance to us in preparing for Subcommittee hearings for legislative purposes, and in analysis of data essential for legislative deliberations.

Mr. Selkowitz worked under my supervision, and accordingly, I do not hesitate to inform you that the assignments given to him were performed by him in a competent and conscientious manner. He never hesitated to accept assignments, even those which were peripheral to his primary function.

*From Representatives Henry S. Reuss, Chairman, and Guy Vander Jagt, Ranking Minority Member, Conservation and Natural Resources Subcommittee of the House Committee on Government Operations, September 1:*

Thank you for your letter of August 10, 1972, transmitting to us your agency's investigative report (B-148623) entitled "Administration of Regulations for Surface Exploration, Mining, and Reclamation of Public and Indian Coal Lands, Department of the Interior."

Once again we are grateful for the very fine work your agency has performed in carrying out this very timely investigation. We are particularly pleased with the high calibre and proficiency of your staff and their fine cooperation. We believe that the GAO investigation and report, coupled with this Subcommittee's efforts, will be very helpful to the Congress and the public in protecting this Nation's priceless natural resources and in improving the Government's economy and efficiency.

*From Senator John L. McClellan, Chairman, Senate Permanent Subcommittee on Investigations, Senate Committee on Government Operations, September 14:*

During July of 1972, the Senate Permanent Subcommittee on Investigations conducted a series of hearings relating to an important investigation in which we have been engaged for some time, "United States Military Supply Systems: Traffic in Surplus War Material." As you know, the General Accounting Office, by your direction, furnished a capable team of auditors to assist us with our work at armed forces installations in Europe. On behalf of the Subcommittee, I am pleased to express our deep appreciation for the excellent work performed by the members of your staff who worked with us and for their dedication to their assignments. Their efforts greatly facilitated the progress of the inquiry.

I wish to call your particular attention to the accomplishments of Richard A. Helmer, who until recently has been a supervisory auditor in your European operations. I understand that he now is serving here in Washington. Mr. Helmer was assigned to the Subcommittee's staff for approximately eight months, and during that time demonstrated excellent managerial capability in originating and defining the areas of audit and in supervising the work of the GAO auditors who were assigned with him to our staff. I understand that he also ably coordinated the operations of many Department of Defense auditors and Army investigators who were assigned to the inquiry. On July 28, 1972, when Mr. Helmer testified at length before the Subcommittee, I had the opportunity to observe the results of Mr. Helmer's excellent work, and I am happy to in-



form you that his appearance before the Subcommittee reflected great credit upon the General Accounting Office and upon its staff, and that his testimony contributed substantially to the success of our inquiry.

*From Representative William J. Randall, Chairman, Special Studies Subcommittee of the House Committee on Government Operations, September 14:*

Since June 5, 1972, this Subcommittee has had the services of Mr. Roy Singleton who has assisted us in completing the report on our study of the Promotional Activities of the Foreign Agricultural Service.

We have been very much impressed with the quality of work performed by Mr. Singleton and the manner in which he has approached his assignment. He has demonstrated uniformly good judgment in evaluating the information from which he has worked and he has fit very well into the work routine followed by the Subcommittee staff.

*From Senator Harrison A. Williams, Jr., Chairman, Senate Committee on Labor and Public Welfare, September 25:*

Since March 13, 1972, the U.S. General Accounting Office has provided the Senate Subcommittee on Labor with the services of Supervisory Auditor Dennis Shiplett. \* \* \* Mr. Shiplett has proven to be invaluable to the work being performed by the Subcommittee. His professionalism and dedication to duty is to be highly commended.

*September 25:*

Since March 13, 1972, Mr. John Boyd has been assigned to the Subcommittee staff and has contributed invaluable assistance to our inquiries. Mr. Boyd has been required to work under the pressure of severe deadlines and multi-phase projects requiring the exercise of independent discretion and judgment. His professionalism and performance in these circumstances has been a major contribution to the Committee's successful inquiries.

*From Representative Lester L. Wolf, October 3:*

I would like to take this opportunity to express my appreciation for the speedy and efficient manner in which your office prepared your report on the Heroin Hotline which I recently requested.

In particular, I would like to commend the efforts of Mr. Abston, Mr. Caldron and Mr. Caradine, who assisted in the compilation and analysis of the information.

*From Representative Charles H. Wilson, Chairman, Subcommittee on Census and Statistics of the House Committee on Post Office and Civil Service, October 11:*

I want to take this opportunity, upon the release of our report "Investigation of Possible Politicization of Federal Statistical Programs", to extend my appreciation for lending Mr. Calvin C. Cookfair and Mr. Jacob Glick, Supervisory Auditors, to our Subcommittee. I have acknowledged their major contributions to the preparation of our report in my submittal

letter to Chairman Dulski. The outstanding job that they did for the Subcommittee is a compliment to both you and GAO.

*From Representative Ancher Nelsen, Chairman, Commission on the Organization of the Government of the District of Columbia, October 18:*

I wish to take this opportunity to express my appreciation to you and others in the Department who may have assisted us in the conduct of our study. While there is an acknowledgment of this assistance contained in the Foreword of the Report, I wish to take this additional opportunity personally to thank you for your assistance and cooperation, particularly as it relates to the detail of personnel, i.e., Messrs. Marvin F. Almy, Ron Kozura, Robert Wyckoff, Tim Martin, and Francis W. Lyle, who performed their duties in an outstanding manner.

Mr. Almy was most helpful with our procurement and supply management study; Mr. Kozura provided strong assistance with our ADP study; Messrs. Francis Lyle (who served as our Financial Affairs Task Force leader) and Robert Wyckoff were extremely helpful in our study of District fiscal affairs; and Messrs. Robert Wyckoff and Tim Martin played an essential part in the proofreading and final editing of our Report.

It was the charge of this Commission to study the organization and operations of the District Government to determine how it could provide improved services and be more economi-

cal and efficient. If, as we believe, we have succeeded in making recommendations to this end, certainly yours will be a significant contribution to the well being of our Nation's Capital.

*From Thomas A. Wilkins, Chairman, Manpower Advisory Committee for the District of Columbia, October 18:*

Again I would like to express my appreciation for the efforts of your staff for the very effective presentation of their findings regarding manpower programs in the District of Columbia. The presentation by Mr. Robert Derkits several weeks ago to the Mayor, and then on September 19 to the Manpower Advisory Committee (MAC) and subcommittee members, have had great impact through focusing attention on the problems we face and have resulted in a request by the Mayor to me, as Chairman of the MAC, to begin work immediately on preparing recommendations for steps which would enable the Mayor to gain greater influence and administrative control over these programs and services. The MAC has wholeheartedly responded to this challenge and the MAC Secretariat is beginning work on this task.

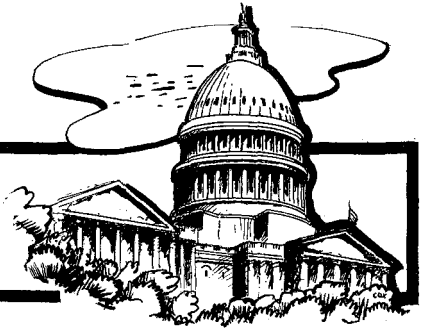
The importance of the impact made by the presentations by your staff can not be overstated. I know that I speak for the Mayor in saying that we deeply appreciate this kind of assistance. We especially appreciate the spirit of cooperation and of continuing collaboration which Mr. Medico and his staff have shown in working with us to find constructive approaches to the problem identified.

*From Lt. General Duward L. Crow,  
Comptroller of the Air Force, Septem-  
ber 25:*

Much of the progress we have made  
in our accounting systems can be at-

tributed to the constructive coopera-  
tion and participation on the part of  
Messrs. Irving Zuckerman and Ralph  
Garfein of your office. They have been  
most helpful in providing guidelines  
and constructive criticism.

# HEARINGS *and* LEGISLATION



BY JUDITH HATTER

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

## Information for the Congress

In conjunction with hearings conducted in March and April, the Joint Committee on Congressional Operations issued on August 15, 1972, a report entitled "Improving Fiscal and Budgetary Information for the Congress," (H. Rept. 92-1337). The Committee recommended that the Office of Management and Budget and the Treasury Department, in cooperation with the Comptroller General, develop and maintain an up-to-date inventory of executive branch fiscal, budgetary, and program-related information and data sources. The Comptroller General would review this inventory on a continuing basis and determine whether it was satisfying congressional needs and requirements and he would also assist committees and Members of Congress in obtaining, appraising, and analyzing information from the inventory.

## Water Pollution Control

The Federal Water Pollution Control Act Amendments of 1972, Public Law 92-500, October 18, 1972, 86 Stat. 816, which were enacted into law

despite the President's veto, require the Comptroller General to conduct a study and review of the research, pilot, and demonstration programs related to prevention and control of water pollution. This includes waste treatment and disposal techniques which are conducted, supported, or assisted by any agency of the Federal Government pursuant to any Federal law or regulation. The act requires also that the Comptroller General assess conflicts between, and the coordination and efficacy of, such programs and make a report to the Congress by October 1, 1973.

Further, the law provides that the President of the United States is to utilize the General Accounting Office in conducting an investigation and study of ways of using all the various resources, facilities, and personnel of the Federal Government in carrying out the objectives of the act.

## Federal Impoundment and Information Act

Public Law 92-599, October 27, 1972, 86 Stat. 1324, to provide for a

temporary increase in the public debt limit and to place a limitation on expenditures and net lending for the fiscal year ending June 30, 1973, contains, as title IV, the Federal Impoundment and Information Act. This act amends the Budget and Accounting Procedures Act of 1950 to require the President of the United States to report to the Congress and to the Comptroller General certain specific information each time appropriated funds are partially or completely impounded and to explain in supplementary reports any revision to the information already provided.

### **Military Waiver of Claims**

Public Law 92-453, October 2, 1972, 86 Stat. 758, provides authority for the Comptroller General to waive claims of the United States against members and former members of the uniformed services and National Guard arising out of erroneous payments of pay and allowances, other than travel and transportation allowances, if the collection of the amount claimed would be against equity and good conscience and not in the best interest of the United States.

This legislation parallels the provisions of Public Law 90-616, October 21, 1968, 82 Stat. 1212, which provides the Comptroller General similar waiver authority with respect to employees of the executive agencies of the Government.

Under the provisions of the new law the Comptroller General is also required to prescribe standards for the waiver of claims.

### **Disaster Relief**

In its report on the Disaster Relief Supplemental Appropriation Act, 1973, Public Law 92-393, August 20, 1972, the Senate Appropriations Committee stated its belief that the Small Business Administration should exercise the closest supervision over the disbursement and utilization of disaster relief funds available to it. The committee has requested the Comptroller General to immediately undertake a careful monitoring of this program in the field and to (1) keep the committee advised on a continuing basis of the manner in which the SBA is carrying out its responsibilities with respect to the disaster loan program and (2) make recommendations as quickly as possible as to the policies and procedures that will be most effective and which can be instituted administratively by SBA. (S. Rept. 92-1047)

### **Transportation Payment Act of 1972**

*Edwin W. Cimokowski*, associate general counsel, and *Thomas E. Sullivan*, director, Transportation and Claims Division, strongly supported and recommended enactment of H.R. 15054, the Transportation Payment Act of 1972, at hearings before the House Interstate and Foreign Commerce Committee on September 18, 1972.

