

DOCUMENT RESUME

03475 - [A2593725] (~~Restricted~~)

Released 9/20/77

Compilation of Recommendations to the Office of Management and Budget for Improving Government Operations. GGD-77-85; B-170612. September 13, 1977. 40 pp. + appendix (1 pp.).

Report to Rep. Jack Brooks, Chairman, House Committee on Government Operations; by Elmer B. Staats, Comptroller General.

Contact: General Government Div.

Budget Function: General Government: Executive Direction and Management (802).

Organization Concerned: Office of Management and Budget; General Accounting Office.

Congressional Relevance: House Committee on Government Operations.

Authority: Brooks Bill (P.L. 89-306; 40 U.S.C. 459). Federal Reports Act (44 U.S.C. 3501 et seq.). Federal Advisory Committee Act (5 U.S.C. 1 et seq.). Joint Funding Simplification Act of 1974 (42 U.S.C. 4251 et seq.). Impoundment Control Act of 1974. Intergovernmental Cooperation Act of 1968, Title II. National Weather Modifications Policy Act of 1976. 42 U.S.C. 6601 et seq. 15 U.S.C. 330. 42 U.S.C. 4211-14. 5 U.S.C. 7901. OMB Circular A-76. OMB Circular A-95.

GAO has made many recommendations to the Office of Management and Budget (OMB) on how to improve Government operations in various functional areas. Much has been done to improve Government operations through the combined efforts of GAO and OMB. However, OMB has not done as much as it could have done to implement some recommendations and, to that extent, has slowed the related benefits. Findings/Conclusions: Many of the recommendations relate to the responsibility of OMB for providing managerial leadership and insuring that agency programs are coordinated with a minimum of duplication and overlap. This includes criticism of the Office for not providing agencies the leadership and guidance for managing Federal advisory committees so that those not making valuable contributions can be abolished. Other recommendations concern automatic data processing matters. For example, OMB should require that the costs and benefits of sharing computers be evaluated by Federal grantor agencies and grantees and that agency uses of computers be analyzed and standards to guide their development and operation be established. In the area of personnel management, personnel ceilings do not provide the most effective management control over personnel resources, and OMB should test alternative controls. Fundamental changes are needed in the Federal white-collar pay system. (Author/SC)

3725
03475
RESTRICTED — Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Congressional Relations, *Released 9/20/77*

**REPORT TO THE HOUSE COMMITTEE
ON GOVERNMENT OPERATIONS**

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

**Compilation Of Recommendations
To The Office Of Management And
Budget For Improving Government
Operations**

GAO has made many recommendations to the Office of Management and Budget on how to improve Government operations in various functional areas. Much has been done to improve Government operations through the combined efforts of GAO and the Office of Management and Budget. GAO believes, however, that the Office has not done as much as it could have to implement some recommendations and, to that extent, has slowed the related benefits.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-170612

The Honorable Jack Brooks
Chairman, Committee on Government
Operations
House of Representatives

Dear Mr. Chairman:

In our June 15, 1977, letter concerning a review of the Office of Management and Budget, we promised to summarize for you the results of our past work containing information on the Office's performance. This report summarizes observations and recommendations we made since July 1, 1972, on how the Office of Management and Budget might do a better job.

The summaries are categorized under topical headings such as automatic data processing, budget, health, and inter-governmental relations. Each summary is preceded by the title of our report in which the observations and recommendations were made. Where information was readily available, we have given a brief statement on the extent our recommendations have been implemented.

As might be expected, many of our recommendations relate to the responsibility of the Office of Management and Budget for providing managerial leadership and insuring that agency programs are coordinated with a minimum of duplication and overlap. For example, we have criticized the Office for not providing agencies the leadership and guidance for managing Federal advisory committees so that those not making valuable contributions can be abolished. In a somewhat different vein, we recommended that the Office of Management and Budget participate with the Environmental Protection Agency in obtaining the full cooperation of all Federal agencies engaged in the research and development of a national water pollution plan.

Many of our recommendations concern automatic data processing matters. For example, the Office of Management and Budget should require that (1) the costs and benefits of sharing computers be evaluated by Federal grantor agencies and grantees, (2) management officials be appointed at Federal installations and assigned responsibility of insuring computer security, and (3) agency uses of computers be analyzed and standards to guide their development and operation be established.

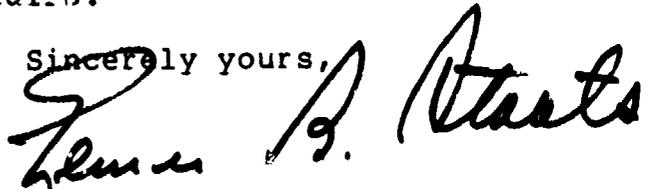
In the personnel area, we have suggested, among other things, that personnel ceilings do not provide the most effective management control over personnel resources and the Office should test alternative controls, including use of fund limitation and the budget process; fundamental changes to the Federal white-collar pay system; and the extension of the Federal employee lunch period to more nearly compare with the time actually taken, thereby increasing overall productivity.

Much has been done to improve Government operations through our combined efforts with the Office of Management and Budget. However, we believe that the Office has not done as much as it could have to implement some of our recommendations and, to that extent, has slowed the related benefits.

We hope this compilation of recommendations and observations will be helpful to the Committee. If requested, we will be happy to make available copies of the reports listed herein and/or staff members for a more detailed discussion of the matters presented.

Copies of this report are being sent to the Senate Committee on Governmental Affairs.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Thomas B. Staats". The signature is written in a cursive style with a large initial "T".

Comptroller General
of the United States

C o n t e n t s

Page

AREAS IN WHICH GAO HAS MADE RECOMMENDATIONS TO THE OFFICE OF MANAGEMENT AND BUDGET

Automatic data processing	1
Budget	6
Environment and energy	8
Federal personnel	11
General government	17
Health and living standards	23
Intergovernmental relations	28
Procurement	33
Research and technology	36
APPENDIX	
I	Principal OMB officials responsible for the activities discussed in this report
	41

ABBREVIATIONS

ADP	automatic data processing
GAO	General Accounting Office
GSA	General Services Administration
OMB	Office of Management and Budget

AUTOMATIC DATA PROCESSING

MANAGERS NEED TO PROVIDE BETTER PROTECTION FOR AUTOMATIC DATA PROCESSING FACILITIES (FGMSD-76-40), May 10, 1976)

Many of the Federal Government's 9,000 computers are inadequately protected against sabotage, vandalism, terrorism, or natural disasters. The poor security measures make the installations susceptible to catastrophic losses caused by bombing, fires, floods, frauds, thefts, embezzlements, and human error. There are also poor procedures for continuity of operations at a number of Federal installations.

We recommended that the Office of Management and Budget (OMB) direct that a management official at each Federal computer installation be made responsible for physical security of automatic data processing (ADP). We also recommended that risk management techniques be used to compare the cost of protection with the potential loss. OMB replied that it did not believe that it should issue any policy guidance at this time. OMB also suggested that the General Services Administration and the Department of Commerce should handle the problem.

OMB has not taken any action on our recommendations; however, in June 1977, OMB announced that it was going to study ways to improve the acquisition, management, and use of Federal computer systems.

IMPROVEMENTS NEEDED IN MANAGING AUTOMATED DECISIONMAKING BY COMPUTERS THROUGHOUT THE FEDERAL GOVERNMENT (FGMSD-76-5, Apr. 23, 1976)

Computers in Federal departments and agencies annually issue unreviewed payments and other actions involving billions of dollars in Government assets. These actions are often wrong. They can cost the Government huge sums of money; exactly how much no one knows.

We recommended that the Director, OMB, require agencies to

--determine whether their computer operations involve decisionmaking application,

--review such operations to determine whether incorrect actions are being taken and make corrections where warranted, and

--establish a means of monitoring reports on the actions taken.

OMB is working on a policy statement on this matter.

