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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY
Expected at 9:30 A.M.
April 27, 1981

STATEMENT OF

WILLIAM J. McCORMICK
DEPUTY DIRECTOR, FEDERAL PERSONNEL AND COMPENSATION DIVISION

BEFORE THE
SENATE SPECIAL COMMITTEE ON AGING

ON



115146

[THE ORGANIZATIONAL RELATIONSHIP OF THE
OFFICE OF HUMAN DEVELOPMENT SERVICES
AND THE ADMINISTRATION ON AGING]

Mr. Chairman and Members of the Committee:

I appreciate your invitation to appear before the Committee today to discuss our April 20, 1981, report on the organizational relationship of OHDS and the Administration on Aging. The former Chairman of this Committee requested the review because he was concerned about how OHDS' organization affected the operations of the Administration on Aging.

The main focus of our review was the legality of certain delegations of the Commissioner on Aging's authorities. Our review was limited because OHDS was still undergoing phases of its 1980 reorganization, and our review covered the period June to December 1980. OHDS was still

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in process of finalizing functional statements on the responsibilities of its reorganized units late in January 1981, and staff were still meeting to clarify their roles, and revise procedures and guidelines.

The Older Americans Act of 1965 created the Administration on Aging and placed it within the Department of Health, Education, and Welfare--now the Department of Health and Human Services. In 1973, the Secretary of HEW established OHDS and placed it under an Assistant Secretary to oversee a wide range of human services and development functions, including those performed by the Administration on Aging. The Older Americans Act was amended in 1974 to prohibit the Commissioner on Aging's functions from being delegated to individuals not directly responsible to the Commissioner. We interpret the legislative history of these amendments as indicating that the Congress' objective was to insure some independence for the Administration on Aging.

We believe the Secretary of HEW was authorized to create OHDS, place it under an Assistant Secretary, and make it responsible for program agencies, such as the Administration on Aging. However, OHDS' present organizational structure violates the nondelegation provisions of the Older Americans Act.

Since 1977, OHDS' discretionary grants and contracts administration functions, including those for the Administration on Aging, have been centralized in one of its staff

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in report.*

units--the Office of Administration and Management (now the Office of Management Services). Although this staff unit performs many grant and contract administration functions for Administration on Aging programs, it is directly responsible to the Assistant Secretary of OHDS, not to the Commissioner on Aging.

OHDS grant officers share many responsibilities with the Administration on Aging. They and the Administration on Aging are jointly responsible for administering the grantee's project performance and for monitoring project operations to assure that the Government's interest is protected. The grant officer also serves as the contact for all official written communications with the grantee which commit or may result in committing OHDS to a change in the amount of the grant, the grant budget, or any terms and conditions of the grant.

OHDS contract officers sign Administration on Aging contracts on behalf of the Federal Government and have final authority to approve or disapprove these contracts.

Using OHDS grant and contract administrative support services is not precluded by the Act as long as the Administration on Aging controls such support services. This is not the case under the present structure and thus it is a violation of the Older Americans Act.

We believe the Older Americans Act was again violated in the OHDS 1980 reorganization. Financial management responsibilities for the Administration on Aging's discretionary and

formula grants are centralized with those of other OHDS units in the regional offices of fiscal operations. The regional offices of fiscal operations report to the regional administrator who is directly responsible to the Assistant Secretary of OHDS. These offices plan and direct the fiscal monitoring of the Administration on Aging and other program units' grantees. Thus, the Older Americans Act is being violated because financial management responsibility for the Administration on Aging is vested in regional office personnel not directly responsible to the Commissioner.

The Department of Health and Human Services believes that the Older Americans Act, as amended, prohibits only the delegation of the Commissioner's policymaking functions. Under the Department's interpretation, the Secretary is authorized to approve the delegation of nonpolicymaking functions to officers who are not responsible to the Commissioner. We disagree with this interpretation. Moreover, as discussed previously, the grants and contract officers and the grant financial management personnel perform significant functions, that to be in compliance with the Act, should be under the direct control of the Commissioner.

Because of these violations, our report recommended that the Secretary of Health and Human Services revise OHDS' organization to discontinue delegation of the Commissioner

on Aging's grant and contract administration and financial management functions.

Our review was not intended to determine if the changes necessary for OHDS to comply with the Older Americans Act will be more or less beneficial for program administration. However, if the Secretary finds that his complying with the Older Americans Act adversely affects his efforts to achieve effectiveness and efficiency, he should document any adverse impact and, if necessary, initiate legislation to amend the Act.

This completes my prepared statement. My colleagues and I will be pleased to respond to any questions the Committee may have.