The bill implements recommendations of the Joint Agency Transportation Study by amending section 322 of the Transportation Act of 1940 to fa-

cilitate the payment of transportation charges and in so doing provides savings to the Government and the carrier industry through man-hour and documentation reductions.

The Senate version of the bill, S. 3240, was cleared for the President in lieu of H.R. 15054 on October 16, 1972, and was signed into law by the President on October 25, 1972.

### **Inter-American Development Bank Activities Evaluation**

On September 21, 1972, *Oye V. Stovall*, director, International Division, appeared before the Subcommittee on Inter-American Affairs of the House Foreign Affairs Committee to present the unclassified contents of a classified report, "United States System for Appraising and Evaluating Inter-American Development Bank Projects and Activities."

It was suggested that the Congress consider whether the executive branch's low-profile approach to dealing with the Inter-American Development Bank is compatible with the magnitude of financial support the Congress is asked to approve. (Other participants: Messrs. *Wohlhorn*, *Brogan*, and *Fitzgerald*)

### **Federal Coal Mine Health and Safety**

*Henry Eschwege*, director, Resources and Economic Development Division, appeared on September 5 before the Subcommittee on Labor of the Senate Labor and Public Welfare

Committee to discuss the assessment and collection of civil penalties by the Department of the Interior under the Federal Coal Mine Health and Safety Act of 1969. (Other participants: Messrs. *Hirschhorn*, *Rother*, *Cahalen*, *Beeman*, and *Wertz*)

### **Narcotic Addiction Treatment and Rehabilitation Programs**

Information about the Narcotic Addiction Treatment and Rehabilitation Programs in Los Angeles, San Francisco, and Alameda Counties and the Veterans Administration Hospitals at Palo Alto and Brentwood, Calif., requested by Representative Don Edwards, the Chairman of Subcommittee No. 4 of the House Judiciary Committee, was outlined for the Subcommittee on July 26, 1972, by *Dean K. Crowther*, deputy director, Manpower and Welfare Division.

It was variously estimated that the number of narcotic addicts is from 15,000 to over 60,000 in Los Angeles County, from 4,500 to 7,200 in San Francisco County, and a minimum of 5,000 in Alameda County. The annual expenditure for treatment and rehabilitation is \$18.5, \$2.7, and \$1.2 million, respectively.

Because there was no single agency designated to coordinate and evaluate the activities, no attempt had been made at effectiveness evaluation in Los Angeles County. This was true of the Veterans Administration facilities as well, although some data had been gathered. No conclusion as to the effectiveness of the programs from the

results reported was drawn by GAO either, because standards as to what constitutes acceptable program results have not been developed. (Other participants: Messrs. *Elmore* and *Fitzgerald*)

### **Military Airlift Command Traffic System**

On August 2, 1972, *Donald L. Scantlebury*, director, Financial and General Management Studies Division, appeared before the Subcommittee on Transportation of the House Armed Services Committee to discuss the GAO review of the tariff system of the Military Airlift Command. GAO's review was undertaken to ascertain whether financial information available from the Airlift Service Industrial Fund accounting system was utilized to pro-

mote greater efficiency and economy in airlift operations.

It was determined that financial data were not being used in decisions regarding the initiation, expansion, and continuation of channel airlift services—the movement of personnel, cargo, and mail over established routes. Also, because the Fund uses only two tariff rates, the amounts billed to customers were not commensurate with the cost of services rendered. It was suggested that the Air Force evaluate the feasibility of establishing a tariff system more closely aligned with the cost of providing services and as a result the Military Airlift Command has undertaken a study which will be completed by November 1, 1972. (Other participants: Messrs. *Daniels*, *Lowe*, *Jennings*, *Kensky*, *Connor*, and *Blair*)

**William J. Anderson**



William J. Anderson was designated an assistant director in the General Government Division, on August 23, 1972. He is responsible for the audit of the operations of the U.S. Postal Service.

Mr. Anderson served in the Army as a Russian linguist from August 1948 to July 1952. He received a Bachelor of Science degree in foreign service in international commerce, *cum laude*, from Georgetown University, School of Foreign Service, in 1956; a Bachelor of Science degree in business administration, *cum laude*, from Georgetown University, School of Business Administration, in 1961; and a Master of Business Administration degree from The American University in 1966.

At the time he joined the General Accounting Office, Mr. Anderson was chief accountant and a corporate officer of a mechanical contracting firm. Since he joined GAO in 1962, he has had diverse assignments, including responsibilities for audits at the National Aeronautics and Space Administration; U.S. Forest Service; Atomic Energy Commission; and the Far East Branch, International Division, in Honolulu.

Mr. Anderson is a member of the National Association of Accountants and the Federal Government Accountants Association. He received the GAO Meritorious Service Award in 1967 and the Superior Performance Award in 1968.





**Melvin F. Bergartt**

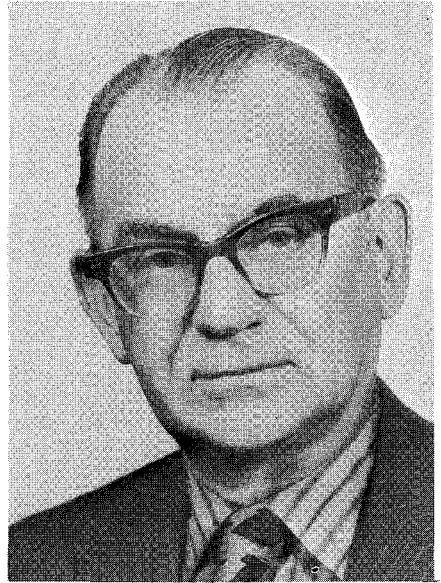
Mr. Bergartt was designated an assistant director, International Division, September 5, 1972. In this capacity he will be responsible for directing reviews in the Corporations, Independent Activities, and Financial Management Group.

Mr. Bergartt served in the U.S. Army from 1943 to 1946. He graduated in 1949 from Johns Hopkins University where he majored in accounting. Before joining the General Accounting Office in 1957, he served as a staff member for an international public accounting firm and as treasurer of a construction firm.

With GAO, Mr. Bergartt has served in positions of increasing responsibility in the Civil and International Divisions. In 1968 he was an audit manager in the European Branch and from 1969 to 1972 was acting and assistant manager in the New Delhi suboffice.

Mr. Bergartt is a CPA (Maryland) and a member of the American Institute of CPAs and the Maryland Association of CPAs. He received the GAO Meritorious Service Award in 1968.

**Edwin W. Cimokowski**



Edwin W. Cimokowski was designated an associate general counsel in the Office of the General Counsel, effective August 20, 1972.

Mr. Cimokowski served in the U.S. Army Air Corps from 1942 to 1945. He has an LL.B. degree from Southeastern University and an A.B. (business administration) degree and an LL.M. degree from The George Washington University. He is a member of the Bar of the District of Columbia.

He entered Government service in May 1935 and joined the General Accounting Office as an attorney in January 1946. His area of responsibility principally concerns transportation matters.



**Don B. Cluff**

Don B. Cluff was designated assistant regional manager, Washington regional office, on August 7, 1972.

Mr. Cluff served in the Air Force from 1957 to 1960. He graduated from the University of Nevada in 1963, when he received a Bachelor of Science degree with emphasis in accounting. He joined the San Francisco regional office that year and in 1964 was transferred to the Sacramento audit site. In 1969 he returned to San Francisco.

Mr. Cluff attended the Civil Service Commission Executive Seminar on Organizational Management in 1972 and is currently attending the Industrial College of the Armed Forces.

He is a member of the Federal Government Accountants Association and served on the Board of Directors of the Sacramento chapter. He received the GAO Meritorious Service Award in 1967.

**Franklin A. Curtis**



Franklin A. Curtis was designated an associate director of the Manpower and Welfare Division on August 20, 1972, with primary responsibility in the area of income security.

Mr. Curtis joined the General Accounting Office in 1958 in the Detroit regional office. He was an assistant regional manager in that office prior to his transfer to Washington in July 1972. He also served as chairman of the GAO study group on Washington-Field relationships.

Prior to joining the Office, Mr. Curtis was employed for 4 years by Lybrand, Ross Bros. & Montgomery. Other experience included 2 years with the controller's staff of Chrysler Corporation and 2 years as chief accountant for Ohio Northern University. He served in the U.S. Army from 1951 to 1953 with assignments to the comptroller's staff in Fort Knox and to the Army Audit Agency in Columbus, Ohio.

Mr. Curtis attended Bowling Green State University and holds a bachelor's degree in business administration. He also attended the Harvard Graduate School of Business Administration Program for Management Development. He is a CPA (Michigan), past president of the Detroit chapter of the Federal Government Accountants Association, and a member of the American Accounting Association, the National Association of Accountants, the American Institute of CPAs, the Michigan Association of CPAs, and the Harvard Business School Club.

He received the GAO Meritorious Service Award in 1962 and the Career Development Award in 1972.



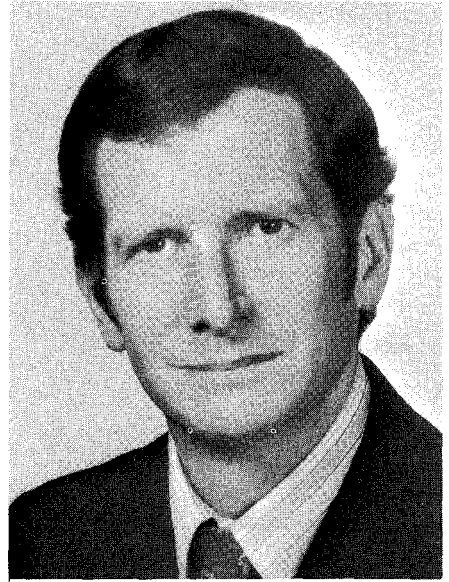
**Carl R. Greimel**

Carl R. Greimel was appointed a senior attorney in the Office of the General Counsel, effective July 9, 1972.

Mr. Greimel joined the General Accounting Office in 1937 and served in the former Claims Division as an examiner and review examiner. He transferred to the Office of the General Counsel as an attorney in 1942 and has served there since except for a period in 1944 and 1945 when he served in the U.S. Marine Corps.

Mr. Greimel attended The American University where he earned LL.B. and LL.M. degrees. He earned a Certificate of Proficiency in Accounting at the Wharton School of Accounting and Finance. He has been admitted to practice before the District Court of the United States for the District of Columbia, the U.S. District Court of Appeals for the District of Columbia, the U.S. Court of Military Appeals, and the Supreme Court of the United States. He is a member of the District of Columbia Bar, the Federal Bar, and the American Bar.