FURTHER ACTIONS NEEDED TO CENTRALIZE
PROCUREMENT OF AUTOMATIC DATA
PROCESSING EQUIPMENT TO COMPLY WITH
OBJECTIVES OF PUBLIC LAW 89-306
(LCD-74-115, Oct. 1, 1975)

GAO reported that since Public Law 89-306 (the Brooks bill), 40 U.S.C. 759, was enacted into law, it has not been fully implemented because OMB does not believe that the law requires central procurement by a "single purchaser" and full use of the Automatic Data Processing Fund.

We recommended that the Congress require the Director, OMB, and the Administrator of General Services to (1) prepare and submit a financial plan to accomplish the major objectives of Public Law 89-306 and (2) advise the Congress periodically of progress or problems in accomplishing the plan.

The House Committee on Government Operations held hearings on the administration of Public Law 89-306 in June 1976 and issued its report in October 1976. The Committee's recommendations, contained in the report, supported 8 of our 19 recommendations.

The matters covered in the October 1975 report, as well as many other ADP problems, are being intensively studied by a task force organized by OMB as part of the President's Reorganization Project. (GAO has supplied input to the group.) The task force plans to complete its study and begin implementing actions within a year.

OPPORTUNITY FOR SAVINGS OF LARGE SUMS
IN ACQUIRING COMPUTER SYSTEMS
UNDER FEDERAL GRANT PROGRAMS
(FGMSD-75-34, July 24, 1975)

Because of the large amount of Federal grant money being spent for ADP systems, there is a potential for either savings or waste--often amounting to hundreds of

thousands of dollars for an individual grantee. It is important that Federal managers make sure that grantees follow businesslike procedures in acquiring (by purchase, lease, or other methods) computers for grant programs. Although instructions and procedures exist, these need to be extended to require consideration of all reasonable alternatives. Also, agencies should make sure that the instructions are followed.

In our report to the Congress, we recommended that Federal policies be strengthened to insure that grantee agencies follow businesslike practices in acquiring computer systems. OMB issued a change in Federal policies; however, we believe that the action taken by OMB did not go far enough.

EMPHASIS NEEDED IN GOVERNMENT'S
EFFORTS TO STANDARDIZE DATA ELEMENTS
AND CODES FOR COMPUTER SYSTEMS
(B-115369, May 16, 1974)

Standardized, machine-readable data codes used to transfer information would provide faster, more accurate, and cheaper methods of data exchange. OMB has given low priority to this program though; and in May 1973 this responsibility was transferred to the Department of Commerce. We believe a coordinated Federal effort is needed.

The National Bureau of Standards is working on a standards program, and we have a current assignment to review it and also OMB's role in establishing and enforcing standards.

ON TOTAL AMOUNT OF ADP COSTS
(B-115369, Apr. 25, 1973)

We reported on the annual cost of ADP to the Government and discussed why better estimates of that cost are unavailable.

We recommended that OMB amend Circular A-83 to clarify some points on how agencies report costs to the General Services Administration (GSA) Management Information System. Little or no corrective action was taken by OMB; however, GSA issued Federal Management Circular 74-2, which prescribes ways for reporting ADP costs.

REVISIONS NEEDED IN FINANCIAL
MANAGEMENT POLICIES OF THE FEDERAL
GOVERNMENT'S AUTOMATIC DATA PROCESSING
FUND (B-115369, Apr. 17, 1973)

We recommended that OMB and GSA (1) revise the Automatic Data Processing Fund's equipment capitalization policies to insure compliance with Public Law 89-306 (the Brooks bill), 40 U.S.C. 459, and (2) improve the fund's image by revision, to the extent practicable, of those policies to which agencies object.

GSA, under the direction of OMB, has implemented all but one of the detailed recommendations making up the above two overall recommendations.

U.S. AGENCIES COULD BENEFIT BY
BETTER MANAGEMENT OF ADP ACTIVITIES
OF GOVERNMENT CONTRACTORS
(B-115369, Mar. 2, 1973)

Purchase credits which accrue under contractor leasing arrangements for ADP equipment used on Government contract work are generally not available to the Government, even though it absorbs most of the leasing costs. If the Government had more opportunities to share in these purchase credits, savings to the Government might result.

In view of the large costs the Government incurs in connection with Government contractors' ADP equipment leases, we recommended that OMB explore the ways available to the Government of improving its entitlement to benefits earned under these contractor leases. OMB agreed that the Government should look into the possibilities of cost savings in this area and referred the matter over to GSA for its consideration.

We plan to review what corrective action was taken by OMB or GSA in this area.

OPPORTUNITY FOR GREATER EFFICIENCY
AND SAVINGS THROUGH THE USE OF
EVALUATION TECHNIQUES IN THE FEDERAL
GOVERNMENT'S COMPUTER OPERATIONS
(B-115369, Aug. 22, 1972)

Computer performance evaluation techniques can help ADP centers operate more efficiently, saving considerable sums. We recommended that OMB promote the use of these

techniques in the Federal Government, but OMB indicated the tools necessary were scarce at that time.

Little or no action was taken by OMB on the recommendations made in the 1972 report. A follow-up review was made and a report, "Tools and Techniques for Improving the Efficiency of Federal Automatic Data Processing Operation," B-115069, June 3, 1974, was issued covering basically the same area. The report contained recommendations to GSA, which planned to issue guidelines on computer performance evaluation.

BUDGET

REVIEW OF THE IMPOUNDMENT CONTROL ACT OF 1974 AFTER 2 YEARS (OGC-77-20, June 3, 1977)

We reported that the President has complied with the language and spirit of the Impoundment Control Act, which requires that all reductions of budgetary outlays below levels set by the Congress be reported to the Congress and provides ways for the Congress to express its approval or disapproval. However, some impoundments either were not reported to the Congress or were reported so late that the purpose of the act was frustrated.

We made a number of recommendations to the Director, OMB, to improve the timeliness and content of executive branch impoundment reports to the Congress.

We have not yet been informed of actions taken or planned by OMB on recommendations in this recently issued report.

NEED FOR A GOVERNMENT-WIDE BUDGET CLASSIFICATION STRUCTURE FOR FEDERAL RESEARCH AND DEVELOPMENT INFORMATION (PAD-77-14, Mar. 3, 1977)

We recommended that the Director, OMB, require that budgetary data on Federal research and development activities be collected in accordance with the unified classification structure we proposed. OMB responded to the Chairman of the House Committee on Government Operations that,

"We want to be responsive to Congressional needs for R&D [research and development] data. We believe, however, that the best approach * * * is to tailor crosscutting analyses of Federal R&D activities to specific requirements of Congressional Committees."

We continue to support implementation of the proposed classification structure for research and development information.

STANDARD BUDGET CLASSIFICATION--
PROPOSED FUNCTIONS AND SUBFUNCTIONS
(PAD-76-49, Aug. 20, 1976)

We recommended that the Director, OMB, provide in conjunction with the Budget for Fiscal Year 1978, a presentation of the principal budget data using the alternative structure we proposed as a supplement to the existing functional presentation. OMB responded to the Chairman of the House Committee on Government Operations that OMB does not agree with the recommendation and suggested that we prepare the tabulation.

A March 1977 discussion with OMB staff indicated that OMB continues to be negative toward any change to the functional structure of the budget. We are preparing a staff study recasting the fiscal year 1978 budget data into our proposed structure.

ESTIMATES OF THE IMPACT OF INFLATION
ON THE COSTS OF PROPOSED PROGRAMS
SHOULD BE AVAILABLE TO COMMITTEES OF
THE CONGRESS (B-176873, Dec. 14, 1972)

OMB has a long-established policy that allowances for future price increase be excluded from budget requests presented to the Congress. Inflation has little effect on programs for which funds are budgeted and obligated for a single year. However, OMB's policy may cause the Congress to approve long-term programs on the basis of incomplete information.

