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STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON INTERNATIONAL SECURITY AND
SCIENTIFIC AFFAIRS
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
ON
THE FUNCTIONS AND ACTIVITIES OF THE
ARMS CONTROL AND DISARMAMENT AGENCY



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Mr. Chairman and Members of the Subcommittee:

Earlier this year you asked us to assist you in preparing for these hearings by inquiring into the ability of the Arms Control and Disarmament Agency (ACDA) to carry out its major responsibilities. Recently, you invited us to be here today to discuss the results of our work. We are pleased to share with you our observations on ACDA's activities in:

- . Arms control policymaking and negotiations.
- . Research needed to support these activities.
- . Arms control verification systems.
- . General management.

Before summarizing our work, I should note that, given the available time and the need to address most of ACDA's operations, our inquiry was necessarily a limited one. It is based mainly on preliminary work consisting of discussions with management officials throughout ACDA and the examination of readily available information. We plan to continue our work at ACDA.

Also, Mr. Chairman, before discussing ACDA's principal activities, I should like to say a word about ACDA's staffing levels. At a time when arms control issues are growing in number and complexity, ACDA's overall staffing level has fallen

to its lowest point in several years. During fiscal years 1979-1981, ACDA's average total authorized workforce numbered 254. According to current estimates, for fiscal years 1982-1984 this average would fall by 15 percent to 216.

In addition to ACDA's not having a confirmed Director or Deputy Director, it lacks leadership at other critical points in its management. In all, 8 of ACDA's top 28 management positions--about 30 percent--are either vacant or filled only on an "acting" basis. Some have been that way for a considerable period of time.

Added to these staffing and leadership issues are the questions raised by certain management actions ACDA has taken recently. These issues and actions surface when you look at ACDA's major functions.

POLICYMAKING AND NEGOTIATIONS

The formulation of our Nation's arms control policies is perhaps ACDA's single most important function. In the Arms Control and Disarmament Act of 1961, the Congress established ACDA as the central Government organization for this purpose. Under the Act, ACDA is to provide the President and the Secretary of State with arms control policy recommendations and with the essential information on which to base such policies. ACDA also has responsibility for preparing and managing participation in international negotiations in the arms control and disarmament field under the direction of the Secretary of State.

Although ACDA is involved in developing arms control policy as a member of more than 20 interagency policymaking bodies, it heads none of them. The Departments of State and Defense chair the key groups concerned with arms control issues. ACDA chairs only a handful of the non-policymaking working groups which support these interagency groups.

ACDA officials contend that, despite the lack of an official leadership position, ACDA plays an important policymaking role in the interagency groups and its influence results from the number and quality of personnel it can assign to them. However, we were also told by ACDA officials that ACDA is understaffed and that its expertise is often devoted to supporting other competing demands, primarily negotiations. At the same time, some ACDA bureaus claim difficulty in staffing negotiation delegations and providing backstopping support in Washington for the delegations. To the extent that supporting negotiations involves significant staffing demands which ACDA attempts to satisfy, its staff may be drawn away from duties involving the interagency groups and vice versa.

There are also indications that ACDA's ability to provide essential information for policymaking may have diminished. For example, ACDA recently abolished its Office of Operations Analysis which had been responsible for providing ACDA policymakers with computer-based analysis of various arms control issues, and reassigned its analytical staff elsewhere. ACDA gave some of

the Office's computer models to the Department of Defense. ACDA also lost the ability to readily utilize a large strategic exchange model.

Opinion within ACDA is divided regarding the impact of these changes on ACDA's independent analytical capabilities. Further analysis would be required to determine if a significant loss of ACDA's independent analytical capabilities has occurred and what the impact of the loss has been on ACDA's policymaking influence.

RESEARCH

ACDA is charged with conducting, supporting, and coordinating research for arms control and disarmament. ACDA's budget for external research has been as high as almost \$6 million a year in the mid-1960s. In fiscal year 1984 it will fall to a low of approximately \$1 million if the proposed transfer from the Department of Energy of the \$4.9 million program for Reduced Enrichment for Research and Test Reactors, or RERTR, is excluded.

Most external research projects are in the verification area. Within the past two years at least 15 external research projects in four separate ACDA organizations have involved verification research. This raises questions about the coordination of external research efforts within ACDA. We discussed the need for coordination and better management of ACDA's own arms control research program in our March 17, 1980, report entitled "Coordination Of Federal Arms Control Research Program To Be

Improved," (ID-80-6). At that time ACDA was establishing an External Research Council to address a number of management problems noted in our report. However, ACDA abolished the council within the past two years. It is not clear why it was abolished or what ACDA has done to prevent the reappearance of the problems we noted three years ago.