**T. Vincent Griffith**



T. Vincent Griffith was appointed legislative attorney in the Office of Legislative Liaison on October 16, 1972.

Mr. Griffith joins the General Accounting Office after having served for 6 years as administrative assistant to Senator John V. Tunney of California. His service with Senator Tunney includes 4 years when the Senator was a member of the House of Representatives.

Previously, Mr. Griffith served as a judge advocate in the U.S. Air Force; as an attorney with the Federal Trade Commission; and as law clerk to the Honorable John Lewis Smith, Jr., of the U.S. District Court for the District of Columbia.

Mr. Griffith received a B.S. degree from Georgetown University in 1957 and an LL.B. degree from Georgetown University Law Center in 1960. He is a member of the District of Columbia and Virginia Bars.



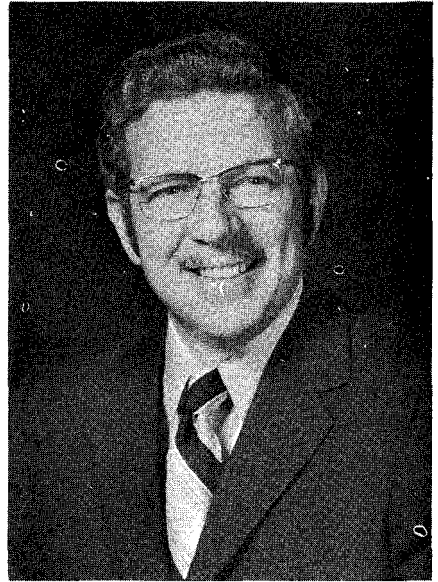
**Ray S. Hausler**

Ray S. Hausler was designated assistant director of the Office of Program Planning, effective August 20, 1972. In this position, he will concentrate on long-term direction of effort planning.

Mr. Hausler received his Bachelor of Science degree in accounting from the University of Santa Clara in 1957 and joined the General Accounting Office in Portland, Oreg. In 1958 he left GAO for a 6-month tour in the U.S. Army Medical Service Corps. In 1965 he again left GAO to attend the University of California at Berkeley, where he earned an M.B.A. degree in administration and policy. He returned to GAO in 1967 and was transferred to Seattle in 1968 to become the Seattle regional office's regional planner.

Mr. Hausler is a member of the Federal Government Accountants Association, the American Society of Public Administration, the Planning Executives Institute, and the World Future Society.

**Frederick L. Haynes**



Frederick L. Haynes joined the staff of the General Accounting Office in July 1972 as an assistant director in the Logistics and Communications Division. In this capacity, he will be responsible for the conduct of reviews of the management of industrial activities in-house within the Federal Government.

Mr. Haynes' previous experience was with Headquarters, U.S. Air Force. During 1970-72, he served as Chief of Plans Section of the USAF Management Engineering Program and the Air Force application of the Defense Integrated Management Engineering System. From 1966 to 1970, he was senior industrial engineer, USAF Management Engineering Program. Mr. Haynes also had previous experience as an industrial engineer with Headquarters, Air Force Systems Command; Aluminum Company of America; and Sylvania Electric Products Incorporated.

Mr. Haynes is a professional engineer. He is a graduate of Northeastern University from which he received a Bachelor of Science degree in industrial engineering in 1960. He received a Master of Business Administration degree from The American University in 1968 and he has completed additional graduate study at The George Washington University and Fairleigh Dickinson University. Mr. Haynes is a member of the National Society of Professional Engineers, the Washington Society of Engineers, the American Management Association, and is a delegate of the District of Columbia Council of Engineers and Architects. He was nominated Outstanding Industrial Engineer, Greater Washington, D.C., in 1969.





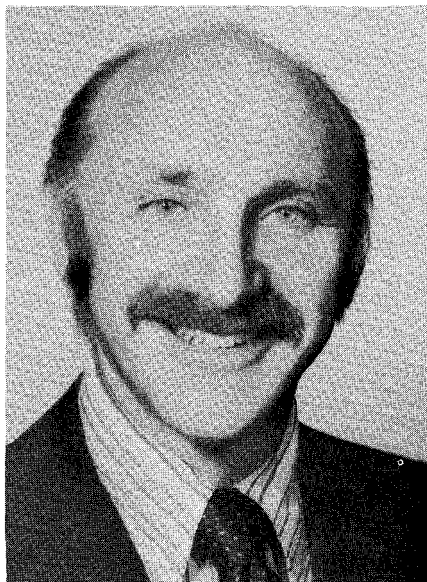
**John D. Heller**

John D. Heller was designated an associate director in the Manpower and Welfare Division, effective August 20, 1972.

Mr. Heller joined the General Accounting Office in 1959. Under the 1972 GAO reorganization, Mr. Heller became responsible for the overall direction of all GAO reviews of health activities operated or funded by the Federal Government.

Mr. Heller received his Bachelor of Science degree in accounting from King's College in 1959 and attended the Program for Management Development at Harvard Business College in 1968. He is a CPA (Virginia) and a member of the American Institute of CPAs. In 1961 and 1972 he received the GAO Meritorious Service Award and in 1967 he received the William A. Jump Meritorious Award.

**Morton E. Henig**



Morton E. Henig was designated an associate director in the Manpower and Welfare Division, effective August 20, 1972. In this capacity he will be responsible for the General Accounting Office in the area of education and manpower training.

Mr. Henig served with the U.S. Army in 1946 and 1947. He joined GAO in September 1951 after graduating from Rutgers University where he received a Bachelor of Science degree. He completed the Advanced Management Program, Harvard Graduate School of Business Administration, in the spring of 1970.

He was assigned to the European Branch in London and Frankfurt between 1957 and 1961 and rejoined the former Civil Division in January 1962. With that division he held responsible positions relating to work at the Bureau of Public Roads, the National Aeronautics and Space Administration, the Office of Economic Opportunity, and the Department of Labor.

He received the GAO Meritorious Service Award in 1962 and again in 1967.



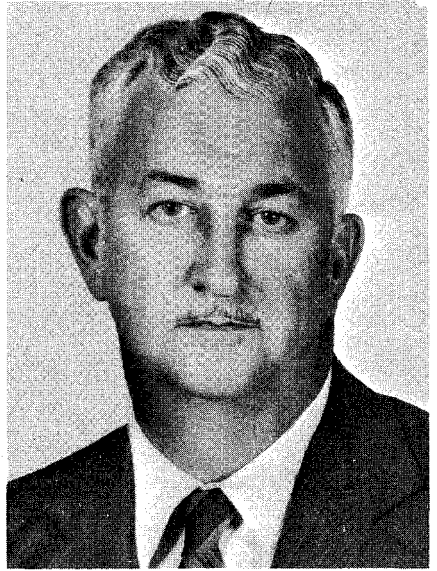
**Robert E. Iffert, Jr.**

Robert E. Iffert, Jr., was designated as an assistant director of the Manpower and Welfare Division, effective July 9, 1972.

Mr. Iffert joined the General Accounting Office in 1952 after graduating from Franklin and Marshall College with a B.S. degree in economics. Since he joined the Office, Mr. Iffert has had a wide variety of accounting and auditing experience in various civilian agencies, including the then Public Housing Administration, the Atomic Energy Commission, the Department of Commerce, and the Panama Canal Company. Presently Mr. Iffert is responsible for GAO work at the Social Security Administration.

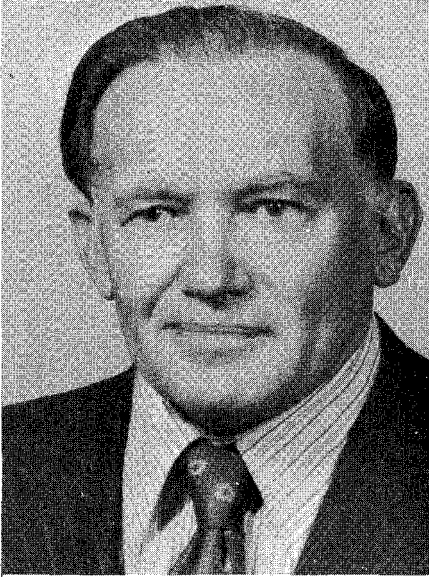
Mr. Iffert received the GAO Superior Performance Award in 1961 and 1970.

**Walter L. Lohfeld**



Walter L. Lohfeld was designated an assistant director for transportation audits in the Transportation and Claims Division, effective July 9, 1972. In this position he is responsible for the audit and settlement of transportation payments made by the United States to foreign and domestic freight and passenger carriers.

Mr. Lohfeld served in the U.S. Marine Corps from 1942 to 1945. Since joining the General Accounting Office in 1945, Mr. Lohfeld has held positions of increasing responsibility in the various phases of the transportation audit, management, and planning activities of the Office. Most recently he has been deputy assistant director for transportation audits. He received the GAO Meritorious Service Award in 1962 and 1964.



**John W. Moore**

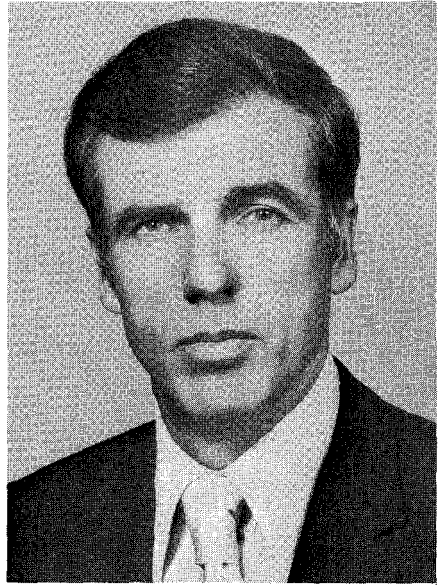
John W. Moore has been appointed associate general counsel (general government matters), effective August 20, 1972, and is responsible for legal work of the Office of the General Counsel pertaining to the availability of appropriations and to general Government matters involving all Federal agencies and the District of Columbia.

Mr. Moore joined the former Audit Division of the General Accounting Office on November 3, 1941; transferred to the Accounting and Bookkeeping Division in 1943; and has served in the Office of the General Counsel since 1948. He has been serving as an assistant general counsel since April 8, 1970.

Before entering the Government service, he was the principal of a junior high school in Kentucky. Mr. Moore received his B.S. degree from Eastern Kentucky University and his LL.B. degree, with honors, from the National University of Law, now consolidated into The George Washington University. He also completed courses toward an M.A. degree in education at the University of Kentucky.

He is admitted to practice before the District of Columbia Bar, the District Court of Appeals for the District of Columbia, and the Supreme Court of the United States. He is a member of the Federal Bar Association. He received the GAO Meritorious Service Award in 1961, 1966, 1967, and 1968.