We suggested to the Director, OMB, that cost estimates for long-term programs include estimates for inflation and that agencies present the estimates for inflation to the Congress as supplemental data. OMB did not agree; it said that including inflation in cost estimates, even on the suggested supplementary basis, would tend to increase Government procurement costs.

ENVIRONMENT AND ENERGY

SHORTCOMINGS IN THE SYSTEMS USED TO
CONTROL AND PROTECT HIGHLY DANGEROUS
NUCLEAR MATERIAL, ENERGY RESEARCH
AND DEVELOPMENT ADMINISTRATION
(EMD-76-3a, July 22, 1976)

Our report is critical of OMB for not approving enough funds to upgrade existing physical security systems at the contractor facilities of the Energy Research and Development Administration.

This matter has since been corrected; that is, appropriate funding has been provided.

RESEARCH AND DEMONSTRATION PROGRAMS
TO ACHIEVE WATER QUALITY GOALS:
WHAT THE FEDERAL GOVERNMENT NEEDS
TO DO (B-166506, Jan. 16, 1974)

We recommended that the Director, OMB, participate with the Environmental Protection Agency in obtaining the full cooperation of all Federal agencies engaged in water pollution research, pilot, development, and demonstration in the development and implementation of a national water pollution research, pilot, development, and demonstration plan.

We recommended that the Director, OMB, also designate a Federal agency as a focal point to coordinate and promote the dissemination of water pollution research results.

OMB's position was stated as follows:

"We concur in the recommendation that all Federal and non-Federal water quality research and development be coordinated to avoid duplications or omissions to the maximum extent practicable. This Office will continue to assist EPA [the Environmental Protection Agency] and other agencies to improve coordination of research plans and dissemination of results. With regard to the specific recommendation for preparation of a national R&D [research and development] plan we concur in EPA's observation that a study of this magnitude and scope should be the subject of further analyses and specific authorizing legislation. The recommendation that OMB designate a single Federal agency as a focal point to coordinate and promote

the dissemination of water pollution research results will be given further study and will be considered in our continuing review of Federal water quality R&D programs."

OMB has not taken effective action to implement our recommendations. A study published by the National Academy of Science in June 1977 dealt extensively with the problem of a lack of coordination of environmental research and development and contained several recommendations for improvements. The Environmental Protection Agency had contracted with the National Academy for this study pursuant to requirements of the 1974 appropriations authorization. It is our understanding that the Environmental Protection Agency authorization bill now being considered by the Congress will contain provisions dealing with the problem of coordination of environmental research and development within the Environmental Protection Agency and among Federal agencies.

The National Academy report recommended that the Environmental Protection Agency undertake more research into the area of research and development that might eliminate or reduce the need for regulation and/or reduce the cost of complying with environmental standards. The report stated, however, that such research might be more effectively performed in the private sector but pointed out that this was not being done because the environmental legislation provides no incentives for private parties to perform research on their own initiative. We are considering a review in this area to determine the need for possible recommendations to the Congress for legislative changes.

NATIONAL ATTEMPTS TO REDUCE LOSSES
FROM FLOODS BY PLANNING FOR AND
CONTROLLING THE USES OF FLOOD-PRONE
LANDS (RED-75-327 Mar. 7, 1975)

In 1966 the President directed OMB to monitor implementation of recommendations by the Task Force on Federal Flood Control Policy, established by the President. However, since 1970 OMB's efforts have been limited to spot checks of budget requests to determine whether agencies were building in flood plains.

We recommended that the Director, OMB, more effectively monitor actions of Federal agencies in considering flood hazards in their programs and in providing technical assistance to State and local governments.

We are undertaking a survey of Federal, State, and local efforts to reduce flood losses through flood plain management, which, among other things, will include followup on the findings in our report of March 7, 1975. Our work plan provides for contacting OMB to determine what actions have been taken to effectively monitor and lead the Federal effort.

FEDERAL PERSONNEL

PROJECT REFLEX (RESOURCE FLEXIBILITY)--
A DEMONSTRATION OF MANAGEMENT THROUGH
FISCAL CONTROLS WITHOUT PERSONNEL
CEILINGS (B-165959, June 21, 1974)

IMPLEMENTATION AND IMPACT OF REDUCTIONS
IN CIVILIAN EMPLOYMENT, FISCAL YEAR 1972
(B-180257, July 2, 1974)

PART-TIME EMPLOYMENT IN FEDERAL
AGENCIES (FPCD-75-156, Jan. 2, 1976)

PERSONNEL CEILINGS--A BARRIER TO
EFFECTIVE MANPOWER MANAGEMENT
(FPCD-76-88, June 2, 1977)

In these reports we observed that personnel ceilings:

- Deprive management of flexibility in accomplishing essential work most effectively and economically using the most appropriate type of personnel in specific circumstances.
- Disrupt management when accelerated actions are taken to reduce employment to meet personnel ceilings set for one particular day.
- Create an administrative burden and an illusion of control.
- Do not provide the most effective management control over personnel resources.
- May obscure the reality that the Government incurs the cost of all personnel resources devoted to Federal programs even though many of the people are not on the Federal payroll.
- Provide little incentive for improved management and further are a barrier to effective personnel management.

We recommended that the Director, OMB, test alternative controls, including use of fund limitations and the budget process. OMB has taken no action.

TRAVEL IN THE MANAGEMENT AND
OPERATION OF FEDERAL PROGRAMS
(FPCD-77-11, Mar. 17, 1977)

We recommended that the Director, OMB, and the Administrator of General Services

- revise their guidelines to focus more specifically on each purpose of travel;
- require agencies to revise their reporting systems and internal review and audit approaches to follow the new guidance; and
- after implementing the revised guidelines and the reporting and review systems, assess the performance to see if any specific further action is needed by the executive branch or by the Congress to obtain improved management of travel funds made available to program managers.

The comments of OMB on the findings and recommendations of the report sent to the Chairmen of the Senate Committee on Governmental Affairs and House Committee on Government Operations indicate that no action has been taken or is contemplated by OMB.

LUNCH PERIOD ARRANGEMENTS IN FEDERAL
AGENCIES (FPCD-76-147, Apr. 9, 1976)

We recommended that OMB and the Civil Service Commission jointly work toward insuring that lunch period arrangements in Federal agencies comply with statutory requirements for a 40-hour workweek. Most agency officials we spoke with agreed that employees generally take 45 minutes to 1 hour for lunch, which results in nonproductive time.

OMB passed the issue to the Civil Service Commission for resolution. The Commission has prepared a draft revision to the Federal Personnel Manual on the subject. As drafted, it reminds agencies of their responsibility to comply with established legal rules on work scheduling and the observance of the basic 8-hour workday in relation to specified lunch periods.

FEDERAL WHITE-COLLAR PAY SYSTEMS
NEED FUNDAMENTAL CHANGES
(FPCD-76-9, Oct. 30, 1975)

We reported to the Congress that legislation was needed to change Federal white-collar pay systems. Existing white-collar pay schedules failed to recognize that the labor market consists of distinctive major groupings which have different pay treatments. Consequently, the Government was paying, in varying degrees, more or less than labor market rates for some employees.

We said that systems should be designed around more logical groupings and the pay rates based on the geographic pay patterns of the labor market in which each group competes. Also, differences in employee proficiency and performance should be properly recognized in the method of progressing through the pay range of a grade.

In addition to recommendations to the Congress, we recommended that the Chairman, Civil Service Commission, in coordination with the Director, OMB, take certain actions to improve compensation policies and practices. Legislation is now being developed to provide for more logical groupings of white-collar occupations. It may also provide for geographical pay patterns for certain groups and pay increases based on merit for certain employee groups.