In addition to overall coordination and management of research, ACDA has had problems with operating large research and development projects, as noted in our January 25, 1983, report, "RECOVER: A Potentially Useful Technology For Nuclear Safeguards, But Greater International Commitment Is Needed," (GAO/ID-83-9). Problems ACDA had in managing this relatively large project raise questions about the Agency's ability to efficiently manage an even larger project--RERTR. It was scheduled to be transferred from the Department of Energy to ACDA last year, but the transfer never occurred. Again scheduled to be transferred, RERTR would give ACDA a total of nearly \$6.0 million for research in fiscal 1984. Yet, by ACDA's own estimates, it is staffed to manage only about \$1.0 million in research contracts.

VERIFICATION

ACDA is responsible for providing executive branch policymakers and the Congress with reports on compliance with particular treaties and information on the verifiability of proposed treaties.

ACDA has had difficulty over the years in organizing to meet these responsibilities. In fact, some half dozen reorganizations involving verification activities have occurred in the past decade alone. Even under the current organization, coordinating verification work among ACDA's bureaus and offices is a persistent problem. The Verification and Intelligence Bureau, despite its name, is not the focal point for ACDA's verification work. Instead, the focus for verification work on a given treaty effectively resides in whichever bureau is responsible for policy and negotiations regarding that treaty.

Moreover, several ACDA bureaus participate in or monitor some interagency intelligence groups. ACDA's Verification and Intelligence Bureau does not represent ACDA in such groups. Nor, despite its stated role as custodian of intelligence data for ACDA, does it serve as a central repository for such data. Rather, other ACDA bureaus have established their own direct contacts within the intelligence community. There are indications that differences within ACDA over the appropriate approach to arms control verification contribute to an overlap of effort.

The staffing problem, alluded to earlier, also applies to the Verification and Intelligence Bureau. Two of the six professional positions dealing with verification and intelligence are unfilled. The Bureau's Director believes his lack of staff to be a cause of the Bureau's inability to fulfill its functional mandate.

Finally, ACDA is required by Section 37 of the Act to provide reports to the Congress upon request or on a "timely basis" on the verifiability of proposed arms control measures and on any verification problems with existing agreements. According to some staff who prepare these reports, only a few reports have been written and they are of a low quality. Moreover, ACDA has not reported on a number of long-standing arms control proposals.

MANAGEMENT

Our work has also focused on certain management issues and actions which we believe you should explore with ACDA officials.

These involve:

- The lack of internal audit coverage.
- Numerous, and sometimes contradictory, reorganizations within a very short timeframe.
- Reduction of ACDA computer support.

Evaluations are a key part of an adequate management control system. Among the most important sources for evaluations are internal audit or inspector general organizations. ACDA has not established an internal audit function, and has arranged to obtain only limited audit services from another agency.

Although there is no legislative requirement for ACDA to establish an inspector general function, adequate internal audit coverage is necessary. The coverage should conform to GAO's governmental audit standards which call for expanded scope audits covering not only financial aspects of operations, but

also whether resources are being acquired and used economically and efficiently, and the degree to which programs are accomplishing their intended results. We are in the process of preparing a report to ACDA recommending that adequate internal audit coverage be established.

ACDA's organization was in a state of flux between March 1981 and September 1982. During that period, ACDA went through a series of organizational redesignations, and shifting of personnel and responsibilities. Some of them appear to reverse the effect of changes made only a short time before.

One of the organizational changes brings me to my last point. When the Office of Operations Analysis (OA) was abolished last September as a result of budget reduction actions agreed to by OMB and ACDA in early 1982, a substantial amount of ACDA's computer capability went with it. ACDA took several actions to evaluate the effect of the abolishment after that decision had already been made. Such evaluations should normally be performed before decisions are made to abolish major organizations.

After abolishing OA, ACDA encountered a number of problems. For example, in its haste to abandon OA's computer facilities in Rosslyn, ACDA had to quickly secure access to the U.S. Railway Association's computer in order to continue operating several important programs. However, the Association is about to be abolished and ACDA has yet to find a long-term solution to this problem.

In vacating the Rosslyn facility, ACDA moved its remaining computer to an unshielded room in the Department of State. As a result, while work has been underway to shield this room, ACDA has been unable to carry out any computer activities involving classified data since September 1982.

Although ACDA officials provided us with estimates of the total cost saving associated with abolishing OA, they informed us that the exact amount saved will not be known until the end of fiscal 1983. Preliminary ACDA estimates projected that over \$1 million would be saved by closing down the Rosslyn facility-- which meant abolishing OA, terminating the lease on one computer and office space, giving up the ACDA library, and reducing the contract staff. Of this amount, possibly \$700,000 to \$800,000 could be identified specifically with abolishing OA. However, netted against these savings would be the costs of using the U.S. Railway Association computer; constructing another lead-shielded room; and moving the computer operations to the new facilities in the Department of State.

It should also be noted that ACDA has not established an ADP plan to help guide its development of computer operations. Such a plan could help establish a basis for retaining or relinquishing computer support. ACDA will have achieved no cost savings if future computer support needs require the Agency to purchase additional equipment and software in order to re-establish its former capability.

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Mr. Chairman, that concludes my prepared statement. We would be pleased to answer any questions you may have at this time.