**David Moran**

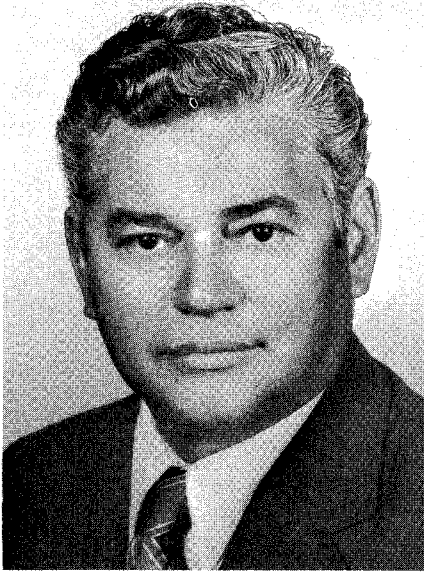


David Moran joined the General Accounting Office as acting associate director in the Procurement and Systems Acquisition Division, May 1, 1972.

Mr. Moran was graduated from the University of California at Berkeley where he received a Bachelor of Science degree in engineering.

Before he came to GAO, he was director of Management Systems Control, Office of the Assistant Secretary of Defense (Comptroller). Mr. Moran has had extensive experience in manufacturing, research and development, nuclear laboratories and management consulting with Alcoa, Aerojet, Livermore Radiation Laboratory, and Arthur Young and Company.

Mr. Moran is a charter member of the American Institute of Industrial Engineers, Los Angeles chapter, and is a delegate to the District of Columbia Council of Engineering and Architectural Societies.



**Benedetto Quattrociochi**

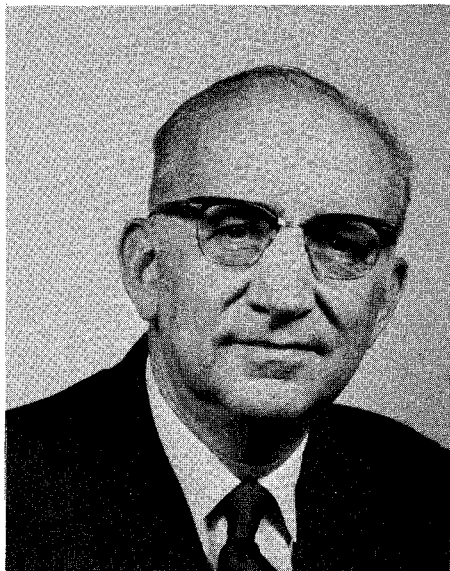
Benedetto Quattrociochi was designated an assistant director in the Manpower and Welfare Division, effective July 9, 1972. In this capacity he has audit responsibility for audit assignments involving the Office of Economic Opportunity and ACTION.

Mr. Quattrociochi served in the U.S. Navy from 1946 to 1948. He received a Bachelor of Science degree in business administration with a major in accounting from the University of Maryland in 1952.

He joined the General Accounting Office in 1953 after serving as an accountant in private industry for one year. He has served in positions of increasing responsibility with the Division of Audits, the Civil Division, and the Manpower and Welfare Division.

Mr. Quattrociochi is a CPA (Maryland). He received the GAO Meritorious Service Award in 1971.

**Joseph S. Rosapepe**



Joseph S. Rosapepe was appointed deputy information officer in the Office of the Comptroller General, effective September 5, 1972. He brings to the General Accounting Office broad experience in communications covering industry, education, and government. He has been a newsman in the midwest, a financial editor with the Associated Press in New York, and a foreign correspondent in Europe.

As a public relations account executive with two of the Nation's largest consulting firms, Mr. Rosapepe worked with corporations and associations engaged in finance, science, and engineering. He served as director of public information at Case Institute of Technology and at the National Association of Investment Companies.

Mr. Rosapepe's government experience has included service with the U.S. Office of War Information; the Psychological Warfare Division of SHAEF; and the Internal Revenue Service, where from 1961 he was director of its Public Information Division.

Mr. Rosapepe has supervised the preparation of television and radio programs and motion pictures designed for public information purposes and has written magazine articles for such periodicals as the *Saturday Evening Post*, *Banking*, *The Exchange* of the N.Y. Stock Exchange, *PR Quarterly*, and the *PRSA Journal*.

He is represented in several books, including *Men Who Make Your World* (Dutton), *Handbook on Public Relations* (McGraw-Hill), and *The Voice of Government* (Wiley), and he has lectured widely before professional groups.

Mr. Rosapepe is a member of the National Press Club, the New York Financial Writers Association, and the Overseas Press Club. He is currently on the board of directors of the Washington chapter of the Public Relations Society and the Government Information Organization.





**Clarence O. Smith**

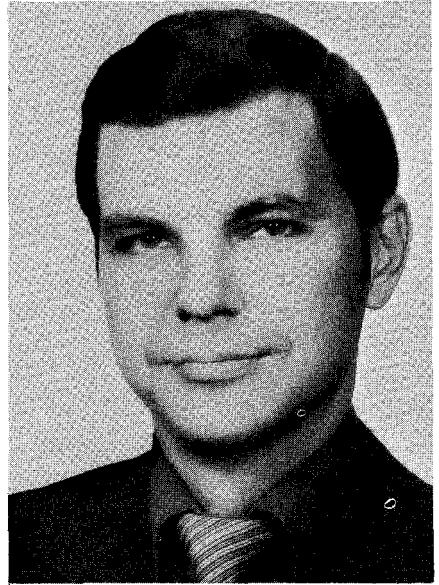
Clarence O. Smith has been designated an assistant director in the Logistics and Communications Division, effective July 23, 1972. In this position he is responsible for reviews of automatic data processing systems and records management activities of Federal agencies.

Mr. Smith served with the U.S. Navy Medical Corps from 1949 to 1953. He joined the General Accounting Office in 1958 after serving on the staff of a public accounting firm. In 1958 he received a Bachelor of Science degree in accounting from Fresno State College. He also holds certificates in automatic data processing systems and technology of management from The American University and is a candidate for a Master of Business Administration degree in management information systems from the same university.

Since joining GAO, Mr. Smith has served in numerous supervisory positions in the Field Operations Division and Transportation and Claims Division. His most recent assignment was as deputy assistant director in the Transportation and Claims Division where he was responsible for assisting in the design and development of automated transportation audit systems.

Mr. Smith is a member of the Federal Government Accountants Association, the Society for Management Information Systems, and the American Accounting Association. He received the GAO Meritorious Service Award in 1964 and a Group Superior Performance Award in 1969.

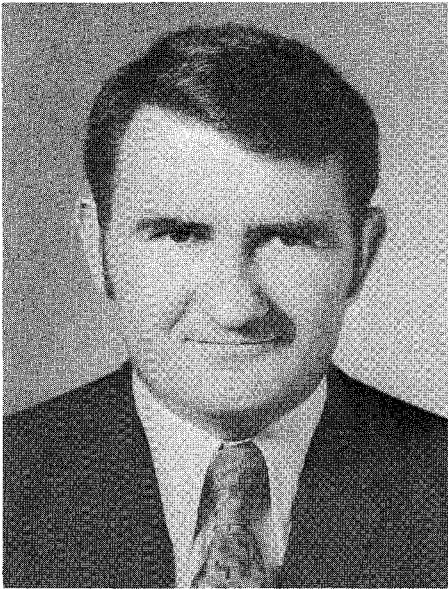
**Roger L. Sperry**



Roger L. Sperry was designated legislative adviser in the Office of Legislative Liaison, effective October 15, 1972. He has been serving in this office since August 1971.

Mr. Sperry joined the General Accounting Office in 1963 after receiving the degree of Bachelor of Business Administration with a concentration in accounting from the University of New Mexico. He had a variety of assignments and responsibilities in the former Civil Division, including tours of duty at the National Institutes of Health; the Atomic Energy Commission; and the Health Services and Mental Health Administration, Department of Health, Education, and Welfare. In addition, over a period of 2½ years ending in August 1971, Mr. Sperry served as a consultant to the Joint Committee on Atomic Energy on uranium enrichment matters and on authorizing legislation for the Atomic Energy Commission.

Mr. Sperry was a participant in a Group Superior Performance Award in 1968 and he received the GAO Meritorious Service Award in 1970.



**Wayne I. Tucker**

Wayne I. Tucker was designated assistant manager in the Norfolk regional office, effective August 6, 1972.

Shortly after joining the General Accounting Office in 1954, Mr. Tucker was inducted into military service for a 2-year tour. He returned from military service in 1956 and served in the Dallas regional office, as auditor-in-charge of the Albuquerque, N. Mex., resident office, and in Frankfurt, Germany, with the International Division. After returning from Europe to the Dallas regional office in 1967, Mr. Tucker conducted a variety of assignments with emphasis on manned space flight programs of the National Aeronautics and Space Administration.

Mr. Tucker received a Bachelor of Science degree in business administration with a major in accounting from the University of Missouri, and he has done graduate study in economics at the University of Nebraska. He is a CPA (Texas) and a member of the American Institute of CPAs and the Texas Society of CPAs.

**Stephen J. Varholy**



Stephen J. Varholy was designated an assistant director in the General Government Division, effective July 9, 1972.

Mr. Varholy received the degree of Bachelor of Business Administration in accounting, *cum laude*, from Fairfield University in 1963 and a Master of Science degree in financial management from The George Washington University in 1970. He served in the Army from 1963 to 1964.

Since he joined the General Accounting Office in 1963, Mr. Varholy has had widely diverse assignments with increasing responsibilities, including responsibilities for audits at the National Aeronautics and Space Administration; the General Services Administration; the Department of Housing and Urban Development; the Department of Health, Education, and Welfare; and the Veterans Administration. He also served as a training coordinator in the former Civil Division.

Mr. Varholy is a CPA (Virginia), a member of the American Institute of CPAs, and a director of the Washington chapter of the National Association of Accountants. He also is a staff member of the Graduate School, Department of Agriculture.

In 1972, Mr. Varholy participated in the Civil Service Commission's Intergovernmental Affairs Fellowship program. He received the GAO Career Development Award in 1970.

As assistant director in the General Government Division, Mr. Varholy is responsible for carrying out GAO's programs in the area of intergovernmental relations.



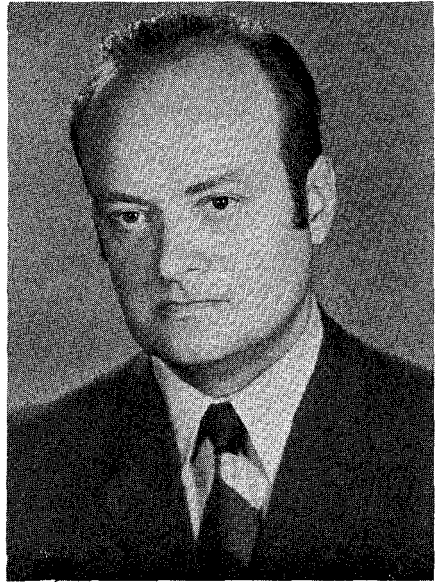
**Milo L. Wietstock**

Milo L. Wietstock was designated assistant regional manager of the Detroit regional office, effective September 3, 1972.

Mr. Wietstock served in the Air Force from 1952 to 1956. Subsequently, he attended Jamestown College, Jamestown, N. Dak., where, in June 1960, he received a Bachelor of Science degree with majors in business administration and accounting. Upon graduation, he joined the Los Angeles regional office where he served until receiving his current assignment.