IMPROVEMENTS NEEDED FOR THE SURVEY OF
NON-FEDERAL SALARIES USED AS BASIS FOR
ADJUSTING FEDERAL WHITE-COLLAR SALARIES
(B-167266, May 11, 1973)

We reported that there was a need to supplement and strengthen the design and data-gathering process of the annual survey to better accomplish the principle of comparability with the private sector. We recommended that the Director, OMB, and the Chairman of the Civil Service Commission give more emphasis to compensation evaluation and research, broaden the occupational sample at certain grade levels, and include the broadest feasible representation of the non-Federal sector.

The Civil Service Commission requested and received funds for compensation research and has conducted major compensation studies covering many of our recommendations. In August 1973, the Civil Service Commission and OMB, acting jointly as the President's agent, adopted a new pay-line technique which related private sector average rates

to average General Schedule rates. In 1976 the President's agent expanded the survey scope by adding additional survey jobs and in 1977 based its pay recommendation to the President on a broader universe of industries surveyed.

ASSESSMENT OF THE PROCESS OF
TRANSLATING PRIVATE ENTERPRISE SALARY
DATA INTO FEDERAL WHITE-COLLAR
ADJUSTMENTS (B-167266, July 12, 1974)

We reported to the Director, OMB, and the Chairman of the Civil Service Commission on the need to strengthen the process of translating private enterprise salary data into the comparability adjustment for Federal salaries in order to better implement the legal pay principles and to assure a high degree of confidence in the pay determination process.

We recommended that the Director, OMB, and the Chairman of the Civil Service Commission (1) move ahead on their work-level weighting study and consider the many weighting possibilities available, (2) study and evaluate the General Schedule linkage points with other Federal pay systems to insure that the linkage process is kept current, and (3) initiate a study on the feasibility of reducing or compensating for the timelag between the time the pay survey data is gathered and the time of the pay adjustment.

For the October 1976 pay increases, the survey data was weighted for the first time. A study has been made validating the linkage points with the other pay systems, but no method has been derived for reducing or compensating for the 6-month lag time.

NEED FOR COMPARABILITY POLICY FOR
BOTH PAY AND BENEFITS OF FEDERAL
CIVILIAN EMPLOYEES
(FPCD-75-62, July 1, 1975)

We reported to the Congress that various laws establish the principles that pay rates for Federal employees shall be comparable with the pay of their counterparts in the private sector, but that there is no standard or method for assessing the adequacy of the Federal employees benefits programs.

We recommended to the Director, OMB, and the Chairman of the Civil Service Commission that they should develop a policy of total compensation comparability for determining Federal employee pay and benefits and that they should

propose legislation to establish such a system. The Commission is now developing a total compensation comparability package with an objective of developing appropriate legislation.

CLASSIFICATION OF FEDERAL WHITE-COLLAR
JOBS SHOULD BE BETTER CONTROLLED
(FPCD-75-173, Dec. 4, 1975)

We reported to the Congress that weak controls and pressures exerted on job classifications have resulted in overgraded Federal positions. We recommended that the Director, OMB, and the Chairman of the Civil Service Commission request the President to issue a directive to the heads of Federal agencies, emphasizing the importance of position management and classification and the need to develop at all management levels a special, informed interest in economically structuring work and properly classifying positions.

On May 27, 1976, the President issued a memorandum calling upon agency and department heads to reexamine their position management and classification systems to insure effective operations and full compliance with applicable laws and regulations.

HOLIDAY ADMINISTRATION OVERSEAS:
IMPROVEMENT NEEDED TO ACHIEVE MORE
EQUITABLE TREATMENT OF EMPLOYEES
(ID-75-42, Mar. 17, 1975)

We recommended that the Director, OMB, establish policies, standards, and ceilings for overseas holiday administration.

The matter was referred to the Civil Service Commission by OMB, since OMB felt that it was more appropriate for the Commission's consideration. However, the Commission pointed out that it lacked the authority to establish the necessary rules and regulations, and the matter was referred to an interagency committee for consideration. The interagency committee established a special working group to consider the holiday matter. As of June 20, 1977, no formal reporting has been made by the interagency committee.

PREMIUM PAY FOR FEDERAL INSPECTORS
AT U.S. PORTS-OF-ENTRY
(GGD-74-91, Feb. 14, 1975)

In this report we made recommendations to the various agencies having inspectors at ports of entry with a view to making their pay to inspectors and their charges to

parties in interest more uniform. We also recommended that OMB help the agencies develop applicable uniform regulations.

OMB has not pursued this recommendation.

FUNDAMENTAL CHANGES NEEDED TO ACHIEVE
A UNIFORM GOVERNMENT-WIDE OVERSEAS
BENEFITS AND ALLOWANCES SYSTEM FOR
U.S. EMPLOYEES (B-180403, Sept. 9, 1974)

We recommended that the Director, OMB, vest responsibility for establishing policies and standards for overseas allowances for civilian employees in an independent policy-making body.

This matter is being considered by an interagency committee on employee benefits, chaired by the Department of State. The committee expects to formalize its position in a meeting scheduled to be held during this summer.

NEED FOR AN OVERALL GOVERNMENT POLICY
IN REGARD TO ALLOCATING SPACE AND
SERVICES TO EMPLOYEES ASSOCIATIONS
(B-112840, Mar. 18, 1974)

We recommended that OMB, in conjunction with GSA, formulate

- a policy which will provide for equitable assignment and use of Federal space by employees associations and
- guidelines for determining fair and equitable charges, if any, for space and services furnished by the Government to such associations.

In response to our recommendation, GSA published a proposal in the Federal Register (34 CFR 237) on November 20, 1976, for agency comment. An OMB official informed us that the proposal was still pending and it was not known when the proposal would be completed and issued. Agency opposition to the proposal has involved providing space for employee recreational service for a fee.

GENERAL GOVERNMENT

CRIME IN FEDERAL RECREATION AREAS-- A SERIOUS PROBLEM NEEDING CONGRESSIONAL AND AGENCY ACTION (GGD-77-28, June 21, 1977)

The Government has no policy on criminal law enforcement on Federal lands; hence, visitor protection has been inconsistent.

We proposed that a task force be established to develop a national law enforcement policy for Federal recreation lands. We stated that since such a policy would cut across numerous Federal agencies, OMB was the logical agency to develop and coordinate it.

OMB does not believe a task force headed by it should be established.

RESPONSIBILITIES OF OFFICE OF MANAGEMENT AND BUDGET UNDER THE FEDERAL REPORTS ACT (GGD-77-38, May 25, 1977)

The Federal Reports Act, 44 U.S.C. 3501 et seq., assigns to the Director, OMB, responsibility for reviewing forms used by most executive branch agencies to collect information from the public so that there will be a minimum burden on the respondents.

We reported that (1) a lack of information and staff limitations precluded OMB from adequately assessing the need for data proposed for collection and data collected by Federal agencies and (2) statistics relating to the paperwork burden and the President's reporting reduction program are subject to error, and users of these statistics should be aware of their limitations.

The report was released to OMB only recently and any action taken or planned is not yet known.

BETTER EVALUATIONS NEEDED TO WEED OUT USELESS FEDERAL ADVISORY COMMITTEES (GGD-76-104, Apr. 7, 1977)

An important purpose of the Federal Advisory Committee Act, 5 U.S.C. app. I sec. 1 et seq., is to provide ways to control the number of advisory committees serving Federal departments and agencies and make sure that only committees

with well-defined, necessary functions are authorized to continue. OMB and the agencies have not acted effectively to carry out the law. Although many committees are being abolished, more can be done in this regard.

The act directs OMB to prepare guidelines and controls suitable for managing advisory committees. It directs that the committees be managed under uniform standards and procedures. No uniform or consistent Government-wide standards exist because OMB has not provided effective leadership and adequate guidance.

We recommended that the Director, OMB, develop objective criteria, revise and clarify OMB guidelines, and help Federal agencies formulate their own guidelines.