Mr. Wietstock is a CPA (California) and is a member of the American Institute of CPAs. He also served as a director for several years in the Los Angeles chapter of the Federal Government Accountants Association, was vice president in 1971-72, and was elected president for 1972-73. He also served as chairman of the National FGAA Symposium held in Los Angeles in June 1972.

**David P. Wilton**



David P. Wilton was designated assistant regional manager of the Cincinnati regional office, effective September 5, 1972.

Mr. Wilton graduated from Cornell University in 1952 and received a Master of Business Administration degree from the University of Pennsylvania in 1956. Mr. Wilton served as a commissioned officer in the U.S. Navy from 1952 to 1954.

Mr. Wilton is a CPA (Ohio) and a member of the American Institute of CPAs. He is also a member of the Federal Government Accountants Association and the Cincinnati Federal Business Association.

Since joining the General Accounting Office in Cincinnati in 1958, Mr. Wilton has served with the European Branch, International Division, from 1964 to 1968 and he was manager of the International Division's Saigon office from August 1971 through August 1972.

# PROFESSIONAL ACTIVITIES

## Office of the Comptroller General

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

Department of Defense Procurement Conference, Warrenton, Va., on "GAO's Views on Defense Procurement," September 27.

Executives' Club of Chicago, on "Public Confidence in Government and the Need for Accountability," October 5.

Educational Staff Seminar, The George Washington University, Institute for Educational Leadership, Washington, D.C., on "The Role of the General Accounting Office in the Evaluation of Federally Funded Education Programs," October 12.

Federal Government Accountants Association Seminar on Sophisticated Auditing Techniques in Federal, State and Local Government, Washington, D.C., on "Performance-Operational-Management and Program Auditing at the Federal Level," October 16.

Conference on Public Employment, Compensation, and Productivity: Trends and Issues, Maxwell School of Citizenship and Public Affairs, Syracuse University, N.Y., on "Experience of the Federal Government in Maintaining Equivalency

With Private Sector Pay," October 26.

National Governors' Conference Second Regional Meeting on The Implementation of Revenue Sharing, Boston, Mass., November 2.

Mr. Staats has an article entitled "GAO Looks at DOD Weapon System Acquisition Process," in the October 1972 issue of *Defense Management Journal*.

Mr. Staats' paper on "Management or Operational Auditing," delivered at the Seventh International Congress of Supreme Audit Institutions in Montreal in September 1971, was printed in the March 1972 issue of the Bulletin of the Auditor-General's Office of the Commonwealth of Australia.

*Robert F. Keller*, Deputy Comptroller General:

Participated in The George Washington University Contract Formation Course, Washington, D.C., October 3.

Spoke before the Machinery and Allied Products Institute, Government Contracts Council, on Comptroller General activities relating to Government contracts, the Government Procurement Commission, bid-protest policy and rules, GAO reaction to S&E Contractors decision, and GAO reaction to anticlaims

clauses, Washington, D.C., October 24.

*E. H. Morse, Jr.*, Assistant Comptroller General, addressed the following groups:

Orientation Program for the Presidential Interchange Executives, sponsored by the Brookings Institution, on the role of GAO, September 11.

16th annual conference of the Association of College and University Auditors at Athens, Ga., on "Performance and Operational Auditing," September 25.

85th annual meeting of the American Institute of Certified Public Accountants in Denver on "Operational Auditing and Standards for the Public Sector," October 3.

Law Enforcement Assistance Administration's seminar for State auditors in Washington, D.C., on "Standards for Auditing Governmental Programs, Activities & Functions," October 12.

*Thomas D. Morris*, Assistant Comptroller General, addressed the following groups:

National Federation of Federal Employees Biennial Convention in Rochester, N.Y., on "The Role of the GAO in Congressional Oversight of Manpower Matters in the Federal Government," September 11.

Meeting of the American Institute of Industrial Engineers on "Productivity in the Federal Sector," September 12.

Students of the Air University's Professional Military Comptroller Course on "GAO/DOD Relation-

ships" at Maxwell Air Force Base, October 3.

October meeting of the Washington chapter, FGAA, about the joint OMB-GAO-CSC project to measure productivity in the Federal Government.

Conference on public employment, on "Public Employment Compensation and Productivity: Trends and Issues," at the Maxwell School of Citizenship and Public Affairs, Syracuse University, October 26-27.

Panel discussion on "Negotiated Procurement—The Future" at The George Washington University, November 3.

Mr. Morris has an article entitled "Government Workers: Joint Study Shows Productivity Gains" in the October 1972 issue of the *Defense Management Journal*.

*A. T. Samuelson*, Assistant Comptroller General:

Spoke on "The General Accounting Office—Its Expanding Role in Program Evaluation" before the Houston, Tex., chapter, National Association of Accountants, October 17.

Spoke on "The General Accounting Office—Watchdog for the Congress" before the Pennsylvania Northeast chapter, Scranton/Wilkes-Barre, Pa., National Association of Accountants, November 13.

Received a distinguished service award as one of the 10 most valuable members of the Washington chapter, NAA, during the chapter year 1971-72.

Has been selected as chairman of



the conference program for the regional NAA conference to be held in Richmond, Va., April 26-28, 1973.

### Office of the General Counsel

*Paul G. Dembling*, general counsel:

Spoke on the activities of GAO and the Office of the General Counsel before the Institute for New Government Attorneys sponsored by the Civil Service Commission, September 13.

Addressed the 1972 GSA Regional Counsels Conference on the activities of GAO at Annapolis, September 25.

*Milton J. Socolar*, deputy general counsel, spoke before American University law students on the functions of GAO and the Office of the General Counsel, September 14.

*Paul Shnitzer*, associate general counsel:

Spoke before the Defense Advanced Procurement Management Course on "Problems in Formal Advertising" at Fort Lee, Va., September 28.

Participated in the Briefing Conference on Government Contracts sponsored by the Federal Bar Association at Monterey, Calif., October 25-28.

*Robert H. Rumizen*, assistant general counsel:

Spoke before the Defense Advanced Procurement Management Course on "Problems in Formal Advertising" at Fort Lee, Va., August 31.

Spoke before the Government/

AID Joint Session on "Federal Procurement—A Philosophical View" at San Francisco, October 11-13.

*Martin L. Glass*, attorney-adviser:

Traveled to Detroit to teach certain aspects of Government contracts to the Detroit regional office and to speak before the Government Contracts Association of Michigan on "GAO Bid Protest Regulations," September 18-22.

Participated in the Briefing Conference on Government Contracts sponsored by the Federal Bar Association at Monterey, Calif., October 25-28.

*Edwin J. Monsma*, attorney-adviser, spoke before the Duke Law Forum, Duke University Law School, Durham, N.C., November 2-3.

*Martin J. Harty*, attorney-adviser, spoke before the Department of Agriculture's Federal Contract Negotiation Institute on "The GAO in Contracting: Its Role in Relation to the Contracting Officer and How It Carries Out That Role," Washington, D.C., November 13-17.

### Office of Policy

*Peter J. McGough* participated in a panel discussion on lease or buy decisions as made in private industry and in the Federal Government at the November meeting of the Washington chapter of the National Association of Accountants. Mr. McGough discussed existing Federal policies and criteria for making lease or buy and related acquisition decisions.

## Office of Personnel Management

*Leo Herbert*, director:

Spoke on "Educating for Business and Public Management" before the meeting of the Southern Association of Business Schools, Washington, D.C., November 8.

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

## Federal Personnel and Compensation Division

*Forrest R. Browne*, deputy director, spoke on "The Responsibilities of GAO" at the Civil Service Commission Executive Seminar, Kings Point, N.Y., September 28.

## Financial and General Management Studies Division

*Keith E. Marvin*, associate director, spoke at the Conference on Program Evaluation and Auditing in State Government, September 14, Albany, N.Y.

*Fred D. Layton*, associate director, spoke to participants of the Civil Service Commission Executive Seminar, Oak Ridge, Tenn., on "Congressional Oversight and the Role of the GAO," October 4.

*Mortimer A. Dittenhofer*, assistant director:

Spoke at a seminar sponsored by the University of New York at Albany for the National Association of

State Budget Officers on the subject of improvements in State auditing, September 11.

Spoke on audit standards to a Civil Service Commission Executive Seminar class at Kings Point, N.Y., September 19.

Gave a talk on audit standards on October 4 at a seminar of the National Graduate University in Washington, D.C.

Spoke to the Westchester, N.Y., chapter of the Institute of Internal Auditors on audit standards, October 18.

Delivered a paper on audit standards to the Washington State Society of CPAs in Seattle, Wash., November 3.

*Kenneth W. Hunter*, assistant director, spoke to the Washington chapter of the World Future Society on September 27, on "Significant Factors Influencing the Approach to Information and Analysis Support for the Congress."

*Howard R. Davia*, assistant director, conducted a workshop on hospital cost analysis for the American Society for Medical Technology region III meeting at Atlanta, Ga., November 4.

*Earl M. Wysong, Jr.*, assistant director:

Received a degree of Doctor of Business Administration from The George Washington University, September 30.

Authored an article entitled "One Federal Payroll System?" which was published in the September issue of *The Federal Accountant*.

*Rodney E. Espe*, supervisory auditor, spoke on audit standards to the National Association of Accountants, September 20, Norfolk, Va.

*Wallace M. Cohen*, operations research analyst:

Participated on a panel on Simulations and Games in Elementary and Secondary Education held in October at the national meeting of the Association for Gaming and Simulation, Baltimore, Md.

Spoke at the Southern Educational Regional Board Association Meeting, October 31, Tuscaloosa, Ala. His topic was "Computer Mathematical Modeling in Relation to Auditing of Educational Programs."

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

On September 28 and 29, the Financial and General Management Studies Division, assisted by the Dallas regional office, conducted a conference in Dallas on the development and impact of the audit standards for governmental activities issued by the Comptroller General on August 1. The conference was attended by personnel throughout Federal region VI from units of State and local government, regional offices of Federal agencies, and practicing CPAs. This was the first of a series of such conferences to be held in each of the 10 Federal regions.

Presentations at the conference were made by: *Mortimer A. Dittenhofer*, assistant director, and *Rodney E. Espe*, supervisory auditor, from the Intergovernmental Audit Standards Group; and *James L. Hedrick*, assistant direc-

tor, and *Heber Bouland*, operations research analyst, from the Systems Analysis Group.

#### **General Government Division**

*Victor L. Lowe*, director, participated in eight regional meetings to discuss implementation of the recently enacted revenue-sharing program. The eight regional meetings, sponsored by the Council of State Governments, were held in Denver, Boston, San Francisco, Seattle, Chicago, Atlanta, Dallas, and Philadelphia. The meetings were attended by representatives of State and local governments involved in the revenue-sharing program.

On October 30, *George H. Staples* and *Bill W. Thurman* participated in a workshop on revenue-sharing sponsored by the Municipal Finance Officers Association in Houston. During November, Mr. Thurman participated in similar workshops of the association in Los Angeles, Chicago, Hartford, and Atlanta.