More specifically, OMB should:

- Develop stringent, uniform guidelines on both subgroups and ad hoc groups, emphasizing that such groups should not be used to circumvent the act, unwittingly or otherwise.
- Require that agency committee charters be clear and specific in stating their purposes and objectives and include a specific timespan for a committee to accomplish its purpose.
- Issue more detailed guidelines to insure that cost estimates are consistent Government-wide. Also, require the agencies to submit committee administrative overhead costs--in lump sum figures--with the agencies' annual report submissions.
- Work with the agencies in developing a standard definition of "report" to be used and enforced by all Federal agencies. Also, jointly develop a monitoring and evaluation system to follow up on committee reports and recommendations.

OMB has taken or is planning to take action on most of the recommendations. In its letters dated May 25, 1977, to the Chairmen of the Senate Committees on Governmental Affairs and Appropriations, OMB said that it anticipates that the number of advisory committees will be sharply reduced as a result of President Carter's order for a zero-based review of all committees.

Better definitions and uniform applications have been developed in some areas, and guidelines have been issued but not yet incorporated in an OMB Circular. Work on such a revision is now underway.

If OMB carries out its planned action, most of the problems cited in our report should be corrected. The only open recommendation is the need to jointly develop a monitoring and evaluation system to follow up on committee reports and recommendations.

The President's Executive Office reorganization plan would transfer the Advisory Committee secretariat to GSA.

REPORTING OF SELECTED MAJOR CIVIL
PROJECTS NEEDS IMPROVEMENT
(PSAD-77-5, Dec. 29, 1976)

We recommended that OMB (1) issue guidelines to all agencies for reporting on selected major projects to appropriate committees of the Congress and (2) monitor implementation of the guidelines by the agencies involved.

Some civil agencies agree with our recommendation and are substantially complying or plan to report to the various congressional committees.

OMB, however, does not believe it should require civil agencies to submit status reports to the Congress, because only the Senate Armed Services Committee has requested such reporting and then only for selected major weapon systems acquisition by the Department of Defense. Accordingly, it has taken no action on this recommendation.

AN OVERVIEW OF FEDERAL INTERNAL AUDIT
(FGMSD-76-50, Nov. 29, 1976)

Several agencies have not established appropriate internal audit as required by law. Some have staffs which are too small to provide adequate audit coverage. And some are emphasizing audits of Federal assistance programs to such an extent that their internal audit coverage has been inadequate.

We recommended that OMB help smaller agencies obtain auditing services and develop guidelines to assist Federal agency management in determining the appropriateness of the size of their audit staffs.

On March 22, 1977, the Director, OMB, advised the Chairman of the House Committee on Government Operations that OMB had become aware that we are undertaking a comprehensive review of internal audit operations in all the major departments and agencies. The Director stated this review may give OMB a basis for improving internal audit guidance and for working individually with departments and agencies to assist them in deciding upon the appropriate level of audit staffing and the appropriate mix between internal audit and external audit.

The Director has asked his staff to work closely with us on this matter and to follow up with the departments and agencies to insure that adequate audit capability is developed in all departments and agencies.

BETTER FOLLOWUP SYSTEM NEEDED TO
DEAL WITH RECOMMENDATIONS BY STUDY
COMMISSIONS IN THE FEDERAL GOVERNMENT
(RED-76-33, Dec. 4, 1975)

Our review showed that greater benefits could be obtained from the work of special study commissions--which the Government often uses to get advice on national problem areas or issues--if an effective system were established to promptly and fully follow up the commissions' reports and recommendations.

We recommended that OMB provide the necessary leadership in the executive branch to establish effective followup systems on study commission recommendations.

OMB concurs with this report's purpose and goal and the need for increased efforts by all branches and levels of government to consider study commission recommendations.

Our inquiries at OMB in August 1977 revealed that OMB had taken no specific action in response to our recommendations, although it was in general agreement that more needed to be done to insure that the investment of time, effort, and funds in study commissions was properly protected. The desirability of some action toward this end was still under consideration by OMB.

number of OMB representatives from Washington to individual council cities as additional staff resources to assist the councils in developing and operating intergovernmental programs.

To date, OMB has not adopted our recommendation. A study of Federal field operations by the special assistant to the President for intergovernmental relations is underway, and it is our understanding that the outcome of the study will be the abolition of regional councils. Ad hoc regional coordinating Committees will take their place and be chaired by an OMB or White House representative.

CASE STUDY OF DEPARTMENT OF LABOR
AND OFFICE OF MANAGEMENT AND BUDGET
ACTIVITIES UNDER THE FEDERAL REPORTS
ACT (GGD-75-85, July 24, 1975)

We were asked to undertake a pilot study of one executive agency's forms and OMB's administration of the Federal Reports Act, 44 U.S.C. 3501 et seq., as it related to that agency. We selected the Department of Labor.

Our study showed that OMB should take numerous actions to improve administration of its responsibilities under the Federal Reports Act. Fourteen recommendations generally deal with OMB's organization, operations, and requirements for agency guidance.

Only one was accepted. OMB claimed that several of the recommendations were part of its procedure; but, in these cases, we determined that OMB was not adequately carrying them out. We are not aware of any present OMB effort to consider further the recommendations made in this report.

IMPROVED COOPERATION AND COORDINATION
NEEDED AMONG ALL LEVELS OF GOVERNMENT--
OFFICE OF MANAGEMENT AND BUDGET
CIRCULAR A-95 (GGD-75-52, Feb. 11, 1975)

OMB implemented two statutes to increase intergovernmental cooperation among Federal, State, and local agencies by issuing OMB Circular A-95. Our review of intergovernmental coordination resulted in recommendations to the Director, OMB, to

- more aggressively monitor A-95 compliance,
- increase A-95 program coverage, and
- clarify and strengthen other circular provisions.

OMB generally agreed with our recommendations. OMB revised and strengthened the circular provisions, periodically issues notes to update and clarify provisions, broadened its application, and monitors compliance.

ASSESSMENT OF FEDERAL REGIONAL COUNCILS
(B-178319, Jan. 31, 1974)

In accordance with our recommendation, OMB agreed to consider an experiment involving the transfer of a limited

HEALTH AND LIVING STANDARDS

FUNDAMENTAL IMPROVEMENTS NEEDED FOR TIMELY PROMULGATION OF HEALTH PROGRAM REGULATIONS (HRD-77-23, Feb. 4, 1977)

To promote early consultation between Federal agencies and departments and local and State governments on Department of Health, Education, and Welfare health program regulations, OMB established the Advisory Committee on Intergovernmental Relations process. This has been largely ineffective.

The ineffectiveness of the process has been addressed by the Committee in several annual reports to OMB. The 1976 report concluded that problems inherent in the process as it then existed raised questions about whether the process should be continued in the absence of significant reform.

We noted that the reasons for the ineffectiveness of the Committee are identified and addressed in its 1976 report and recommended that the Director, OMB, not discontinue the Committee process until its effectiveness, after implementation of revised policies and procedures, had been evaluated.

On June 23, 1977, an OMB official said that our recommendation to continue the Committee was considered during an extensive review. OMB will propose substantive revisions to the process in the near future that will address operational as well as legal recommendations and limitations.

RETURNING THE MENTALLY DISABLED TO THE COMMUNITY: GOVERNMENT NEEDS TO DO MORE (HRD-76-152, Jan. 7, 1977)

We discussed the need for a more concerted and systematic Federal effort to make certain that mentally disabled persons are cared for in the setting and with support services most appropriate to their needs.

Among the many recommendations presented in the report, three are directed to the Director, OMB:

- Direct Federal agencies to develop and implement an interdepartmental objective for accomplishing deinstitutionalization and recommend that the President

adopt this as a Presidential objective in the inter-departmental management-by-objectives system.

- Clearly identify the roles and responsibilities of and specific actions to be taken by Federal agencies.
- Direct Federal regional councils to mobilize, coordinate, and evaluate Federal agency deinstitutionalization efforts at the regional level.

OMB stated that it is important to recognize that the ultimate responsibilities for the establishment, integration, and maintenance of the complex community services system and for the effective delivery of services to the mentally disabled rest with the States and communities. OMB supports efforts by Federal agencies to improve programs that address the needs of the mentally ill.

ADMINISTRATION OF FEDERAL ASSISTANCE
PROGRAMS--A CASE STUDY SHOWING
NEED FOR ADDITIONAL IMPROVEMENTS
(HRD-76-91, July 28, 1976)

OMB agreed with our recommendation that the proposed uniform administrative requirements for Federal grants, contracts, and other agreements with public and private institutions of higher education, public and private hospitals, and private nonprofit organizations be revised to assure that (1) potential grantees are aware of fiscal accountability requirements and (2) the grantees' accounting systems and internal controls are adequate to comply with established standards. OMB feels that the recommendation applies equally to other types of grant recipients and said it will consider promulgating such requirements for the entire grant area.

OMB further concluded that amending the proposed uniform requirements, as we recommended, is not necessary to provide that periodic audits encompass all Federal funding and that recipients furnish all Federal funding agencies with copies of audit reports and related correspondence.

INEQUALITIES IN THE PREVENTIVE
HEALTH SERVICES OFFERED TO FEDERAL
EMPLOYEES (MWD-76-62, June 14, 1976)

To eliminate inequalities among agencies with respect to preventive health services, we recommended, among other things, that the Director, OMB:

--Require agency heads to annually review their programs and, where practicable, equalize services to employees.

--Review the overall program to insure that the Civil Service Commission; the Division of Federal Employee Health of the Department of Health, Education, and Welfare; and the agencies fulfill their program responsibilities.

OMB did not concur in our recommendation that the Director require agency heads to annually review their preventive health programs, collect certain program data, and report this data to the Commission. OMB stated that data we recommended the agency collect is substantially the same as is now collected through a Commission questionnaire and that to impose such a requirement on OMB would unnecessarily add to the agencies' administrative burden.

OMB did not agree that it should require each agency to provide comparable services to the extent practicable. It noted that 5 U.S.C. 7901 vests discretion in agency heads to establish programs tailored to individual situations. OMB believes that this discretion is essential since such services must be based on the particular work environment at each location.

The fiscal year 1978 budget prepared by OMB under the Ford Administration provided for terminating the Division of Federal Employee Health--the Department of Health, Education, and Welfare organization responsible for setting standards to be followed by Federal agencies providing employee health services. This would have the effect of perpetuating (and possibly increasing) the inequities. According to Department of Health, Education, and Welfare program officials, OMB is now encouraging agencies to increase their preventive health efforts, particularly those agencies who had minimum efforts in the past.

BETTER OVERALL PLANNING NEEDED TO
IMPROVE THE STANDARD OF LIVING OF
WHITE MOUNTAIN APACHES OF ARIZONA
(FGMSD-75-47, Aug. 21, 1975)

In addition to recommendations to the Department of the Interior, we recommended that OMB take necessary action to insure that

--an approach is developed which will coordinate Federal efforts at Indian reservations,

--continuous evaluations are conducted of effect of Federal programs on standard of living at reservations, and

--annual reports are submitted to the Congress on progress in Indian standard of living and any needed changes in legislation.

On May 10, 1976, we answered a congressional request on the matter by indicating that OMB's response to the recommendations had included positive actions but had not assured the Congress that effective coordination would be implemented at the reservation level. We provided suggested legislative language which would direct OMB to establish guidelines for use by the Interior and tribes in evaluating Indian programs.

The recommendations to OMB and suggested evaluation language have not been fully implemented.

IMPACT OF FEDERAL PROGRAMS TO IMPROVE
THE LIVING CONDITIONS OF MIGRANT
AND OTHER SEASONAL FARMWORKERS
(B-177486, Feb. 6, 1973)

We recommended that the Director, OMB, either create a migrant and other seasonal farmworker council to establish and coordinate overall policies and priorities designed to accelerate benefits of the migrant and other seasonal farmworker programs or attempt to involve the Domestic Council in this effort. We recommended also that Federal regional councils, including nonmember agencies, assist in coordinating these programs in the field.

OMB stated that although there was no formal coordinating group specifically assigned to migrant programs as such, a number of Federal regional councils and agency representatives in Washington have been actively working over the past few years on migrant problems under the auspices of the Under Secretaries Group for Regional Operations. OMB stated that it was working with the agencies involved to consider whether the present arrangement was adequate and what sort of interagency coordination may be necessary.

In August 1976, we asked OMB to furnish us information on the progress it had made to implement the 1973 recommendations. OMB replied that its principal steps to obtain coordinated action at the national level are through the Under Secretaries Group for Regional Operations. In

October 1975, the Group adopted a lead agency concept, whereby a single agency is designated responsibility in a given functional area to coordinate activities of Federal regional councils on behalf of the Group.

The Department of Labor was designated lead agency for migrant and seasonal farmworker activities. It prepared a paper on the system to be used for interagency coordination of programs and activities affecting migrant and seasonal farmworkers. The paper was revised to incorporate comments by other Federal agencies.

The final version has been completed by the Department of Labor but has not been acted on by the Under Secretaries Group. Without the Group's approval, the plan cannot be implemented.

INTERGOVERNMENTAL RELATIONS

FEDERALLY ASSISTED AREAWIDE PLANNING: NEED TO SIMPLIFY POLICIES AND PRACTICES (GGD-77-24, Mar. 28, 1977)

We made recommendations for improving OMB's circular dealing with areawide planning--federally assisted planning for development needs of areas that involve more than one local government. OMB is studying the recommendations, and action depends on OMB reorganization and congressional passage of Senate bill 892 and House resolution 4406, 95th Congress, calling for a national policy on areawide planning. The President's memorandum of March 21, 1977, to agency heads calls for them to review all Federal programs affecting urban and regional areas.

USING INDEPENDENT PUBLIC ACCOUNTANTS TO AUDIT PUBLIC HOUSING AGENCIES--AN ASSESSMENT (CED-76-133, Aug. 25, 1976)

We recommended that the Director, OMB, as part of his role to coordinate the use of independent public accountants by Federal agencies, bring to the attention of other Federal agencies the problems experienced by the Department of Housing and Urban Development in obtaining adequate compliance reviews from public accountants.

OMB agreed and, in a memorandum to the audit directors of 19 Federal agencies, transmitted copies of our report and pointed out that agencies relying on work performed by independent public accountants should carefully review their monitoring programs to assure themselves that such audits are being made in accordance with professional audit standards and conform to the terms of the agreement.

THE INTEGRATED GRANT ADMINISTRATION PROGRAM--AN EXPERIMENT IN JOINT FUNDING (GGD-75-90, Jan. 19, 1976)

The experimental Integrated Grant Administration Program was conducted to demonstrate a means of coordinating the delivery of separate Federal assistance programs toward accomplishing a single, or closely related, goal of the receiver of assistance.

Our report identified matters affecting program operations under the Joint Funding Simplification Act of 1974, 42 U.S.C. 4251 et seq., and contained several

recommendations to the Administrator of General Services for improving program operations.

Before the report was released, an Executive order transferred responsibility for implementing the act from GSA to OMB. OMB incorporated our recommended changes in program regulations published in July 1976.

PROBLEMS IN REIMBURSING STATE AUDITORS
FOR AUDITS OF FEDERALLY ASSISTED
PROGRAMS (FGMSD-75-22, June 25, 1975)

Federal policy endorses the concept of using State and local government auditors to perform audits of federally assisted programs and requires Federal agencies to do so. Regulations recognize these audit costs to be allowable charges against the federally assisted programs and provide a process to allocate audit and other costs to the programs. The regulations allow audit costs to be charged, but do not require them to be, or dictate to what extent they should be allowed.

Federal, State, and local government program administrators resisted and prevented payment of audit costs out of program funds resulting in these costs not being reimbursed to the State and local government audit groups.