#### **International Division**

*Joseph DiGiorgio*, assistant director, has been appointed a member of the District of Columbia Institute of CPAs Committee on Auditing Procedure and a member of the AICPA's Committee on the Effect of EDP on Audit Practice, for the 1972-73 fiscal year.

*Edward Galey*, audit manager, and *James R. Darlington*, supervisory auditor, spoke on the role and functions of GAO at the Administrative Operations and Management Course conducted by

the Foreign Service Institute for State Department personnel, October 16.

## Logistics and Communications Division

*J. K. Fasick*, director, addressed the Facilities and Property Task Group of the Aerospace Industries Association of America on November 9. He presented the views of GAO regarding management and control of Government-owned facilities and property.

*Mathew Gradet*, assistant director, was appointed a member of the Management Services Committee of the District of Columbia Institute of CPAs for the 1972-73 year.

On October 24, Mr. Gradet was a guest lecturer at the Logistics Executive Defense Course at the U.S. Army Logistics Management Center, Fort Lee, Va. The subject of his lecture was "GAO—Its External Audit Functions Within DOD and the Army as an Effective Tool in Improving Logistics Management."

*Charles R. Comfort*, assistant director, and *Charles Loomis*, branch chief of the Transportation and Claims Division, addressed the Defense Advanced Traffic Management Course at the U.S. Army Transportation School at Fort Eustis, Va., October 4. They informed the class of GAO contributions to improving military transportation operations.

An article entitled "Using the Computer in Audit Work" by *Clarence O. Smith*, assistant director, Logistics and Communications Division, and *Geraldine F. Jasper*, supervisory auditor,

Washington regional office, appears in the October 1972 issue of *Management Accounting*.

## Manpower and Welfare Division

*Dean K. Crowther*, deputy director, was appointed to the State Legislative Action Committee of the American Institute of Certified Public Accountants for 1972-73.

## Procurement and Systems Acquisition Division

*Richard W. Gutmann*, director:

Spoke at the luncheon meeting of the Procurement Advisory Committee of the National Security Industrial Association at Washington, D.C., September 13. He emphasized the views of the Congress on Government procurement, with further remarks on the reorganization of GAO and the establishment of the Procurement and Systems Acquisition Division.

Addressed the annual Procurement and Finance Council meeting of the Aerospace Industries Association at San Francisco, on current GAO activities, October 12.

Spoke to the Subcontract Negotiation and Administration Subcommittee of the National Security Industrial Association on the organization and changes in GAO, Washington, D.C., October 19.

*Harold H. Rubin*, deputy director, was a participant in the seminar series on "U.S. National Goals and Technological Strategy," sponsored by the

School of Public and International Affairs and the Program of Policy Studies in Science and Technology of The George Washington University.

Mr. Rubin also participated in the Brookings Institution Conference for Federal Management and Program Executives, held in Williamsburg, Va., December 3-15.

*Andrew B. McConnell*, assistant director, spoke at the 11th Annual Seminar on Government Contracts, sponsored by the Twin Cities chapter of the National Contract Management Association in Minneapolis, Minn., October 13. Mr. McConnell's presentation was on the "Roles and Missions of GAO," with particular emphasis on the recent organization of the Procurement and Systems Acquisition Division.

Mr. McConnell also attended the 16th Symposium and Awards Banquet of the Society of Experimental Test Pilots held in Los Angeles, Calif., September 28-30. He participated in a joint DOD-industry panel on the subject of DOD test and evaluation held as a part of the symposium.

*Timothy D. Desmond*, supervisory management analyst, participated in a 2-day seminar on aerial targets for testing and evaluating tactical air defense weapons. The October seminar was conducted jointly by the Air Force Systems Command and the American Ordnance Association at Andrews Air Force Base.

*David A. Littleton*, supervisory auditor, prepared a research paper in April as a student at the Industrial College of the Armed Forces. The

paper was a part of the requirement for The George Washington University course in Procurement and Contracting. The title of the paper is "Elements Essential to the Successful Invitation for Bid" and it was published in the University publication *Federal Procurement Principles Text and Readings* in September. It will be used as a required text for procurement and contracting courses at the University.

*Charles A. Kezar*, operations research analyst, was elected secretary of the Washington Operations Research Council for fiscal year 1973.

## Resources and Economic Development Division

*Henry Eschwege*, director, spoke to a convention of the National Association of State Meat and Food Inspection Directors in Miami, Fla., on the "General Accounting Office's Role in Federal Government Programs for Consumer Protection," November 6.

*Philip Charam*, deputy director, attended the National Institute of Public Affairs' Conference on Urban Affairs in Denver, Colo., June 11-16.

*Clarence Squellati*, supervisory auditor, and *Lester J. Andreoni*, supervisory auditor, attended the National Institute of Public Affairs' Conference on Urban Affairs in Cleveland, Ohio, October 15-20.

## Transportation and Claims Division

*T. E. Sullivan*, director, attended the

American Trucking Associations' Regular Common Carrier Conference meetings in Chicago, Ill., October 14-16. He addressed the RCC Government and Defense Liaison Committee regarding the current status of implementing the Joint Agency Transportation study recommendations, our response to a carrier attitude survey prepared by the Conference, and the Transportation Payment Act of 1972.

*John M. Loxton*, assistant director, and *Ronald R. Ramsey*, supervisory systems analyst, attended the Honeywell Users Group Conference in Boston, Mass., September 24-28. They discussed common problems associated with the use of Honeywell computer equipment.

*Charles C. Loomis*, chief, motor audit branch, and *Charles R. Comfort*, assistant director, Logistics and Communications Division, participated as guest lecturers at the Defense Advanced Traffic Management Course, U.S. Army Transportation School, Ft. Eustis, Va., October 4.

*Allen W. Sumner*, audit manager, agency reviews and assistance, participated in the seminar on Management of Organizations held at the Executive Seminar Center, Oak Ridge, Tenn., November 26 through December 8.

*Eugene Johnson*, supervisory transportation specialist, and *John Wallin*, programmer, attended the Transportation Data Coordinating Committee Seminar in Washington, D.C., December 5-6. The subject of discussion was the efforts of the entire industry to coordinate transportation data.

## Field Operations Division

*S. D. McElyea*, deputy director, Field Operations Division, spoke at the Seminar on Corporate Social Accounts held on November 10-11 at the Battelle Research Center, Seattle, Wash. His topic was "Auditing Social Impact in a Period of Rising Social Concern." Mr. McElyea participated also as a member of the panel on approaches to corporate social accounts and spoke on the subject "Approaches to Define Standards of Social Impact Measurement."

*Marvin Colbs*, regional manager, Atlanta, spoke to members of the Birmingham Chapter of the Institute of Internal Auditors, November 7 on the topic "Evaluating Program Results."

Mr. Colbs and *Zane Geier*, audit manager, Atlanta, represented GAO locally at a meeting on November 22 when the Southeastern Intergovernmental Audit Council, comprising Federal, State, and local government audit organizations in the eight states of Federal region IV, was officially organized and chartered.

*Louis Lucas*, assistant regional manager, Boston, recently addressed a group of supply officers at the September Naval Reserve Meeting in Boston. His topic was GAO's role in overseeing Federal spending, including areas where supply officers can manage their activities more efficiently and economically.

*Robert T. Bontempo*, supervisory auditor, Boston, addressed the New England Association of Food and Drug Officials at their June meeting in

Bethel, Maine, on the topic "Dimensions of Insanitary Conditions in the Food Manufacturing Industry."

*Medford S. Mosher*, assistant regional manager, Chicago, completed the Federal Executive Institute at Charlottesville, Va., October 12.

*Robert A. Wlodarek*, supervisory auditor, Chicago, was elected Secretary-Treasurer of the Chicago area Federal ADP Council for the 1972-1973 fiscal year.

*Donley E. Johnson*, audit manager, St. Paul, participated in a panel discussion before student groups at the University of Minnesota, October 19. The topic discussed was "How My Accounting Background Relates to My Job."

*Robert W. Hanlon*, regional manager, Cincinnati, addressed the Western Hills Optimist Club, Cincinnati, Ohio, October 24, and the Indianapolis, Indiana chapter of the American Society of Women Accountants, November 20 on "GAO—The Congressional Watchdog."

On November 16, *Walter C. Herrmann, Jr.*, assistant regional manager, participated in a panel discussion on Internal Auditing sponsored by the Dayton, Ohio, chapter of FGAA.

*Daniel L. McCafferty*, audit manager, and *John D. Gentry*, supervisory auditor, Cincinnati, participated in a Career Day program at Central State University, Wilberforce, Ohio, October 12.

*L. Marvin Barton*, supervisory auditor, Oak Ridge, is serving as a director of the East Tennessee chapter of the FGAA.

*Ruby Waller*, fiscal auditor, Indianapolis, is the president-elect of the Indianapolis chapter of the American Society of Women Accountants.

*Daniel C. White*, audit manager, Dallas, participated as an instructor in a CSC-conducted course on ADP for auditors and accountants, El Paso, Tex., August 15-18.

*Edgerton R. Haskin, Jr.*, supervisory auditor, Dallas, spoke before the Panama Canal Zone chapter, American Society of Military Comptrollers, September 14, on "Auditing in the Computer Age."

*Irwin M. D'Addario*, regional manager, Denver, was a panelist in a discussion of "Professional Accounting in the 70's" during a symposium on "The Future of Accounting Education" co-sponsored by the American Institute of CPAs and the American Accounting Association at the University of South Dakota, November 14.

Three staff members of the Denver regional office participated in panel discussions on "Opportunities for Professional Accountants in Government": Mr. D'Addario at Southern Colorado State College, October 17; *Duane A. Lownsberry* at the University of Colorado's Denver Center, October 18; and *Sammy G. Wilson* at the University of Northern Colorado, October 17.

*Edgar L. Hessek*, audit manager, Denver, was appointed to the nominations committee for national and local offices of the Denver chapter, FGAA.

*Solon P. Darnell*, audit manager, Detroit, met with the Eastern Michigan University Accounting Club on November 8 to discuss GAO and its operations.

*J. H. Stolarow*, regional manager, Los Angeles, spoke before the American Society of Military Comptrollers on September 20, on the subject

"GAO's Approach to Management Reviews." He participated also in a panel discussion at the Federal Government Accountants Association meeting, September 13, on "Cost Accounting Standards."

*D. F. Ruggiero*, assistant regional manager, Los Angeles, spoke before the Cal Poly Accountants Club, California State Polytechnic College, Pomona, October 26, on "Reviews of Government Programs and Operations by the GAO."

*Victor Ell*, audit manager, Los Angeles, was one of the Business Week speakers at California State University at Los Angeles on October 11. He spoke on "Social Program Costs—How Can the Government Account for Them?"

*Thomas J. Schulz*, supervisory management analyst, Los Angeles, discussed effectiveness reviews with accounting classes at Long Beach City College, November 8 and 10.