We recommended that GSA 1/ work with OMB and other agencies to develop effective procedures for reimbursing State and local auditors for audits of federally assisted programs.

Some progress by individual Federal agencies has been made, but the situation we reported in 1975 still exists. OMB and other agencies have established a project to study the matter.

STATES NEED, BUT ARE NOT GETTING,
FULL INFORMATION ON FEDERAL
FINANCIAL ASSISTANCE RECEIVED
(GGD-75-55, Mar. 4, 1975)

Title II of the Intergovernmental Cooperation Act of 1968, 42 U.S.C. 4211-4214, established a policy of improving

1/At the time of the report the function (Federal financial management) had recently been transferred from OMB to GSA; it has since been returned to OMB.

the administration of grants-in-aid to States. Section 201 provides that Federal agencies inform States of funds provided to them and their political subdivisions as a means of aiding State planning and budgeting.

OMB put this provision of the act into effect in July 1969 through OMB Circular A-95 and later through OMB Circular A-98. In May 1973 the Office transferred its responsibility to the Department of the Treasury. In August 1973, the Treasury reissued the circular, without substantial change, as Treasury Circular 1082.

We reviewed the administration of this requirement and recommended that OMB

- require Federal agencies to report to each State on all Federal financial assistance to the State and its political subdivisions,
- evaluate other means of giving States grant award information, and
- consider reassuming from the Treasury responsibility for administering the grant notification requirements of the Intergovernmental Cooperation Act of 1968.

OMB agreed with the need to expand program coverage, and in February 1976 Treasury Circular 1082 was revised to increase the number of programs subject to grant reporting requirements. OMB established a task force to review improved means of providing Federal aid data to States and local governments. OMB, as of June 1977, had not reached a decision to reassume from the Treasury responsibility for administering the act pending OMB reorganization.

PUBLIC INVOLVEMENT IN PLANNING
PUBLIC WORKS PROJECTS SHOULD BE
INCREASED (B-153449, Dec. 6, 1974)

Because of disruptive effects that public works projects can have on individuals and communities and because of public opposition to many projects, we examined procedures and practices of three of the largest public works agencies--the Corps of Engineers (civil functions), Federal Aviation Administration, and Federal Highway Administration--to identify and assess the extent of public involvement in planning and developing projects.

Among other things, our review pointed up the need for overall Federal guidance to assist all agencies in involving the public in their decisionmaking process and called on OMB to provide such guidance.

In addition to recommendations to officials of the three large public works agencies, we recommended that OMB develop uniform Federal standards for involving the public in the planning of federally sponsored activities.

OMB said it planned to determine whether our findings at the Corps of Engineers, Federal Aviation Administration, and Federal Highway Administration were also applicable to the programs of other agencies. On development of uniform Federal standards for public involvement, OMB said it would involve a major analytical effort because of the immense variety of Federal activities.

Our inquiries at OMB in August 1977 showed that OMB had taken no specific action on our recommendation. As stated in its previous comments on our report, OMB did not consider it practicable to develop uniform standards for public involvement because of the great variety of Federal activities and the variety of vehicles of participation. OMB officials, however, pointed out to us that, in response to a recent Presidential directive, OMB was making a Government-wide effort to improve the planning process for Federal grants, emphasizing public involvement.

INCREASED INTERGOVERNMENTAL
COOPERATION NEEDED FOR MORE EFFECTIVE,
LESS COSTLY AUDITING OF GOVERNMENT
PROGRAMS (B-176544, Apr. 8, 1974)

We reported that even though Federal auditors had substantial backlogs of audit work, most did not generally rely on State or local government audits because of differing Federal legal requirements, interests, audit guidelines, and reporting methods.

We recommended that the Administrator, General Services (function now belongs to OMB ^{1/}) promote the use of State and local audits to satisfy Federal audit requirements.

^{1/}At the time of the report the function (Federal financial management) had recently been transferred from OMB to GSA; it has since been returned to OMB.

Although regulations were published which encouraged Federal agencies to rely on audits performed by non-Federal auditors (subject to suitable tests) and directed the Federal auditors to coordinate and cooperate with each other to minimize audit effort, actual implementation has been slow and less than satisfactory. Widespread claims abound of duplication of audit effort and gaps in audit coverage.

COST PRINCIPLES FOR FEDERAL ASSISTANCE
TO STATE AND LOCAL GOVERNMENTS
(B-164031(3), Jan. 5, 1973)

In January 1973 we reported to OMB on the result of our inquiry into the manner in which States and local governments acquire facilities to house their welfare operations to determine whether certain provisions of OMB Circular A-87 have adversely affected the ability of grantees to choose the most economical method of acquiring space.

We recommended that the Director, OMB develop (1) a procedure for granting waivers which will allow recognition of interest and related professional fees as allowable costs when cost comparisons clearly show that it is advantageous and (2) guidelines for use by grantees in making such cost comparisons to insure that such analyses will be equitable and consistent.

OMB officials stated that they were reconsidering the Federal policy. No decision was made as of March 1977.

PROCUREMENT

EXECUTIVE BRANCH ACTIONS ON RECOMMENDATIONS OF THE COMMISSION ON GOVERNMENT PROCUREMENT (PSAD-76-39, Dec. 19, 1975)

We issue periodic progress reports on the implementation of the Procurement Commission's recommendations. In this sixth report we recommended that the Director, OMB, through the Administrator of Federal Procurement Policy, insure that 46 Commission recommendations receive special attention.

In February 1976, the Director, OMB, advised that management attention by the Office of Federal Procurement Policy was being given to the 46 recommendations identified in our report as needing special attention. The extent of attention being given will not be known until we have completed a review for its seventh report scheduled for release in early 1978.

NEED FOR INCREASED USE OF VALUE ENGINEERING, A PROVEN COST SAVING TECHNIQUE, IN FEDERAL CONSTRUCTION (B-163762, May 6, 1974)

Value engineering--a technique for promoting economical construction--has been effective in reducing costs on Federal projects. Our examination of value engineering activities at 10 Federal construction agencies resulted in recommendations to agencies to:

- Develop a uniform and easily understandable incentive clause that can be readily inserted into construction contracts and contains specific sharing ratios for contractors and subcontractors for both initial and collateral cost savings.
- Designate a central point to be responsible for receiving from Federal construction agencies all approved value engineering proposals.

Under direction from OMB, the Department of Defense, GSA, and other Federal agencies have or are developing a crossfeed system of value engineering and are incorporating the incentive clauses in their contracts.

HOW TO IMPROVE THE PROCUREMENT AND
SUPPLY OF DRUGS IN THE FEDERAL GOVERNMENT
B-164031(2), Dec. 6, 1973)

As a result of recommendations contained in our report and similar recommendations in a 1974 OMB study, OMB's Office of Federal Procurement Policy was made primarily responsible for implementing a single purchaser concept for Federal drug procurements. As part of its implementation program, arrangements were made for the Food and Drug Administration to assume the full responsibility for providing quality assurance services to the agencies that buy drugs, and the contracting agencies were no longer performing this function.

In addition, OMB initiated a pilot program in mid-1976 under which certain medical items other than drugs are purchased by only one agency (either the Department of Defense or Veterans Administration). An OMB official informed us at that time that the pilot program would be used to iron out many incompatibilities in the procurement and supply systems of the Department of Defense and Veterans Administration.

Our discussions with the same official on June 22, 1977, disclosed that as a result of the pilot study which was recently completed, a tentative plan has been developed for having procurements of drugs and medical devices be made by only one agency. The Department of Defense will purchase certain items and the Veterans Administration will buy others. As presently conceived, implementation of the plan will be accomplished in two increments--one dealing with sole-source items and the other dealing with items for which competition might be obtained. The implementation of the plan will require that an interagency agreement be signed by the involved agencies, and the agencies will begin implementation 30 days thereafter. Work is currently underway at OMB to initiate action to implement the plan developed by the pilot program study committee.