*Frederick Gallegos*, management auditor, Los Angeles, co-authored "Case Study II (Medco, Inc.)," with Peter P. Dawson, professor of data processing, California State Polytechnic College at Pomona. The text is designed for use in the application of systems techniques to the solution of business data processing problems.

Norfolk staff members were appointed as directors to the following committees of the Hampton Roads chapter of NAA: *Ronald Maccaroni*, Committee for Member Relations, and *John T. Ratliffe*, Committee for Membership Attendance.

*Charles F. Vincent*, assistant re-

gional manager, San Francisco, was a recent guest speaker at dinner meetings of the Civil Service Executive Center, Berkeley; the National Contract Management Association, Monterey; and the Civil Service Training Center, San Francisco. He spoke on GAO's responsibilities and current activities.

*Jack Birkholz* and *Richard Sheldon*, audit managers, San Francisco, participated in the preparation and presentation of a conference on audits of federally financed programs. The conference's purpose was to inform practicing CPAs of the many problems connected with audits of poverty areas.

*James Watts*, supervisory auditor, San Francisco, was a discussion leader at the Institute of Internal Auditors October panel discussion on operational audits of ADP centers.

*Robert A. Higgins*, supervisory auditor, Portland, was appointed for program year 1972-73 to the Executive Board of Directors of the Oregon chapter of the American Society for Public Administration and is serving on the program committee.

*Douglas E. Cameron*, supervisory auditor, Portland, was appointed for program year 1972-73 to the Governmental Accounting and Auditing Committee of the Oregon State Society of CPAs.

*Larry J. Peters*, supervisory auditor, Portland, participated in the 1972 Business and College Symposium sponsored by the Portland Chamber of Commerce, October 31, as a member of an accounting panel including repre-

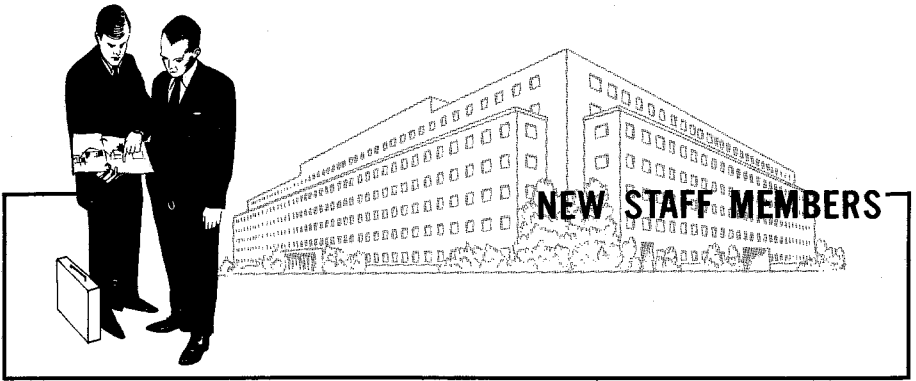


sentatives from various business organizations. Mr. Peters discussed the functions and role of GAO.

*H. L. Krieger*, regional manager, Washington, participated as a member of the Committee on Economic Opportunity at the annual meeting of the

American Institute of CPAs, Denver, October 1972.

*Walter P. Flanagan, Jr.*, auditor, Washington, was appointed vice president for public relations of the Washington chapter of the Society for the Advancement of Management.



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

<b>Office of the Comptroller General</b>	Griffith, Thomas V. Rosapepe, Joseph S.	U.S. Senate Treasury Department
<b>Financial and General Management Studies Division</b>	Breitenberg, Maureen A. Delfico, Joseph F.  Keenan, Brian  Kirkman, James L. Sotos, George P.	University of Maryland The Institute for Defense Analyses AVCO International Services Division The American University U.S. Navy
<b>Federal Personnel and Compensation Division</b>	Hall, James T., Jr.	Department of the Interior
<b>Office of the General Counsel</b>	Bedrick, Barry R.	Law Offices of Jacob P. Billig
<b>International Division—Washington</b>	Shantz, Arthur A.	University of Michigan
<b>Logistics and Communications Division</b>	Grosshans, Werner	U.S. Postal Service
<b>Manpower and Welfare Division</b>	Mylecraine, Rosemary G.	Procurement Commission on Government
<b>Procurement and Systems Acquisition Division</b>	Lovelady, Beverly C.  Holt, Robert E.  Baker, Fletcher B. Rinker, Lewis D., Jr.	Department of Health, Education, and Welfare Commission on Government Procurement Philco-Ford Corporation Department of the Air Force
<b>Resources and Economic Development Division</b>	Speer, Michael S.	Ohio State University

**Washington Headquarters  
Divisions Career Group**

Baldwin, John S.  
Cordle, Stephen R.  
Derstine, James R.  
Finley, Charles P., Jr.  
Forbes, Sarah  
Kopp, Marla D.  
Newby, Thomas D.  
Pope, Robert E.

Suda, Lawrence L.

Triman, Harvey D.  
Weathers, Dudley M.

Weston, Susan D.  
Young, Edward E., Jr.

Anthony Choi—CPA  
U.S. Public Health Service  
Ursinus College  
East Tennessee State University  
Radcliffe College  
State University of New York  
University of Maryland  
Middle Tennessee State  
University  
Florida Technological  
University  
Pennsylvania State University  
Westinghouse Electric  
Corporation  
University of Connecticut  
University of Maryland

**REGIONAL OFFICES**

**Chicago**

Winters, Ralph G.

University of Cincinnati

**Cincinnati**

Stacey, Kenneth S.  
Stacy, Ronald S.

Bowling Green State University  
Eastern Kentucky University

**Dallas**

Burton, Danny R.

University of the Americas

**Denver**

Bauer, Randy M.  
Schoeneberger, Edward G.

Peat, Marwick, Mitchell &  
Company  
University of Arizona

**Kansas City**

Gansler, William H.  
McNeill, Stephen F.

Rockhurst College  
Aetna Life and Casualty  
Insurance Company

**Los Angeles**

Bonaventura, Carl D.

University of Southern  
California

**New York**

Mattler, Martin G.  
Petersen, William C.  
Wormser, Gordon K.

State University of New York  
Rutgers Graduate School of  
Business  
New York University

**Norfolk**

Grasmick, Terrence J.

U.S. Navy

**San Francisco**

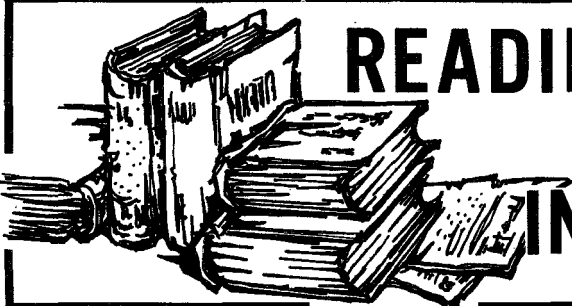
Malone, James C.  
Mochel, David J.

Office of the Auditor-General,  
California  
California State University

**Washington  
(Falls Church)**

DeBoom, William R.  
Haisfield, Mark F.  
Newell, Kenneth W.  
Rodriguez, Jose L.

University of Iowa  
University of Maryland  
U.S. Air Force  
National Bookkeeping Company  
Incorporated



# READINGS *of* INTEREST

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

## **The Peter Prescription**

By Lawrence J. Peter; William Morrow and Company, Inc., New York, N.Y., 1972; 224 pp.; \$5.95.

"The Peter Prescription" is a sequel to "The Peter Principle," which is an investigation of the competence-incompetence phenomenon that led to the formulation of the Peter Principle: "In a Hierarchy Every Employee Tends to Rise to His Level of Incompetence." Because man works in hierarchies and because much of his life is controlled by hierarchies, understanding them is essential to his well-being and survival.

According to Dr. Peter, each hierarchy consists of an arrangement of ranks, grades, or classes to which an individual may be assigned. If he is competent he may contribute to the positive achievement of mankind.

The author states that for every job there is someone, somewhere, who cannot do it. Given sufficient time and enough promotions, an individual will eventually arrive at that job and there he will remain, habitually blundering the job, frustrating his coworkers, and eroding the efficiency of the organization. As more and more individuals arrive at their levels of incompetence, deadwood accumulates, inefficient bureaucracies grow, quality deteriorates, mediocrity triumphs, companies fail, governments fall, civilizations crumble, and man's future is obscured.

In "Forward to a Better Life," the author says that the purpose of the Peter Prescription is the achievement of happiness in all aspects of life. This can be accomplished through self-actualization, including fulfilling one's best potential while avoiding the pitfalls of incompetence.

Real progress is achieved by creating a better life, moving forward, rather than climbing upward to total life incompetence. "The Peter Prescription replaces mindless escalation with life-quality improvement."

This prescription is presented in three parts. Part one—the incompetence treadmill—explains the evils wrought by the Peter Principle and provides a clear understanding of why most conventional attempts at solutions usually escalate the problem. Topics include "onward and upward" (man's struggle within the bureaucracy), hierarchical regression, and the "mediocracy" (the mediocre organization). Part two—protect your competence—shows how you can be creative, confident, and competent in your own life. It shows how you can prevent yourself from becoming a tragic victim of mindless escalation and provides guidelines for achieving happiness in your private life and satisfaction in your career. Part three—manage for competence—shows how to successfully deal with others and how to increase your efficiency and competence as a manager.

### **Manage for Competence**

In the third section the author describes two types of management: (1) authoritative, when the individual manager has direct power and (2) participative, when the direct power is shared by or emerges from a group. The individual who makes decisions and issues orders independently is an authoritative manager; the chairman

of a democratically constituted organization is a participative manager.

With regard to management techniques, the author suggests that if anything is to be accomplished responsible individuals must have a clear picture of their goals. "Today's objectives are tomorrow's realities, therefore management for competence must be management by objectives." To understand and accept objectives, those responsible for achieving the objectives must participate in setting them—participative management.

Another aspect of participative management is effective communication. Group-defined objectives should communicate to the employee what he is expected to achieve and should provide a basis for an impartial evaluation of his performance. Also, the superior and the subordinate should talk about what the subordinate is to achieve and how well he is achieving it. Feedback concerning achievements is an effective motivational technique, says the author; thus, "communicate approval for specific acts of competence."

Traditional hierarchies are organized so that communication flows downward through levels of authority. Both the competent and the incompetent at any level communicate only with the rank above. The author recommends that superiors communicate with competent subordinates in all ranks.

A horizontal rather than vertical organization would provide more opportunities for promotion within ranks and more rewards for individuals within their level of competence. In a

horizontal hierarchy, those who moved to the top of each rank, through competence within that rank, could communicate more closely with the top of all ranks. This would be a powerful incentive for the competent man to stay in his rank and maintain competence. If he were promoted he would lose status and might never be able to achieve a position in the top group of his new rank.

Top management would have direct access to the most competent individuals in each rank. The resulting communication would be an added prestige reinforcer for each rank and would also provide policymaking executives with the most direct, competent, and realistic advice from each rank.

Think about GAO, is it being managed for competence?

I believe that this book should be useful to all GAO staff because it presents (1) objective solutions to the competence-incompetence phenomenon, (2) an understanding of hierarchies, including management techniques that can be used effectively, and (3) methods for achieving self-actualization.