BETTER MANAGEMENT NEEDED IN CIVIL
AGENCIES OVER SELECTION OF IN-HOUSE
OR CONTRACT PERFORMANCE OF SUPPORT
ACTIVITIES (B-158685, July 31, 1973)

As stated in OMB Circular A-76, the Government's policy for obtaining commercial or industrial products and services is to rely on the private enterprise system unless the national interest requires a Government agency to provide them directly.

Our review of the implementation of Circular A-76 resulted in recommendations, generally paralleling those of the entire Commission on Government Procurement, for a new approach and stronger implementation in the application of the circular policies. We recommended that a senior member of OMB be assigned full time to this matter and that an inter-agency task force assist this person. Such a task force was established under the OMB Chief, Procurement and Property Branch. This group's efforts were directed to achieve stronger implementation of Circular A-76, but it is our understanding that it has not yet taken any action on our recommendation.

RESEARCH AND TECHNOLOGY

CENTRALIZED DIRECTION NEEDED FOR CALIBRATION PROGRAM (LCD-77-426, June 13, 1977)

Federal agencies used precision measuring and test equipment worth over \$2.7 billion to design, construct, operate, and maintain facility, equipment, and research programs. We studied agencies' use of precision measuring and test equipment and recommended that the Director, OMB (1) provide for central program direction and coordination of civil agencies' calibration systems and (2) require close coordination with the Department of Defense for standardization and consolidation of the total Federal calibration program.

The report was recently issued and the recommendations to OMB are still open.

SOCIAL RESEARCH AND DEVELOPMENT OF LIMITED USE TO NATIONAL POLICYMAKERS (HRD-77-34, Apr. 4, 1977)

With the passage of the National Science and Technology Policy, Organization, and Priorities Act of 1976, 42 U.S.C. 6601 et seq., an opportunity for strengthening the central coordination of social research and development has been established. A major purpose of this act is to provide a comprehensive survey of ways to improve Federal activities in scientific research and information handling. Therefore, we recommended that the Director of the Office of Science and Technology Policy, in close coordination with the Director, OMB:

- Develop and test alternative systems in which national policymakers can convey their needs for Federal social research and development information to Federal administrators. These systems could include soliciting and periodically updating a list of social research and development priority needs of policymakers.
- Augment this system with procedures for informing national policymakers of the type and relevancy of information available. (Also included in that effort should be the integration of demonstration, evaluation, and statistical data which is presently fragmented among various agencies.)

--Develop formal mechanisms which would encourage cooperative efforts among Federal agencies in the development and support of statistical systems to generate data useful to national policymakers for decisionmaking purposes.

--Evaluate the methods used by each executive agency in managing social research and development to identify how the present management system can be made more effective.

We have not yet received any information regarding OMB's actions taken since the issuance of the report.

AN ASSESSMENT OF CAPACITY UTILIZATION
STATISTICS--STRENGTHS AND WEAKNESSES
(CED-77-3, Oct. 21, 1976)

We recommended that OMB develop, with interested organizations, a family of capacity definitions for use in calculating industrial capacity use statistics. The Census Bureau is presently doing some work to implement this recommendation.

We questioned the need for three Government agencies to calculate a capacity use statistical series. We recommended that OMB determine which organization or organizations could most efficiently calculate a reliable capacity use statistical series and that OMB work with that organization or organizations to develop and implement the series. These recommendations were rejected by OMB.

FURTHER OPPORTUNITIES TO IMPROVE RADIO
SPECTRUM MANAGEMENT IN THE FEDERAL SECTOR
(LCD-74-122, Oct. 21, 1975)

Electromagnetic compatibility analysis, frequency assignments reviews, and frequency usage reporting are necessary and are valuable tools for effective radio frequency management. In an examination of how Federal agencies are managing their share of the radio frequency spectrum, we found that improvements are needed in each of these three areas. The deficiencies were attributed, in large part, to an insufficient number of trained personnel.

We recommended that the Directors, Office of Telecommunications Policy and OMB, in consultation with agency officials, determine and support the level of personnel and funding necessary to correct this problem.

The Office of Telecommunications Policy took prompt action on our recommendations to strengthen its management of the spectrum resource. However, since 1975 retirements and rotation of personnel may have eroded the experience level and competency of frequency managers in the agencies. We have initiated a follow-on survey which will include an evaluation of radio spectrum management by the Office of Telecommunications Policy and the Federal Communications Commission.

NEED FOR A NATIONAL WEATHER
MODIFICATION RESEARCH PROGRAM
(B-133202, Aug. 23, 1974)

We recommended that the Director, OMB, in cooperation with the Federal departments and agencies involved in weather modification research:

- Develop a national program with goals, objectives, priorities, and milestones, designating one of the agencies which would have a major program responsibility to administer and maintain the national program.
- Develop a plan to define and reassign, if appropriate, the responsibilities of Federal departments and agencies providing support or conducting weather modification research.
- Develop a plan to allocate resources to the national program elements.

OMB opposed our recommendations generally on the grounds that it believed sufficient coordination existed among the agencies conducting or supporting the research and that the status of weather modification research had not advanced to the stage where coordination would produce sufficient benefits.

In 1976 the Senate Committee on Commerce took up the issue and advocated a national weather modification research program. It cited our report as one of many studies over a decade that recognized the need to better organize and support Federal efforts in weather modification research. On October 13, 1976, the National Weather Modification Policy Act of 1976, 15 U.S.C. 330, was enacted. The purpose of the act is to develop a national weather modification policy and a national program of weather modification research. However, the act provides for the Secretary of Commerce to study the state of weather modification technology including

the problems impeding effective implementation of weather modification technology. The Secretary is to report his findings, conclusions, and recommendations to the President and the Congress within 1 year of the act.

MEANS FOR INCREASING THE USE OF DEFENSE
TECHNOLOGY FOR URGENT PUBLIC PROBLEMS
(B-175132, Dec. 29, 1972)

We recommended that the Director, OMB (1) establish a Government-wide policy for technology transfer and issue guidelines for formal active transfer methods and (2) provide for a small technology transfer consulting team as a pilot effort to assist Federal agencies in matching technological resources with their needs in solving pressing national problems.

To the best of our knowledge, there has been little definitive action to alleviate the problems identified in the report. About a year ago, we asked whether OMB was giving any further consideration to the issuance of policy guidance endorsing technology transfer activities by all Federal agencies. The answer was no.

NEED FOR A NATIONAL EARTHQUAKE
RESEARCH PROGRAM
(B-176621, Sept. 11, 1972)

Because our review showed that a national program of earthquake research is needed for effective administration of federally supported earthquake research, we recommended that OMB:

- Establish goals and priorities for a national earthquake research program.
- Establish criteria by which to judge the effectiveness of the program.
- Define and reassign, if appropriate, the responsibilities of all Federal agencies involved in earthquake research.
- Establish a permanent coordinating group, independent of the agencies involved, to provide guidance and assistance in conducting the national earthquake research program.

--Monitor agency earthquake research activities to insure the coordination of these activities and the most effective use of available resources.

OMB's response was generally favorable.

In March 1977, OMB officials told us that a complete turnover of staff since 1972 and a lack of adequate documentation prevented them from determining what specific actions, if any, OMB had taken to implement our recommendations. They added, however, that OMB had not issued any formal directives or OMB circulars to the Federal agencies on Federal earthquake hazard-reduction efforts in general.

PRINCIPAL OMB OFFICIALS
RESPONSIBLE FOR THE ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
DIRECTOR:		
Bert Lance	Jan. 1977	Present
James T. Lynn	Feb. 1975	Jan. 1977
Roy L. Ash	Feb. 1973	Feb. 1975
Caspar W. Weinberger	June 1972	Feb. 1973
George P. Shultz	July 1970	June 1972