*Dawn E. Davies*  
Supervisory Auditor  
Manpower and Welfare  
Division

**Politics, Position, and Power**  
**The Dynamics of Federal Organization**

By Harold Seidman; The Oxford University Press, New York, N.Y., 1970; 286 pp.; \$3.45 (paperback).

In the preface to "Politics, Position, and Power," Harold Seidman notes

that in some respects this is a very personal book, since it depicts the Federal scene as he observed it for almost 25 years through a particular window in the former Bureau of the Budget.<sup>1</sup> He recognizes that the same scene might be described somewhat differently if viewed from the White House, the Congress, or an operating department.

The author's basic purpose in writing the book was to record, in a reasonably systematic and scholarly way, his observations of the various phenomena which determine and influence Federal organizational structure and administrative arrangements.<sup>2</sup> Although Seidman was brought up to believe that politics and administration must be kept separate and that efficiency is the single overriding goal of an organization and administration, he became increasingly aware that these orthodox doctrines had little relevance to the organizational issues with which he was dealing and were of marginal help in finding solutions.

Most of us who have been exposed to the Federal Government system are more or less aware of the constant and often acrimonious struggle for power, position, and prestige among the President, congressional committees, the bureaucracy, State and local governments, and organized groups in the private community. What are not generally known are the bases for this

<sup>1</sup> From 1964 to 1968 Mr. Seidman was assistant director for Management and Organization.

<sup>2</sup> When this book was published, Mr. Seidman was scholar-in-residence at the National Academy of Public Administration in Washington, D.C., and he was serving as a consultant to the President's Advisory Committee on Executive Organization.

competition for power and position, how they are manifested, and the effects they have on the operations and administration of the Federal establishment.

Mr. Seidman's book exposes and very thoroughly explores all facets of the continuing competition. The author emphasizes the significance of organizational structure and administrative arrangements as a means for establishing political control and determining the balance of power among levels of government.

Summarized below are a few of the more interesting observations on competition and the bases for it within the Federal Government.

1. The Congress is not an entity. Instead, 535 individuals—100 Senators and 435 Representatives—form temporary shifting coalitions among themselves which tend to obscure the public interest, encourage particularism, and create an environment in which organized interest groups and special pleaders can be assured a sympathetic response. Highly articulate and effective spokesmen for the general interest are exceptions.

2. Congressional power is divided among standing committees and subcommittees—111 in the Senate and 144 in the House. Each committee has its own culture, operating method, and relationship to executive agencies subject to its oversight, depending upon its constituency, its own peculiar tradition, the nature of its legislative jurisdiction, its administrative and legislative processes, and the role and attitude of its chairman.

3. As the elected representative of *all* the American people, the President alone has the power and the responsibility to balance the national interest with the strong centrifugal forces in the Congress which are interested in special subjects or regions. His effectiveness in performing this pivotal role depends in no small measure on his instinctive grasp of the political and strategic uses of organization. Franklin D. Roosevelt was the last President to come to the White House with previous experience in the management of complex civilian institutions and a taste for the political-administrative arts.

4. The most striking and significant development in the past 25 years has been the growth in the size and power of the President's personal household. There is need for some growth in the size of the White House staff, but large staffs can develop into powerful sub-governments competing with each other, with other units in the executive office of the President, and with Cabinet secretaries for information and access to the President. They can isolate the President. Most important, a large, ambitious, and able staff can create the illusion of self-sufficiency for a President, but a President is not self-sufficient. Although the Congress can perform its constitutional functions without the executive establishment and the bureaucracy, a President cannot. His executive power has a very frail constitutional foundation—the power to appoint officers of the United States. These agency heads, not the President, have the men, money, material, and legal powers.

5. Few developments have had more significance for public administration than the rapid growth in the proportion of professional and technical employees since World War II. This trend is not limited to the Federal Government. The consequences of increasing professional employees in the Federal service are only beginning to be perceived. Professional concepts of status and autonomy are difficult to reconcile with orthodox doctrines of economy and efficiency, hierarchy, span of control, and with straight lines of authority and accountability. The most sacred tenets of these orthodox doctrines are being openly challenged. When professionalization is mixed with the centrifugal forces generated by clienteles, dependents, congressional committees, and the politics of fundraising, the pressures for further fragmentation of the executive branch become nearly irresistible.

6. Many bureaus and offices within the executive departments have long-standing, carefully nurtured relationships with each other, with congressional committees having oversight responsibilities, with State and local governmental organizations, and with private special-interest groups and constituencies. These entities strongly resist efforts to eliminate or curtail these arrangements, which permit and encourage the participants to partially, if not wholly, bypass and ignore higher levels of authority. Consequently, high level officials—including Cabinet secretaries, who are held accountable and responsible for the programs, policies, and activities of their departments—are not always aware of the programs

being sponsored by bureaus or offices within their departments. Frequently, these officials are not asked to participate in or approve decisions made by these subordinate organizations.

Mr. Seidman suggests many steps to improve the management and administration of the Federal system, but he is not very hopeful that much can or will be done in the near future. He states that obtaining meaningful improvements in executive branch organization and in the management of the Federal system will depend, in the final analysis, on reorganization of the congressional committee structure. He states also that the special-interest elements in our society will always triumph over the general interest as long as they are nourished and supported by committees and subcommittees which share their limited concerns. Finally, he notes that even modest reforms are unlikely unless an informed and aroused electorate demands that the Congress act.

Although it is not likely that this book will startle or shock readers who are reasonably informed about the organization and operations of the Federal establishment, it will provide them with a valuable, well-reasoned, in-depth study of the factors and conditions that determine and influence Federal organizational structure and administrative arrangements. The book should be required reading for any person interested in the Federal Government system.

*Donald B. Dawson*  
 Supervisory Investigator  
 Procurement and Systems  
 Acquisition Division



**Struggle for Identity:  
The Silent Revolution  
Against Corporate Conformity**

By Roger M. D'Aprix, Xerox Corporation; published by Dow Jones-Irwin, Inc., 1972; 193 pp.; \$7.50.

\* \* \* The fundamental problem with our organizations today is the absence of the all-important feeling of belonging to a worthwhile enterprise where one can grow and contribute, where one can feel he is part of a cause to which he can dedicate his talents and energies.

\* \* \* \* \*

Instead of creating human communities of dedicated, sharing people concerned about total human development and progress as well as organizational goals, we have tended to develop task-oriented organizations on an inhuman scale.

\* \* \* \* \*

The message to the individual \* \* \* is, "Here is our system; adjust to it as best you can. It's worked well in the past, and it will continue to work in the future. And, by the way, don't bother us with any of your problems in relating to it or growing within it because those problems are irrelevant to our goals. Those are your problems."

These quotations from the conclusion section summarize the overall theme of "Struggle for Identity." In briefer terms Mr. D'Aprix states in his preface that this book is his subjective view of the "organizational discrepancy." It is an attempt to define what he characterizes as a "silent revolution" within organizations and to tell the individual how he might deal with this revolution on a personal level.

Mr. D'Aprix's credentials are primarily his experience as an individual who is caught up in the system—

trying to understand it and struggling to develop a rationale for his own existence within it. Because he is telling his own story, the problems are discussed largely from a professional employee's viewpoint.

The book, a selection of the month by the Executive Book Club, is short (about 190 pages), easy to read, and simply organized into four basic parts. The first part attempts to lay the groundwork of how the corporate identity problem has developed; the second part deals with what individuals can do on a personal level about the problem; and the third part summarizes what Mr. D'Aprix considers special problems. The last part is a "montage of ideas and actual experiences to contemplate."

Mr. D'Aprix's most effective presentation, in my opinion, is Part II. In this part the individual is given insights into ways he can influence his situation. In fact, a basic assumption of the book is that the individual has more control over his environment than he has believed. The emphasis then is for the individual to formulate a personal plan of action based on an analysis of himself and the organization. Part II provides guides towards accomplishing this end.

There were two areas that I felt were distracting to which I would alert any potential reader.

—Several sections in Part I are too labored. For example, the last two chapters, "Corporateness: Corporate Dogma" and "The Changing Organization: From X to Y," are somewhat drawn out. It is almost

as if Mr. D'Aprix feels he has to prove his case beyond any doubt before moving to the next part. For a reader already convinced of the issue, this is somewhat laborious. Also, I'm not sure that this part will convince a reader who has not been previously convinced of the issue.

—The author's theme is not carried through all sections of the book. In the third part the chapters "Introducing the Corporate Tiger" and "Suppose Your Collar Is Blue" are interesting in themselves but very hard to fit into the

general theme of the book. Part IV also has many ideas and experiences that are hard to relate to the author's theme. This is partly due to the seemingly random presentation of the montage.

Despite these few criticisms, I believe this book presents an issue that we all should think about in terms of problems we see and problems we should do something about. As such, it is definitely worth reading.

*W. J. McCormick, Jr.*

Supervisory Auditor

Organization and Management  
Planning Staff

## Annual Awards for Articles Published in The GAO Review

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

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

Staff members through grade GS-15 at the time of publication are eligible

for these awards.

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

Originality of concepts.

Quality and effectiveness of written expression.

Evidence of individual research performed.

Relevancy to GAO operations and performance.

### Statement of Editorial Policies

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

# THE GAO REVIEW

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Office of the General Counsel . . . . .	<i>Vincent LaBella</i>
Office of Administrative Planning and Services . . . . .	<i>Larry A. Herrmann</i>
Office of Personnel Management . . . . .	<i>N. B. Cheatham</i>
Office of Policy . . . . .	<i>Eugene L. Pahl</i>
Office of Program Planning . . . . .	<i>Daniel L. Johnson</i>
Office of Internal Review . . . . .	<i>Robert M. Gilroy</i>
Federal Personnel and Compensation Division . . . . .	<i>Joseph J. Kline</i>
Financial and General Management Studies Division . . . . .	<i>Rodney E. Espe</i>
General Government Division . . . . .	<i>Leo Schimel</i>
International Division . . . . .	<i>Charles E. Hughes</i>
Logistics and Communications Division . . . . .	<i>Howard R. Manning</i>
Manpower and Welfare Division . . . . .	<i>Harold L. Stugart</i>
Procurement and Systems Acquisition Division . . . . .	<i>Frank M. Kimmel</i>
Resources and Economic Development Division . . . . .	<i>J. Dexter Peach</i>
Transportation and Claims Division . . . . .	<i>Joseph Goldman</i>
Field Operations Division . . . . .	<i>Clyde E. Merrill</i>
Atlanta . . . . .	<i>Andrew F. McCall</i>
Boston . . . . .	<i>Charles F. Carr</i>
Chicago . . . . .	<i>Clement K. Preiwisch</i>
Cincinnati . . . . .	<i>David P. Wilton</i>
Dallas . . . . .	<i>James J. Jodon</i>
Denver . . . . .	<i>John T. Lacy</i>
Detroit . . . . .	<i>Donald R. Schmidt</i>
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